CONNECTING WORLDS

2015/2016 ANNUAL REPORT

Singapore Shipping Corporation Limited

SINGAPORE SHIPPING CORPORATION LIMITED

CONTENTS

"Against these headwinds, SSC is pleased to report a good set of financial results of US$9.6 million for the financial year just ended. This represents a 7.8% increase over the previous financial year."

C. K. Ow
Executive Chairman

"This is despite the Group having to accede to a straight-line revenue accounting policy for our long-term charter contracts which resulted in a deferred recognition of actual earnings crystallised under the charter terms."

CHAIRMAN'S MESSAGE

Dear Shareholders,

STATE OF THE MARKET

The current global ship-owning sector is in a dismal state of disarray.

An oversupply of vessels is affecting every segment of the shipping industry. Even the traditionally stable Ro-Ro* vessels are experiencing excess tonnage, albeit not on the same scale as other segments like container and bulk carriers. Consequently, many operators are resorting to super slow steaming* to reduce fuel costs and to calibrate tonnage utilisation.

Amid the widespread laying up of vessels, pre-mature scrapping and delayed delivery of new vessels, shipowners are mired in bankruptcy, losses and reduced profitability.

About 22% of our profits are derived from agency/logistics, and our earnings are facing intense pressure from shipowners who are either suffering losses or reduced margins from freight declines.

FINANCIAL PERFORMANCE

Against these headwinds, SSC is pleased to report a good set of financial results of US$9.6 million for the financial year just ended. This represents a 7.8% increase over the previous financial year.

Our ship-owning segment enjoyed higher revenue and profitability as we accounted for the full year's earnings of three of our vessels, including the new m.v. Taurus Leader. This is despite the Group having to accede to a straight-line revenue accounting policy for our long-term charter contracts which resulted in a deferred recognition of actual earnings crystallised under the charter terms.

In the past and up to the 3Q FY2016 results announcements, the Group had consistently recorded its ship-owning revenue based on actual daily charter income in accordance with the terms of the charter hire agreements. KPMG (led by a new audit partner following a five-year mandatory rotation) informed management in May this year that we should apply straight-line recognition of the Group's income as it was their view that the relevant benefit is the availability of the vessel for use by the charterer and this remains unchanged over the charter hire period. As such, it was their view that the conventional straight-line approach should be applied to spread the income evenly over the charter period, notwithstanding that such recognition approach may not be representative of commercial realities.

Accordingly, the Group has restated the previous year's accounts. Had the Group continued with its previous revenue recognition approach, net profit for FY2016 and FY2015 would have been US$13.8 million and US$9.3 million respectively.

OUTLOOK

Our policy of opting for a homogeneous fleet of specialised Ro-Ro* vessels locked into long-term charters with blue chip shipping majors has put our Group in good stead.

This policy, supported by prudent management of our loan exposures and reliable technical shipping skills, will ensure and strengthen our tenacity and ability to weather the turbulence affecting the global shipping industry.

Indeed we are hopeful that the current downturn will provide opportunities for our financially sound Group to judiciously acquire some distressed assets, thus allowing us to expand our fleet and grow our business.

Going forward, Management and Directors will remain vigilant and disciplined as we steer the Group through choppy waters. We remain mindful of creating value for all stakeholders while strengthening the foundation upon which we build our business.

APPRECIATION

As Chairman, it now behooves me to thank all our dedicated staff for their hard work, both on land and at sea, and the wise counsel of all our board members. Last but not least, all the Principals and shareholders who continue to keep faith with us.

C. K. Ow
Executive Chairman

**See Glossary*

m.v. Boheme
Pure Car Truck Carrier
Built 1999

BOARD OF DIRECTORS

OW CHIO KIAT *Executive Chairman*

1962	Joined Hai Sun Hup Co.
1966	Managing Partner, Hai Sun Hup Co.
1970	Joined Hai Sun Hup Co. (Pte.) Limited
1971-73	Member, Free Trade Zone Advisory Committee (MOF)
1977-07	Chairman, Mitsui O.S.K Lines (Singapore) Pte. Ltd.
1977-07	Singapore Representative, Federal State of Bremen
1989-present	Executive Chairman, Stamford Land Corporation Ltd (Formerly known as Hai Sun Hup Group Ltd)
2000	Gran Oficial, Order of Bernardo O'Higgins by the President of Chile
2000-present	Executive Chairman, Singapore Shipping Corporation Limited
2001-07	Honorary Consul-General, Slovak Republic to Singapore
2007-15	Singapore's Ambassador to Argentina
2009-11	Committee Member, National Arts Council
2011	Honorary Officer, Order of Australia by the Prime Minister of Australia
2015-present	Singapore's Ambassador to Italy

OW CHEO GUAN *Deputy Executive Chairman*

1970	Joined Hai Sun Hup Co. (Pte.) Limited
1973	Executive Vice President, Hai Sun Hup Co. (Pte.) Limited
1991-present	Deputy Executive Chairman, Stamford Land Corporation Ltd (Formerly known as Hai Sun Hup Group Ltd)
2000-present	Deputy Executive Chairman, Singapore Shipping Corporation Limited
2008-present	Honorary Consul of the Slovak Republic

OW YEW HENG *Executive Director & Chief Executive Officer*

2010	Joined the Group as Assistant to Chief Operating Officer
2010-present	Executive Director, Singapore Shipping Corporation Limited
2010-present	Executive Director, Stamford Land Corporation Ltd
2015-present	Chief Executive Officer, Singapore Shipping Corporation Limited
2015-present	Chief Executive Officer, Stamford Land Corporation Ltd

BOARD OF DIRECTORS

TAN GUONG CHING *Independent Non-Executive Director*

1972-81	Joined Ministry of the Environment
1981-84	Joined Ministry of Home Affairs
1984-87	Principal Private Secretary to the Prime Minister
1987-93	Permanent Secretary of the Ministry of Communications and Information
1987-93	Director of the Port of Singapore Authority
1992-95	Permanent Secretary of the Ministry of the Environment (holding concurrent positions in 1992)
1995-00	CEO of the Housing and Development Board
2000-05	Permanent Secretary of the Ministry of Home Affairs
2001-15	Chairman, Starhub Ltd.
2004-16	Chairman, Singapore Technologies Aerospace Ltd
2005	Retired from Government Service
2008-present	**Independent Director, Singapore Shipping Corporation Limited**

Significant Concurrent Positions

Chairman	Singapore Technologies Telemedia Pte Ltd
Independent Director	Frasers Centrepoint Asset Management (Commercial) Ltd.
Independent Director	Cambridge Industrial Trust Management Limited

STANLEY LAI TZE CHANG *Independent Non-Executive Director*

1999-01	Legal Associate/Partner, Messrs Lee & Lee Singapore
2007-15	Adjunct Associate Professor, National University of Singapore, Faculty of Engineering
2000-June16	Adjunct Associate Professor, National University of Singapore, Faculty of Law
2001-present	Partner, Messrs Allen & Gledhill LLP
2006-present	Head of Intellectual Property Practice, Messrs Allen & Gledhill LLP
2015-present	**Independent Director, Singapore Shipping Corporation Limited**
2015-present	Independent Director, Stamford Land Corporation Ltd
July 2016-present	Adjunct Professor, National University of Singapore, Faculty of Law

Significant Concurrent Positions

Director	Singapore Technologies Engineering Ltd
Director	Singapore Technologies Aerospace Ltd
Director	Nanyang Technological University - NTUitive Pte. Ltd.
Director	Haggai Institute for Advanced Leadership Training Limited
Director	Changi Cove Pte. Ltd.
Chairman	Intellectual Property Office of Singapore
Member	Board of Governors, Raffles Institution
Member	Advisory Board, SMU School of Law

BOARD OF DIRECTORS

NG JUI PING *Independent Non-Executive Director*

Selected Appointments in the Singapore Armed Forces (SAF)

1966	Enrolled in the SAF
1967	Commissioned Officer, SAF
1984	Chief of Staff (General Staff)
1990	Chief of Army
1992	Chief of Defence Force
1995-present	Retired from the SAF; chose to establish own businesses in the private sector

Selected Appointments from 1995

1995-01	Deputy Chairman, Central Provident Fund Board
1995-98	Chairman, Chartered Industries of Singapore (Pte.) Limited
1995-09	Chairman, Sun Yuan Holdings Pte Ltd
1996-05	Director, NTUC Income
1998-99	Corporate Advisor, Singapore Technologies Holdings Pte Ltd
1998-00	Director, Singapore Technologies Kinetics Ltd
1999-07	Director, Suntec Real Estate Consultants Pte. Ltd.
2000-01	Chairman, Singapore Technologies Automotive Ltd
2000-08	Independent Director, Unisteel Technology Limited
2000-04	Chairman, Horizon.com Limited (Founder and controlling shareholder)
2004-08	Director, PSA International Pte Ltd and Chairman of its China and North East Asia Group
2006-08	Advisor, Aldar Properties PJSC (Abu Dhabi)
2007-10	Chairman (controlling shareholder), Nanyang Institute of Management Pte Ltd
2010-present	**Independent Director, Singapore Shipping Corporation Limited**

Significant Concurrent Positions

Chairman	August Asia Consulting Pte. Ltd.
Independent Director	Yanlord Land Group Limited
Lead Independent Director	Pacific Andes Resources Development Limited
Director	August Nanyang Holdings Pte. Ltd.
Consultant	Sumitomo Mitsui Banking Corporation

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ow Chio Kiat
(Executive Chairman)

Ow Cheo Guan
(Deputy Executive Chairman)

Ow Yew Heng
(Executive Director & Chief Executive Officer)

Tan Guong Ching
(Independent Non-Executive Director)

Ng Jui Ping
(Independent Non-Executive Director)

Stanley Lai Tze Chang
(Independent Non-Executive Director)

AUDIT & RISK MANAGEMENT COMMITTEE

Tan Guong Ching (Chairman)
Ng Jui Ping
Stanley Lai Tze Chang

NOMINATING COMMITTEE

Ng Jui Ping (Chairman)
Tan Guong Ching
Ow Chio Kiat

REMUNERATION COMMITTEE

Stanley Lai Tze Chang (Chairman)
Tan Guong Ching
Ng Jui Ping

COMPANY SECRETARY

Chua Siew Hwi

REGISTERED OFFICE

200 Cantonment Road
#09-01 Southpoint
Singapore 089763

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITORS

KPMG LLP
Public Accountants and
Certified Public Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Ronald Tay Ser Teck
Year of Appointment: FY2016

INTERNAL AUDITORS

Nexia TS Risk Advisory Pte. Ltd.
100 Beach Road
Shaw Tower #30-00
Singapore 189702

PRINCIPAL BANKERS

Development Bank of Japan Inc.
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad

MILESTONES

1935
Hai Sun Hup Co. began lighterage business along the Singapore River.

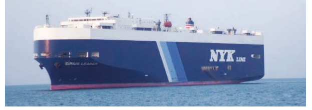
1966
Chairman, Mr. Ow Chio Kiat took over and diversified the business into all aspects of shipping.

1989
Hai Sun Hup Group Ltd was listed and ranked second largest shipping group in Singapore.

2000
Singapore Shipping Corporation Limited ("SSC") was listed on the main board of the Singapore Exchange Securities Trading Limited.

2006
Demerger of SSC. Warehousing, logistics, agency and terminal operations were subsumed under Cougar Logistics Ltd. which was listed in the same year.

2010
m.v. Boheme, a pure car truck carrier, with capacity for 7,200 CEU, was acquired.

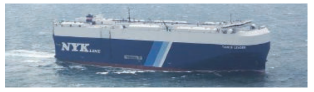


2011
m.v. Sirius Leader, a pure car truck carrier, with capacity for 5,190 CEU, was acquired.

2013
The shipping agency and logistics business of Cougar Logistics Corporation Ltd., was acquired.

2014
m.v. Capricornus Leader, a pure car truck carrier, with capacity for 6,500 CEU, was acquired.

m.v. Centaurus Leader, a pure car truck carrier, with capacity for 6,500 CEU, was acquired.



2015
m.v. Taurus Leader, a pure car truck carrier, with capacity for 7,020 CEU, was acquired.

VESSEL FLEET

COUGAR ACE

% Owned	30
IMO* No	9051375
Registry	Singapore
Vessel Type	PCTC* (Capacity 5,540)
Year Built	OCT 1993
Charterer	MITSUI O.S.K. LINES, LTD.

BOHEME

% Owned	100
IMO* No	9176565
Registry	Singapore
Vessel Type	PCTC* (Capacity 7,200)
Year Built	MAY 1999
Charterer	WALLENIUS LINES AB

SIRIUS LEADER

% Owned	100
IMO* No	9213806
Registry	Singapore
Vessel Type	PCTC* (Capacity 5,190)
Year Built	JUL 2000
Charterer	NIPPON YUSEN KABUSHIKI KAISHA

Above vessel capacity is based on RT43 standard.*

VESSEL FLEET

CAPRICORNUS LEADER

% Owned	100
IMO* No	9283863
Registry	Singapore
Vessel Type	PCTC* (Capacity 6,500)
Year Built	AUG 2004
Charterer	NIPPON YUSEN KABUSHIKI KAISHA

CENTAURUS LEADER

% Owned	100
IMO* No	9284740
Registry	Singapore
Vessel Type	PCTC* (Capacity 6,500)
Year Built	NOV 2004
Charterer	NIPPON YUSEN KABUSHIKI KAISHA

TAURUS LEADER

% Owned	100
IMO* No	9700550
Registry	Singapore
Vessel Type	PCTC* (Capacity 7,020)
Year Built	MAR 2015
Charterer	NIPPON YUSEN KABUSHIKI KAISHA

**See Glossary*

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

For the Financial Year ended 31 March	2012	2013	2014	2015*	2016
Revenue (US$'000)	19,711	19,914	34,446	34,712	44,921
Net Profit (US$'000)	6,066	6,807	8,558	8,896	9,588
Earnings per Share (US cents)	1.39	1.56	1.96	2.04	2.20
Dividend per Share (Singapore cent)	1.00	1.00	1.00	1.00	1.00
Return on Equity (%)	11.27	11.87	13.69	13.40	13.46

FINANCIAL POSITION

All Figures in US$'000

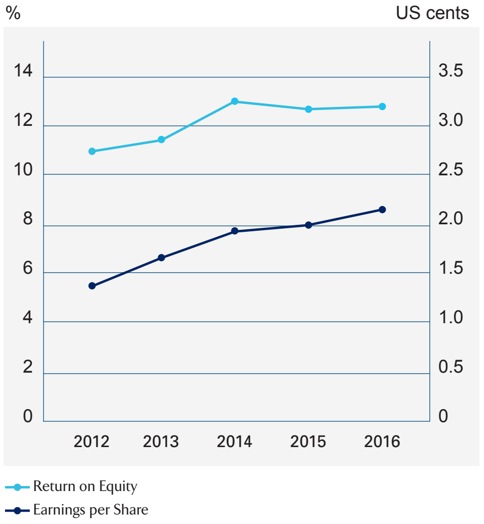
As at 31 March	2012	2013	2014	2015*	2016
Current Assets	15,276	19,432	25,989	13,938	19,110
Financial and Other Assets	231	233	976	1,242	853
Associated Company and Joint Venture	3,043	3,069	4,207	4,110	4,000
Property, Plant and Equipment	66,018	61,797	55,715	162,280	157,026
Total Assets	**84,568**	**84,531**	**86,887**	**181,570**	**180,989**
Trade and Other Liabilities	2,487	3,451	5,144	7,588	14,332
Bank Borrowings	28,252	23,732	19,211	107,602	95,414
Total Liabilities	**30,739**	**27,183**	**24,355**	**115,190**	**109,746**
Shareholders' Equity	**53,829**	**57,348**	**62,532**	**66,380**	**71,243**
Net Asset Value per Share (US cents)	**12.35**	**13.15**	**14.34**	**15.22**	**16.33**

Figures for prior year comparatives are restated due to the adoption of "straight-line" revenue recognition over the entire period of the charter.

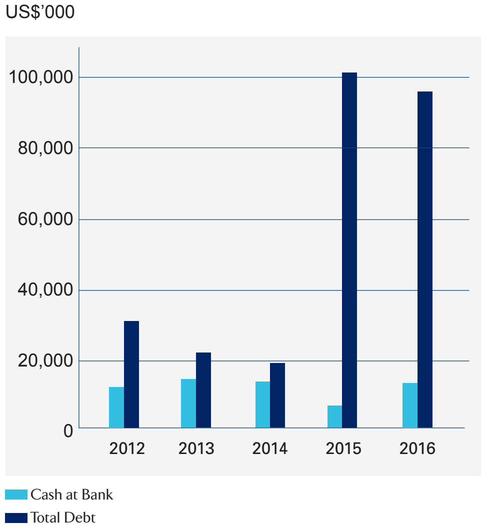
FINANCIAL HIGHLIGHTS

Revenue vs Net Profit

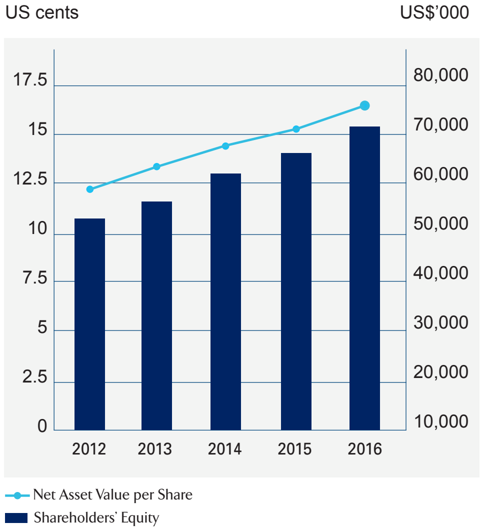
Return on Equity vs Earnings per Share



Cash at Bank vs Total Debt



Net Asset Value per Share vs Shareholders' Equity



INTERVIEW WITH CHAIRMAN, AUDIT AND RISK MANAGEMENT COMMITTEE

TAN GUONG CHING - *Independent Non-Executive Director*
MEng Chemical (McMaster University, Canada), BEng Chemical (McMaster University, Canada)

1 There have been some significant changes in the management team of the company this financial year. How do you see the changes affecting the Group's performance?

The appointment of the CEO is part of the Group's succession plan. The appointment marks the culmination of a year of intensive selection, performance evaluation and Board deliberation. The Board is confident that the top management has taken charge of the day-to-day management well, and will lead the Group into its next phase of growth.

More importantly, the stewardship and guidance of the Executive Chairman continues. This bodes well for the future of the Group.

2 What do you see as the major challenges facing the Group in the near future?

The dismal state of disarray of the current global ship-owning sector and the oversupply of vessels affecting every segment of the shipping industry, are some of the major challenges the Group faces in the near future.

However, the Group's strategic focus in its business plans, together with its excellent track record, dedicated team of shipping professionals, prudent financial policies, and stable set of long-term income, are all positives that set the Group apart from the rest of the industry players. These positives outweigh the challenges which the industry is facing as a whole.

INTERVIEW WITH CHAIRMAN, AUDIT AND RISK MANAGEMENT COMMITTEE

3 Why are we changing auditors?

KPMG has been our auditors for more than a decade.

Having carried out its annual evaluation and review of the external auditors, the ARMC is of the view that it is timely to seek a change in auditors.

The ARMC has considered the following factors in its evaluation (among other factors):
a) timeliness and manner of communications with the ARMC and management;
b) experience and competency of the audit team committed;
c) overall commitment of team members throughout the entire financial year of the audit engagement; and
d) audit fees.

To ensure that the Group continues to receive quality audits, the ARMC is of the view that the Group's interest is best served by a proposed change in auditors. This also serves as part of good corporate governance as it enables the Group to benefit from fresh perspectives and further enhances the value of future audits.

INTERVIEW WITH CHIEF EXECUTIVE OFFICER

OW YEW HENG
Executive Director & Chief Executive Officer
BBus Accounting & Management
(University of Technology, Sydney)

INTERVIEW WITH CHIEF EXECUTIVE OFFICER

1. **What are Management's immediate tasks to grow SSC? When you were appointed CEO last year, a statement was released that you expect SSC to double its fleet in 3 years. Is it still plausible given there are no new acquisitions this year?**

   Shareholders must be cognisant that while there is the willingness to achieve the target, we will only pursue opportunities with a suitable level of returns on investments and can meet our investment criteria. We need to be certain of good cash flow and sustainability of the profits to the shareholders.

   Our immediate focus is to seek out distressed ship assets, and well-run ship management companies which could value add to the Group's business. Besides asset acquisitions, we seek to grow our human capital assets, to widen the current talent pool and hone their skills.

2. **Given the downward spiral on the agency/logistics segment, what are Management's plans to stem the deterioration of earnings?**

   It will not be easy to stem the deterioration of earnings given the industry wide situation. Our agency and logistics segment are no exception. Nevertheless, the Group has had some measure of success winning new accounts to provide agency services to Chinese off-shore vessel activities. At the same time, the Group is actively scouring potential targets of acquisition in ancillary service providers.

3. **How are you managing the Group's free cash? Will you look at returning the cash to shareholders via higher dividend distributions?**

   We are keeping our powder dry.

   Given that the global ship-owning segment is in disarray, opportunities may present themselves and the Group, with its readily available cash reserves, will then be in a position to avail itself of these opportunities.

   Shareholders must be cognisant that there is a need to strike a balance between dividends and retaining profits during a downturn, so that management will not lose the nimbleness and flexibility to act swiftly in seizing acquisition opportunities in a timely manner. Looking at the example of Capricornus Leader last year, if the Group did not have sufficient cash at that point of time, we would not have been able to act fast enough to acquire the vessel.

4. **Will you consider a rights issue given that your shareholders are willing to plough in money for expansion plans as mentioned at the previous AGM?**

   A rights issue is an option available to the Group, provided there are compelling reasons for the Company to undertake the exercise and it is in the interest of the Company to do so.

INTERVIEW WITH CHIEF EXECUTIVE OFFICER

5. Why did you build in step-down rates in your charter contracts?

The initial rates under a long term charter are higher due to higher interest rates under the financing arrangements. Further, as a vessel ages, it will naturally command a lower charter rate.

For illustrative purposes, it is not uncommon for the first 5 years of the rates to be agreed at S$10,000 per day (as an example), with rates stepping down to S$5,000 per day for the 5 years thereafter. In our view, such rates should be accurately reflected accordingly in the accounts, as was done in previous years. However, in May this year, it was foisted on us that we should adopt a straight-line basis which means (if based on the example above), we would only record S$7,500 as revenue a day even though the full S$10,000 is earned.

6. How do the Accounting Standards prescribe such income's recognition?

The standards prescribe that "lease income from operating leases shall be recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished."

In layman's terms, the conventional approach is to straight-line the revenue as advocated by the standards. However, the standards allow for an alternate way of recognising such revenue if it is more representative of the use benefit derived.

7. How has SSC accounted for such revenue previously?

In the past and up to 3Q FY2016 results announcements, SSC had consistently recognised revenue via the alternative recognition in accordance with its daily charter income under the terms of the charter contracts.

8. What brought about the change this year given no new acquisitions noted (your 3 vessels were acquired last year)?

Accounting standards, mode of business and operations of SSC (including terms of charters for all the vessels) remain unchanged.

This year, the Group changed its audit partner in accordance with Rule 713 of the Listing Manual (which provides that an audit partner must not be in charge of an audit for 5 consecutive financial years).

Notwithstanding that:

(i) there is a step down in the charter rates in future years; and

(ii) the accounting profits will not be reflective of commercial realities,

INTERVIEW WITH CHIEF EXECUTIVE OFFICER

the Group was advised by our auditors this year that the relevant benefit is the availability of the vessel for use by the charterer and given its commitment to avail its vessels to its charterers remains unchanged over the charter hire period, the conventional straight-line approach should be applied to spread the income evenly over the charter period accordingly.

Taking the above into account, the Group has decided to accede to the straight-line revenue recognition.

9. Is the relevant benefit mentioned in Question (8) and your Note 3(z) different from previous years? Why is it raised only this year but not so for the last financial year?

The relevant benefit to avail the vessels for use by the charterers had not changed. Notably, the auditors had issued a clean opinion last year with reference to the Group's revenue recognition via the alternative treatment in accordance with its daily charter income under terms of the charter contracts.

As mentioned in Question (8) above, this year the Group had a change in audit partner and we were advised that given the significant impact of the full-year earnings for the 3 vessels, it is more appropriate to spread the income evenly over the charter period notwithstanding nothing has changed.

10. Why are you making a restatement of the comparative figures for FY2015?

A restatement is necessary for the comparative figures to be consistent with the accounting treatment adopted for FY2016. This will assist readers of our financial statements to understand the scale of our business activities from year-to-year as we have accounted for the full year earnings of the 3 new vessels in FY2016.

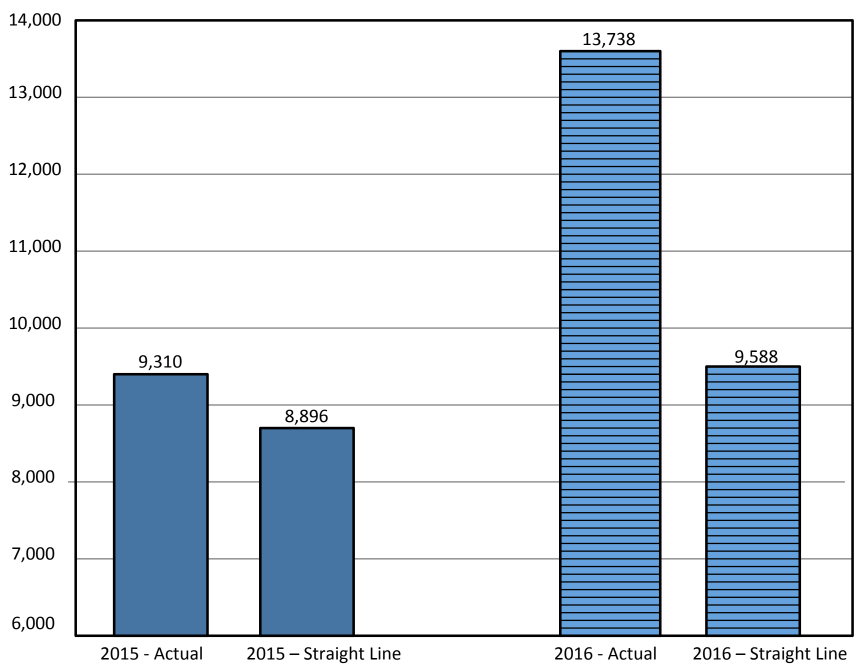
INTERVIEW WITH CHIEF EXECUTIVE OFFICER

11. What impacts are to be expected via this change in revenue recognition?

As a result of this change, readers of our financials should be cognisant that the accounting revenue and profits may not be reflective of commercial realities as found under the terms of our charter contracts as evident in the table below.

Group Profit

US$'000



m.v. Centaurus Leader
Pure Car Truck Carrier
Built 2004

DRY DOCKING

Governed by maritime rules under the International Maritime Organisation (IMO*), all merchant ships are required to be docked twice during a 5-year period of active operations. This is to assess and maintain the sea-worthiness of the ship which is exposed to corrosion and fouling* due to constant contact with seawater.

Excluding extraordinary renovation works, the whole dry docking process usually takes about 2-3 weeks. Dry docking is planned in advance so as to ensure that dispatch of our ships are to countries that can offer economical costings.

KEY ASPECTS OF DRY DOCKING

*See Glossary

GLOSSARY

TERM	DESCRIPTION
CARRIER RING	A thrust support ring to hold the rudder mechanism in place in order for the rudder to perform its designated functions
FOULING	Effects of marine organism growth accumulating onto ship underwater hull*
HULL	Shell or body of a ship
IMO	International Maritime Organisation
OVERHAULING	Service maintenance work to be performed onto an engineering system or equipment
PCTC	Pure Car and Truck Carrier
RO-RO	Ro-Ro stands for Roll On - Roll Off. Cargoes are driven onboard and ashore by means of own machinery or by prime movers. There are 3 main types of Ro-Ro ships. A Pure Car Truck Carrier (PCTC) transports vehicles and other rolling machineries. A Ro-Ro liner ship carries containers, flat racks, pallets or general cargoes. A Ro-Ro ferry carries a combination of trucks, lorries, cars and passengers.
RT43	Revenue Ton - a measure of cargo earning space for carriage of a vehicle being equivalent to a volume span of length/4125 mm, width/1550 mm and height/1420mm (which is actually the size of a 1968 Toyota Corona).
RUDDER	Device for the purpose of steering a floating object
SHAFT	Shaft onto which a propeller is mounted to form the propulsion system of a ship
SUPER SLOW STEAMING	Ship operating at an extraordinary economical speed
THRUSTERS	Systems and/or equipment that can move a floating object (ship) in any controlled direction other than the propulsion direction

Terms appearing from pages 2 to 25

OUR BUSINESSES

Our Core Pillars

SHAREHOLDER CALENDAR

July 2016	Annual General Meeting for financial year ended 31 March 2016 (FY2016) Announcement of financial year ending 31 March 2017 (FY2017) first quarter results
August 2016	Scheduled payment of final dividend for FY2016
November 2016	Announcement of FY2017 second quarter results
February 2017	Announcement of FY2017 third quarter results
May 2017	Announcement of FY2017 full year results

Lodging/Discharging Operations at Pasir Panjang Automobile Terminal

SINGAPORE SHIPPING CORPORATION LIMITED

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

for financial year ended 31 March 2016

The Board of Directors ("Board") of Singapore Shipping Corporation Limited ("Company") and its subsidiaries ("Group") are committed to high standards of corporate governance in its business and operations in the way in which the Company is directed, administered and controlled. The Board believes that good governance is an essential ingredient to ensure corporate and business success, and to maintain sustainable growth. In this respect, the Board promotes accountability to its shareholders in its pursuit of its corporate and business objectives.

The Company is pleased to confirm that it has adopted corporate governance practices which are in line with the principles and guidelines of the revised Code of Corporate Governance 2012 ("2012 Code").

This corporate governance statement provides an insight into the Company's corporate governance framework and practices in reference to the 2012 Code for the financial year ended 31 March 2016 ("FY2016").

1. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board provides the entrepreneurial leadership, sets the strategic direction and performance objectives of the Group, and sets the standards for the Group's corporate governance policies and practices. Its principal function is to:

- Formulate corporate strategies, financial objectives and direction for the Group;
- Ensure effective management leadership of the highest quality and integrity;
- Provide oversight in the proper conduct of the Group's businesses;
- Oversee and/or evaluate the adequacy of the internal audit, risk management, financial reporting and compliance processes; and
- Oversee and ensure high standards of corporate governance for the Group.

The Board also deliberates and makes decisions on material acquisitions and divestments, any corporate restructuring, dividend payments and other returns to shareholders ("Shareholders"), and on matters that may involve a potential conflict of interest for any director.

CORPORATE GOVERNANCE STATEMENT
for financial year ended 31 March 2016

Board Committees and Board Approvals

In order for the Board to efficiently oversee the various matters of the Group, it delegates specific areas of its responsibility to its three board committees ("Board Committees"), namely the Audit and Risk Management Committee ("ARMC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each Board Committee is governed by clear terms of references approved by the Board and its role is to assist the Board in the matters that the Board delegates to it. Notwithstanding the Board's delegation to its Board Committees, the Board maintains its responsibility on the matters overseen by each Board Committee.

The Board has put in place a process of approvals to ensure a balance between business efficacy and the maintenance of internal controls. However, various matters are reserved for the Board's approval, and these matters principally include:

- approval of the Group's policies, strategies and financial objectives;
- approval of the Group's internal control and risk management framework;
- annual budget and major funding requirements of the Group; and
- any acquisitions and divestments of assets and investments by the Group.

Meetings of the Board and Board Committees

The Board and the ARMC meet at least once every financial quarter and as and when required. The NC and RC meet as and when required to assist the Board in its respective roles and to perform the responsibilities that have been delegated to them. Where necessary, additional meetings are held to address significant transactions or issues arising from the business operations of the Group. For FY2016, the Board convened a total of 5 times, with the ARMC convening 5 times, and both the NC and RC convening 2 and 3 times respectively. In addition to these meetings, independent and non-executive directors ("Independent and Non-Executive Directors") meet without the presence of management, as and when required. As an alternative to physical meetings, teleconference facilities are made available to members of the Board to facilitate directors' participation at Board meetings.

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The number of Board, ARMC, NC and RC meetings held during FY2016 and directors of the Company's ("Directors") attendance at those meetings are set out below:

	Number of meetings attended during the financial year ended 31 March 2016			
Name of Director	**Board**	**Audit and Risk Management Committee**	**Nominating Committee**	**Remuneration Committee**
Ow Chio Kiat *(Executive Chairman and Executive Director)*	5	5(3)	2	3(3)
Ow Cheo Guan *(Deputy Executive Chairman and Executive Director)*	5	5(3)	2(3)	2(3)
Ow Yew Heng *(Executive Director and Chief Executive Officer)*	5	5(3)	2(3)	3(3)
Tan Guong Ching *(Lead Independent and Non-Executive Director)*	5	5	2	3
Ng Jui Ping *(Independent and Non-Executive Director)*	5	5	2	3
Stanley Lai Tze Chang(1) *(Independent and Non-Executive Director)*	4	4	1(3)	2
Jones Christopher Adrian(2) *(Independent and Non-Executive Director)*	1	1	1(3)	1
Aggregate number of meetings held for FY2016	5	5	2	3

(1) Stanley Lai Tze Chang was appointed as an Independent and Non-Executive Director on 30 July 2015.
(2) Jones Christopher Adrian retired as an Independent and Non-Executive Director on 30 July 2015.
(3) By invitation as observers of proceedings.

Development of the Board

Upon each new director's appointment, he is briefed by management on his duties and obligations, and undergoes an orientation to familiarise him with the business activities and structure, strategic direction, policies, and corporate governance practices of the Group. The orientation further serves to allow new directors to get acquainted with fellow directors, senior management and the Group.

Directors are continually and regularly updated on the Group's businesses, the business environment that the Group operates in, and any relevant legislative and regulatory changes applicable to the Group and its businesses.

Principle 2: Board Composition and Guidance

At the annual general meeting ("AGM") of the Company held on 30 July 2015, Jones Christopher Adrian retired and did not offer himself for re-election as a Director. In his place, Stanley Lai Tze Chang was appointed by the Board as an Independent and Non-Executive Director. With Stanley Lai Tze Chang's appointment, the number of Independent and Non-Executive Directors remains unchanged keeping with the recommendations of the 2012 Code. With the appointment of Stanley Lai Tze Chang, the Board as at 31 March 2016 consists of six members, three of whom are Independent and Non-Executive Directors. There is a strong and independent element on the Board which is in the NC's view fundamental to good corporate governance, and no individual or group dominates the Board's decision-making process.

The names of the current Directors and their executive and independence status for FY2016 are set out below:

Executive Directors

Ow Chio Kiat	(Executive Chairman and Executive Director)
Ow Cheo Guan	(Deputy Executive Chairman and Executive Director)
Ow Yew Heng	(Executive Director and Chief Executive Officer)

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Independent and Non-Executive Directors

Tan Guong Ching	(Lead Independent and Non-Executive Director)
Ng Jui Ping	(Independent and Non-Executive Director)
Stanley Lai Tze Chang[1]	(Independent and Non-Executive Director)

(1) Stanley Lai Tze Chang was appointed as an Independent and Non-Executive Director on 30 July 2015 replacing Jones Christopher Adrian who retired as an Independent and Non-Executive Director on 30 July 2015.

The Board periodically conducts a review of its size and composition to ensure that both aspects continue to meet the needs of the Group and to maintain the effectiveness of the Board. When reviewing the size and composition of the Board, the Board takes into consideration various factors, such as, (i) the executive status of the chairman of the Board, (ii) the balance of diversity of skills, experience, gender and knowledge, (iii) balance between executive and non-executive members, (iv) balance between independent and non-independent members, (v) the presence of a lead independent director, and (vi) various market benchmarks. The Board is of the view that the current Board comprises persons who as a group, provide core competencies necessary to meet the Group's needs and that the current board size is adequate, taking into account the nature and scope of the Group's operations.

The appointment or re-appointment of directors is reviewed by the NC before recommending such appointments or re-appointments to the Board for their nomination to shareholders of the Company for approval.

The Directors include business, operations, finance and legal professionals, whose experience and expertise include those relevant to the industries and environment in which the Group operates. A profile of each of the Directors, their current directorships in both listed and non-listed companies, chairmanships, past directorships over the preceding 3 years, their principal commitments, backgrounds and qualifications may be found under pages 7 to 9 and page 50.

Principle 3: Role of Executive Chairman and Chief Executive Officer

Ow Chio Kiat is the Executive Chairman ("Chairman") of the Board and through his strong leadership he ensures its effectiveness by, among other matters, steering effective, productive and comprehensive discussions amongst Board members, and with the management team on strategic, business and other key issues pertinent to the business and operations of the Group. The Chairman is assisted by Ow Cheo Guan who is the Deputy Executive Chairman ("Deputy Chairman") of the Company.

Ow Yew Heng is the Chief Executive Officer ("CEO") of the Company who leads management to oversee the day-to-day management and operations of the Group and accounts to the Board in his capacity as CEO. The CEO is assisted by the management team in the daily operations and administration of the Group's business activities and in the effective implementation of the Group's business strategies.

The Chairman and the Deputy Chairman are brothers, and the CEO is the son of the Chairman and nephew of the Deputy Chairman.

With the full support of the Board, Company Secretary and management, the Chairman spearheads the Company's drive to promote, attain and maintain high standards of corporate governance and transparency. He also ensures overall effective communications to and with Shareholders of the Company on the performance of the Group. The Chairman with the assistance of the Company Secretary, ensures that Directors are provided with clear, complete and timely information in order to make sound informed decisions.

In addition to the Chairman, Tan Guong Ching, the lead independant director ("Lead Independent Director") is appointed by the Board to serve in a lead capacity to coordinate the activities of the independent directors ("Independent Directors"). The Lead Independent Director's role would include assisting the Chairman to ensure effective corporate governance in the management of the affairs of the Board and to provide feedback to the Chairman on matters which Independent Directors consider to be in the interest of the Group that such feedback be raised. The Lead Independent Director is also available to Shareholders if there are concerns relating to matters which contact through the normal channels to the Chairman is deemed inappropriate by Shareholders. Led by the Lead Independent Director, the Independent Directors would meet as and when required to discuss matters arising in relation to the Company.

There is an appropriate balance and separation of power and authority, and clear division of responsibilities and accountability, between the Chairman and the CEO, notwithstanding their relationship, taking into consideration the CEO's line of accountability is to the Board of the Company.

Principle 4: Board Membership

Nominating Committee

To achieve a transparent process for the appointment of directors to the Board, among other considerations, the Company has established the NC. The Chairman of the NC is an Independent and Non-Executive Director who is not associated with any substantial Shareholder of the Company. The majority of the NC members are independent, and currently comprise of the following members:

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Ng Jui Ping	Chairman
Ow Chio Kiat	Member
Tan Guong Ching	Member

The NC's principal function, as guided by its terms, is as follows:

- Review and recommend to the Board the proposed objective performance criteria to be adopted by the Board. Following the adoption of such criteria, the implementation of an annual evaluation and assessment of the performance of the Board as a whole and the contribution of each Director to the effectiveness and performance of the Board;
- Identify, review and recommend to the Board all appointments and re-appointments for approval by the Board, taking into account the following: (i) the candidate's qualifications, experience and reputation; (ii) the size and composition of the Board; (iii) the performance and effectiveness of the Board (taking into consideration the annual performance evaluation of the Board; among other relevant assessments) with a view to determine how the nominated candidate would assist to contribute towards increasing the performance and effectiveness of the Board; and (iv) the skills, expertise and experience of the nominated candidate with a view to determine whether the candidate's appointment would benefit the Group and would contribute to the deliberations and decisions of the Board;
- Review and recommend the structure, size and composition of the Board taking into consideration the balance between executive and non-executive directors and between independent and non-Independent directors and other relevant considerations; and
- Review the independence of all independent directors in accordance with the guidelines on independence as set out in the 2012 Code. The NC is further required to review those independent directors who have served on the Board for more than 9 years.

In addition to the above, the Board, with the assistance of the NC, reviews and determines whether Directors who hold multiple listed board directorships and principal commitments are able to and have devoted sufficient time to discharge their responsibilities adequately as required under the 2012 Code. The NC has as part of its annual review, taken into account, among others (i) the contributions by Directors to and during meetings of the Board and relevant Board Committees; (ii) the results of the Board evaluation of its performance; and (iii) the directorships and principal commitments of individual Directors. Having reviewed, the NC is of the view that requiring a cap on the number of listed company board representations on each of the Directors is not required as despite the current directorships and principal commitments of the individual Directors, their commitment, deliberations and decisions are not hindered by such directorships and commitments.

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Article 91 of the Articles of Association ("Articles") requires one third of the Board to retire by rotation at every AGM and such retired Directors may however be eligible for re-election. At the AGM of the Company held on 30 July 2015 ("2015 AGM"), Ow Yew Heng was re-elected as Director pursuant to Article 91 of the Articles. Prior to such re-election, the candidacy of Ow Yew Heng was reviewed and following such review, recommended by the NC and endorsed by the Board for re-election by Shareholders at the 2015 AGM.

At the forthcoming AGM to be held on 28 July 2016, Ng Jui Ping and Stanley Lai Tze Chang shall be proposed to the Shareholders for re-election as Directors pursuant to Articles 91 and 97 of the Articles respectively. The NC has reviewed the candidates and recommends that the candidates be proposed to the Shareholders for their re-election to be approved. The Board has endorsed the NC's recommendations.

<u>Independence of Directors</u>

The NC has in relation to FY2016 annually and upon the appointment of each new Director, carried out the review of independence of each Independent Director. Following such review the NC has determined that Tan Guong Ching, Ng Jui Ping, and Stanley Lai Tze Chang are all independent. None of the Independent Directors have all served more than 9 years.

Principle 5: Board Performance

The Company holds the belief that the Group's performance and that of the Board's performance are directly related. The Company assesses the Board's performance through its ability to steer the Group in the right direction and the support it renders to management.

The Board, with the assistance of the NC, has established and implemented a formal process for evaluating and assessing the effectiveness of the Board as a whole, together with the contributions by each Director to the effectiveness and performance of the Board. This evaluation and assessment exercise is carried out annually.

The Board's evaluation and assessment covers areas such as Board Composition, Board Information, Board Process, Internal Controls and Risk Management, Board Accountability, and the Board's relationship with the Group's senior management. Each Director evaluates and assesses the Board and their individual performance, the results of which are consolidated, analysed and discussed within the NC, which includes a comparison with the results of the preceding financial year. As part of the evaluation carried out by the Board, members of the Board considered whether fellow members are able to and have adequately carried out their duties as Directors. The results and areas to be strengthened are identified and reported to the Board, and led by the Chairman of the Board. Upon the endorsement of the report, Directors act upon its findings.

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The NC reviewed the evaluation and assessment criteria in FY2016, whereupon the same was updated to ensure that it is up to date and meets the requirements of the Board and the 2012 Code. The criteria allows the Board to make comparisons with industry peers and its own performance for preceding years.

Based on the evaluation and assessment carried out by the NC on the Board and each Director for FY2016, it is the Board's collective view that the Board and the Board Committees have operated effectively and each Director is contributing to the overall effectiveness of the Board.

Principle 6: Access to Information

To enable the Board to fulfil its responsibilities, it is provided with accurate, complete and timely information facilitated by the Company Secretary.

Board activities are scheduled prior to the commencement of each year. The Company Secretary attends all Board meetings, ensures that Board procedures are complied with, and provides advice and guidance on corporate governance, legal and regulatory compliance matters. Under the direction of the Chairman (and where relevant the chairpersons of each Board Committee), the Company Secretary facilitates and acts as a channel of communication between management and members of the Board, thereby ensuring a smooth flow of information.

Members of the Board have direct and unrestricted access to management and the Company Secretary. Members of management are invited to attend both Board and Board Committee meetings as and when required to facilitate discussions on the issues deliberated on and to respond and clarify any queries the Board may have. The Board is updated on the business and projects undertaken by the Group.

Notwithstanding the above, a director or as a group, may seek professional advice in furtherance of their duties and the costs will be borne by the Company.

2. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

Remuneration Committee

The Board believes in adopting a formal and transparent procedure for fixing the remuneration packages of the directors and key management personnel so as to ensure that the level of remuneration is appropriate to attract, retain and motivate the directors and key management personnel needed to run the Group's businesses successfully.

In recommending to the Board the remuneration policy to be adopted, together with the level and mix of remuneration of directors and senior managers, the RC's objective is to draw, build, motivate and retain high performing directors and senior managers, to ensure that the Group's businesses grow sustainably, efficiently and profitably.

The RC comprises of three Independent and Non-Executive Directors, namely:

Stanley Lai Tze Chang	Chairman
Tan Guong Ching	Member
Ng Jui Ping	Member

The RC's principal function, as guided by its terms of reference, is as follows:

- Reviewing and determining appropriate adjustments as well as approving the remuneration of the executive directors and key management personnel;
- Administering any share incentive scheme implemented by the Company, and delegating the day-to-day administration of such plan or scheme to such persons the RC deems fit;
- Assuming other duties (if any) that may be required of the RC under the 2012 Code, and under the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST");
- Considering the disclosure requirements for directors' and key management personnel remuneration as required by the 2012 Code; and
- Reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel.

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The RC meets at least once a year. In setting remuneration packages, the RC takes into account the pay and employment conditions within the industry and in comparable companies, as well as the profitability of the Group as a whole, and individual performance. The RC is provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services will be borne by the Company.

No director is involved in any discussion relating to his own remuneration, terms and conditions of service and the review of his own performance. The level and structure of the Group's remuneration policy are aligned with its long-term interest and risk policies, as are appropriate to attract, retain and motivate directors to provide good stewardship, as well as to retain and motivate key management personnel to successfully manage the Group.

Disclosure of Remuneration

The Board is of the view that given the highly competitive industry conditions coupled with the sensitivity and confidentiality of remuneration matters, the disclosure of the remuneration packages of directors and key management personnel, including those who are immediate family members of the directors and the disclosure of remuneration of key management personnel as recommended by the 2012 Code would be prejudicial to the Company's interests.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the top five key management personnel of the Group. For FY2016, no such termination, retirement and post-employment benefits were paid.

Share Option Plan and Performance Share Plan

The Group does not adopt any share based compensation schemes for Executive Directors, management and executives save for the Company's Share Option Plan 2015 ("SOP") and the Performance Share Plan 2015 ("PSP"), both of which were approved and adopted by the Shareholders of the Company at an extraordinary general meeting of the Company held on 30 July 2015 and are administered by the RC. The SOP and the PSP shall continue in force up to a maximum of 10 years from 30 July 2015, which period may be extended upon its expiry subject to the approval of the Company's Shareholders.

Through the SOP and the PSP, the Company seeks to recognise the continued services and contributions of talented, qualified and experienced staff to ensure the stability and growth of the Group. This would foster a greater ownership culture within the Group by aligning more directly the interests of key management personnel and senior executives with the interest of Shareholders, and for such employees to participate and share in the Group's growth and success.

Under the rules of the SOP and PSP, the maximum number of Company shares over which options may be granted under the SOP, or which may be issued or delivered pursuant to awards granted under the PSP, when aggregated with the number of new shares issued and issuable and/or existing shares transferred or transferrable in respect of all options granted under the SOP and all awards granted under the PSP (there are no other subsisting options or awards granted under any other share scheme of the Company) shall not exceed fifteen percent (15%) of the issued share capital of the Company.

Fees and Remuneration of Executive and Non-Executive Directors

The fees proposed to be paid to the Directors as directors' fees ("Directors' Fees") amount to an aggregate of about S$220,000 for FY2016 and the remuneration paid to the Executive Directors by the Group ("Executive Directors' Remuneration") amount to an aggregate of about S$2,924,000.

Directors' Fees consist of a fixed board fee and additional fees payable to a Director for appointment as a chairman or member of a particular Board Committee. The recommendations made by the RC in relation to Directors' Fees are subject to approval by the Shareholders at the AGM.

Directors' Fees are set at a level commensurate with the level of responsibility of the Director within the Board and the Board Committees, which takes into account industry benchmarks. The Group believes that the current remuneration of Non-Executive and Independent Directors is at a level that will not compromise the independence of the Directors.

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The following table shows a breakdown (in percentage terms) of the Directors' Fees and Executive Directors' Remuneration for FY2016:

Remuneration Bands	Total Fixed Compensation %	Total Variable Compensation %	Directors Fees[(1)] %	Others %	Total Remuneration %
S$1,500,000 to below S$1,750,000					
Ow Chio Kiat	68	28	3	1	100
S$500,000 to below S$750,000					
Ow Cheo Guan[(2)]	71	23	3	3	100
Ow Yew Heng[(3)]	48	48	4	-	100
Below S$250,000					
Tan Guong Ching	-	-	100	-	100
Ng Jui Ping	-	-	100	-	100
Stanley Lai Tze Chang	-	-	100	-	100

(1) Directors' Fees are subject to Shareholders' approval at an AGM.
(2) Ow Cheo Guan is the brother of the Chairman, Ow Chio Kiat, and uncle of Ow Yew Heng.
(3) Ow Yew Heng is son of the Chairman, Ow Chio Kiat, and nephew of Ow Cheo Guan.

Directors' Fees are subject to the approval of Shareholders at an AGM and are paid annually upon such approval. Executive Directors' Remuneration are paid in accordance with service contracts entered into between the Company and each of the Executive Directors. Non-Executive Directors have no service contracts as the Articles govern the terms of Directors' appointment.

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Remuneration of Top 5 Key Management

The remuneration bands and the composition of the remuneration of the top five key management personnel (excluding Executive Directors and the CEO of the Company) of the Group for FY2016 are as follows:

Remuneration Bands	Total Fixed Compensation %	Total Variable Compensation %	Awarded Under PSP %	Others %	Total Remuneration %
S$250,000 to below S$500,000					
Chua Siew Hwi	61	25	14	-	100
Lim Bee Lan	61	27	11	1	100
Leong Weng Choy	76	20	3	1	100
Below S$250,000					
Jeya Balan s/o N. Kanagasabai	77	18	4	1	100
Lim Tun Ching	82	15	3	-	100

The aggregate amount of the total remuneration paid to the top five key management personnel (who are not Directors or CEO of the Company) is approximately S$1,481,000.

Remuneration of immediate family members of a Director or the CEO

In addition to the remuneration received by the CEO as disclosed above, and the remuneration of Kiersten Ow Yiling, who is the daughter of the Chairman, Ow Chio Kiat, and the sister of the CEO, Ow Yew Heng and the niece of Ow Cheo Guan, there are no other employees who are immediate family members of the Directors and the CEO whose aggregate remuneration is more than S$50,000 for FY2016. Kiersten Ow Yiling draws a remuneration between S$50,000 to S$100,000.

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3. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("**SFRS**") prescribed by the Accounting Standards Council of Singapore. The Board provides Shareholders with financial statements for the first three quarters and full financial year in accordance with the Listing Manual. In presenting the annual and quarterly financial statements to Shareholders, the Board aims to provide Shareholders with a balanced and clear assessment of the Group's performance, financial position and prospects.

Management provides the Board with management accounts, operations review and related explanations and any other information as the Board may require together with the financial statements on a quarterly basis. The ARMC reviews the financial statements and recommends to the Board for approval. The Board authorises the release of the results to the SGX-ST and the public via SGXNET. The quarterly and full year financial results are also uploaded on the Group's own website at www.singaporeshipping.com.sg.

The Board also provides negative assurance confirmation to Shareholders for the quarterly financial statements in accordance with the Listing Manual.

Principle 11: Risk Management and Internal Controls

Principle 12: Audit and Risk Management Committee

The ARMC comprises three Independent and Non-Executive Directors, namely:

Tan Guong Ching	Chairman
Ng Jui Ping	Member
Stanley Lai Tze Chang	Member

The Board is of the view that the ARMC members have adequate accounting and related financial management expertise and accounting experience to discharge the ARMC's functions. The ARMC, as guided by its terms of reference, performs the functions as set out in the 2012 Code, which include:

- Nominating the external auditors for appointment or re-appointment and reviews the level of audit fees, cost effectiveness of the audit and the independence and objectivity of the external auditors;
- Reviewing the audit plans and scope of work of the internal and external auditors;
- Reviewing the findings of the internal and external auditors and the response from management;

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- Reviewing the internal auditors' evaluation of the adequacy of the Group's system of accounting and internal controls;
- Overseeing management in the formulation, updating and maintenance of the Group's Enterprise Risk Management ("ERM") framework and policies;
- Reviewing risk reports on the Group and reviewing and monitoring management's responses to the findings;
- Reviewing any interested person transactions;
- Reviewing the Group's quarterly and annual results announcements and the financial statements of the Group and of the Company as well as the auditors' report thereon before they are submitted to the Board for approval;
- Reviewing legal and regulatory matters that may have a material impact on the financial statements; and
- Reporting actions and minutes of the ARMC to the Board.

The ARMC through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Group's system of controls established by management, including financial, operational and compliance controls. In assessing the effectiveness of internal controls, the ARMC ensures primarily that key objectives are met, material internal controls are tested, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

Following the nomination of the ARMC to assist the Board in its risk management role, the ARMC reviews the adequacy and effectiveness of the Group's risk management framework to ensure that a robust risk management framework is in place. Key risks, mitigating measures and management actions have been identified, reviewed and monitored as part of the enterprise risk management process.

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External Auditors

The current auditors of the Company is KPMG LLP ("KPMG") and the ARMC has reviewed the results of audit for FY2016 issued by KPMG.

As part of ongoing good corporate governance initiative, the Board, with the recommendation of the ARMC, is of the view that it would be timely to effect a change of auditors with effect from the financial year ending 31 March 2017 taking into consideration, among other factors, that KPMG has served as auditors of the Company for 14 years since the financial year 31 March 2003. KPMG, will accordingly not be invited to seek re-appointment at the forthcoming AGM to be held on 28 July 2016.

Ernst & Young LLP ("EY") has been selected by the Board for the proposed appointment as new auditors of the Company, pursuant to the ARMC's recommendations, following the ARMC's invitation and evaluation of competitive proposals from various established audit firms. The Board and ARMC, in their deliberation on the proposed appointment of EY, have considered various factors, including the adequacy of the resources of EY, the firm's experience, the experience (including industry experience) of the audit engagement partners assigned to the audit, EY's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit of the Group.

Following their deliberation, the Directors and the ARMC are of the opinion that EY will be able to meet the audit requirements of the Group and that with respect to EY's proposed appointment, Rule 712 of the Listing Manual has been complied with. For further details, please refer to the Appendix to the Notice of AGM dated 12 July 2016.

The Company confirms that it has in FY2016 and all preceding years complied with Rules 712 and 715 (read with Rule 716) of the Listing Manual in relation to its audit firms.

Meeting with Internal and External Auditors

Formal procedures are in place for the internal and external auditors to report their findings and recommendations to management and ARMC. The internal and external auditors are also granted unrestricted access to the ARMC. In addition, the ARMC may at its discretion meet with the internal and external auditors separately, as and when required, without the presence of management, in order to have free and unfettered access to information that it may require.

Whistle-blowing Policy

The Group has in FY2016 reviewed and updated its whistle-blowing policy. The policy provides an independent feedback channel through which matters of concern regarding improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence. Upon the receipt of any feedback, independent investigations are carried out by a panel which comprises of one or more of the CEO, Deputy Chief Executive Officer, the General Counsel and Director of Human Resource, which reports to the ARMC. The salient terms of the policy and the contact details under the policy may be found on the Company's website. The policy does not disregard anonymous complaints and all complaints are investigated in accordance with the terms of the policy.

Adequacy of Internal Controls and Risk Management Systems

The Board has adopted an assurance framework to determine the adequacy and effectiveness of internal controls which includes, (i) the appointment of the ARMC to assist the Board in overseeing the internal controls and risk management of the Group; (ii) the appointment of internal and external auditors; (iii) periodical reports and assurances from relevant senior managers; (iv) the adoption of a risk management policy; and (v) the adoption of an established ERM framework.

Pursuant to Rule 1207(10) of the Listing Manual of the SGX-ST and Principle 11 of the 2012 Code, the CEO and the Chief Financial Officer have in connection with the assurance framework each having given their assurance:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the system of risk management and internal controls in place within the Company is adequate and effective in addressing the material risks in the Company in its current business environment, including material, financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors in accordance with agreed audit plans, and reviews performed by management and various Board Committees with the assistance of external consultants, the implementation of relevant procedures and policies with the assistance of relevant technology, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls are adequate to address financial, operational and compliance risks, which the Group considers relevant and material to its operations.

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The Board notes that (i) the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by an event that could be reasonably foreseen as it strives to achieve its business objectives; and (ii) no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The ARMC is given full access to, and receives full cooperation from management. The ARMC has full discretion to invite any Director or management staff to attend its meetings. It is empowered to investigate any matters relating to the Group's accounting, auditing, internal controls and financial practices that are brought to its attention.

Dealings in Company's Securities

The Group has complied with the best practices in dealings in securities, as set out in the Listing Manual. In this regard, the Group has issued and implemented internal guidelines, to provide appropriate guidance to Directors and staff on dealings in the Company's securities. All Directors and staff of the Group are not allowed to trade in the Company's securities during the two weeks before the release of the Company's first three quarters' results and during the one month before the release of the full year results. To facilitate compliance, quarterly reminders are issued to all Directors and staff prior to the applicable trading black-out periods. Our Directors and staff, who are expected to observe insider trading laws at all times, are also reminded not to deal in the Company's securities on short-term considerations, or whilst in possession of unpublished material price-sensitive information.

Principle 13: Internal Audit

The Group has outsourced its internal audit function to Nexia TS Risk Advisory Pte. Ltd. ("Nexia") which reports to the Chairman of the ARMC on audit matters. Nexia plans the internal audit program which includes a review of the Group's risks assessments and the effectiveness of the Group's material internal controls to address the identified risks. This is done in consultation with, but independent of the management.

The ARMC is satisfied that Nexia is adequately resourced and has the appropriate standing and expertise to undertake its activities independently and objectively.

Nexia performs detailed work to assist the ARMC in the evaluation of the Group's operational, compliance and legal, financial, investment and information technology controls based on an internal audit plan approved by the ARMC. Any material non-compliance or weakness noted in internal controls, including recommendations for improvements, are reported to the ARMC. The ARMC also reviews the effectiveness of actions taken by management in response to recommendations made by Nexia.

4. COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

The Company places great emphasis on regular, effective and open communication with our Shareholders. The announcements of the Group's results and material developments are released through SGXNET to the SGX's website in a timely manner to ensure fair disclosure of information.

All Shareholders receive the annual report and the notices of general meetings. The notices for such meetings are also advertised in local newspaper and made available on SGXNET. Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. The chairpersons of the various Board Committees and the external auditors are invited to be present at the general meetings, to address queries from Shareholders.

In considering the level of dividend payments, the Board takes into account various factors including but not limited to:

- The level of available cash for its working capital;
- The return on equity and retained earnings; and
- Projected levels of capital expenditure and other investment plans.

General meetings are held in Singapore. At such meetings, Shareholders are given the opportunity to air their views and ask the Directors questions regarding the Company. For each substantially separate issue, the Company adopts separate resolutions instead of "bundling" resolutions unless the issues are interdependent and linked. All Directors are present at general meetings to address any questions that Shareholders may have. Minutes of general meetings are prepared accordingly and made available to Shareholders upon their request. The Company will continue voting by poll for all resolutions this year.

<u>Interested Person Transactions ("IPTs")</u>

The Company has established a procedure to ensure that IPTs interested and related parties are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies, on terms which are generally no more favourable to those extended to unrelated third parties.

CORPORATE GOVERNANCE STATEMENT
for financial year ended 31 March 2016

The Company maintains a register of all transactions carried out by the Group with interested persons. On a quarterly basis, the ARMC reviews all recorded IPTs entered into by the Group, and the basis of such transactions. The ARMC reviews the IPT as part of its standard procedures while examining the adequacy of the Group's internal controls.

Details of significant interested person transactions for FY2016 ("**FY2016 IPTs**") are set out below:

Name of interested person	**Aggregate value of all IPTs during FY2016 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPTs conducted during FY2016 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
Paid to related parties:		
- Rental Expense	US$369,000	–
- Services Rendered	US$356,000	–
Transaction with Directors of the Company:		
- Purchase of goods and services	US$132,000	–

The FY2016 IPTs are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, on terms which are generally no more favourable to those extended to unrelated third parties.

<u>Material Contracts</u>

There were no other material contracts or loans entered into by the Company and its subsidiaries involving the interests of the CEO, Directors or controlling Shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE STATEMENT
for financial year ended 31 March 2016

Ow Chio Kiat

Date of appointment: 15 May 2000

Date of last re-appointment: 30 July 2015

Academic & Professional Qualification(s):

- Fellow of Institute of Chartered Shipbrokers

Ow Cheo Guan

Date of appointment: 19 November 1994

Date of last re-election: 29 July 2014

Academic & Professional Qualification(s):

- Fellow of Institute of Chartered Shipbrokers

Ow Yew Heng

Date of appointment: 10 August 2010

Date of last re-election: 30 July 2015

Academic & Professional Qualification(s):

- BBus Accounting & Management, University of Technology (Sydney)

Tan Guong Ching

Date of appointment: 30 July 2008

Date of last re-election: 29 July 2014

Academic & Professional Qualification(s):

- Bachelor of Engineering (Chemical) with Dean's Honours, McMaster University (Canada)
- Master of Engineering (Chemical), McMaster University (Canada)

Ng Jui Ping

Date of appointment: 29 July 2010

Date of last re-election: 25 July 2013

Academic & Professional Qualification(s):

- Masters of Arts (History), Duke University (USA)
- Graduate of the Advanced Management Programme, Harvard Business School (USA)

Stanley Lai Tze Chang

Date of appointment: 30 July 2015

Date of last re-election: Not applicable

Academic & Professional Qualification(s):

- LLB (Hons) (Upper Second Class), University of Leicester (UK)
- Barrister at Law, Lincoln's Inn
- Advocate & Solicitor, Supreme Court of Singapore
- PhD in Law, University of Cambridge (UK)
- Senior Counsel, Singapore Academy of Law/Supreme Court of Singapore

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SINGAPORE SHIPPING CORPORATION LIMITED

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

for the financial year ended 31 March 2016

The directors of Singapore Shipping Corporation Limited (the "Company") present their statement together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2016.

In the opinion of the directors:

(a) the consolidated financial statements of the Group set out on pages 60 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 March 2016; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these consolidated financial statements to be issued.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Ow Chio Kiat	(Executive Chairman)
Ow Cheo Guan	(Executive Deputy Chairman)
Ow Yew Heng	(Chief Executive Officer)
Tan Guong Ching	
Ng Jui Ping	
Stanley Lai Tze Chang	

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the particulars of interests of directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and its related corporations are as follows:

DIRECTORS' STATEMENT
for the financial year ended 31 March 2016

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Holdings at beginning of the year	Holdings at end of the year
Singapore Shipping Corporation Limited		
Ordinary shares		
Ow Chio Kiat		
Interests held	153,704,500	**153,704,500**
Deemed interest	7,340,000	**7,340,000**
Ow Cheo Guan		
Deemed interest	13,200,000	**13,200,000**

By virtue of Section 7 of the Act, Mr Ow Chio Kiat is deemed to have an interest in the shares of all the subsidiaries of the Company at the beginning and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year (or his date of appointment, if later) or at the end of the financial year.

There were no changes in any of the abovementioned interests in the Company between the end of the financial year and 21 April 2016.

Save as set out in this statement in relation to the SSC SOP and SSC PSP (each as defined below), neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. No grants have been made to any director under the SSC SOP or the SSC PSP during the financial year.

DIRECTORS' STATEMENT
for the financial year ended 31 March 2016

SINGAPORE SHIPPING CORPORATION LIMITED SHARE OPTION PLAN AND PERFORMANCE SHARE PLAN

The Company has in place the Singapore Shipping Corporation Limited Share Option Plan 2015 ("SSC SOP") and the Singapore Shipping Corporation Limited Performance Share Plan 2015 ("SSC PSP").

The SSC SOP and the SSC PSP were approved by shareholders of the Company at the Annual General Meeting held on 30 July 2015. The SSC SOP and the SSC PSP are administered by the Remuneration Committee ("RC") which comprises the following three independent and non-executive directors who do not participate in either the SSC SOP or the SSC PSP:

Stanley Lai Tze Chang (Chairman)
Tan Guong Ching
Ng Jui Ping

<u>SSC SOP</u>

- The persons eligible to participate in the SSC SOP are selected employees (which may include executive directors) of the Group of such rank as the RC may determine, and other participants selected by the RC, but shall exclude non-executive directors of the Group, independent directors of the Company and controlling shareholders. As at the date of this statement, no associate of any controlling shareholder is a participant in the SSC SOP.
- SSC SOP shall continue in force at the absolute discretion of the RC, subject to a maximum period of 10 years from 30 July 2015 (unless extended with the approval of the shareholders and any relevant authorities).
- The RC has the full discretion to grant options at an exercise price of either market price or at a discount to market price (provided that such discount shall not exceed 20% of the market price). Market price shall be determined based on an average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the date of the grant of the relevant option.
- Options granted at market price may be exercised after the expiry of one year from the date of the grant, whereas options granted at a discount to market price may only be exercised after the expiry of two years from the date of the grant.
- At the end of the financial year, there were no outstanding options granted under the SSC SOP.

DIRECTORS' STATEMENT
for the financial year ended 31 March 2016

SINGAPORE SHIPPING CORPORATION LIMITED SHARE OPTION PLAN AND PERFORMANCE SHARE PLAN (CONTINUED)

<u>SSC PSP</u>

- The persons eligible to participate in the SSC PSP are either selected employees of the Group of such rank as the RC may determine, or other participants as selected by the RC at its discretion, but shall exclude the independent directors of the Company, controlling shareholders and the associates of such controlling shareholders.
- SSC PSP shall continue in force at the absolute discretion of the RC, subject to a maximum period of 10 years from 30 July 2015 (unless extended with the approval of the shareholders and any relevant authorities).
- An award granted under the SSC PSP represents the right to receive fully paid shares, free of charge, provided that certain pre-determined performance conditions (if applicable) are satisfied within the performance period (if applicable) during which such performance conditions are to be satisfied.
- At the end of the financial year, no awards under the SSC PSP have been granted to controlling shareholders or their associates, and directors, and no employee has received 5% or more of the total number of shares available/delivered pursuant to the grants under the SSC PSP.

At the end of the financial year, seven employees of the Group have been granted awards in relation to an aggregate number of 332,000 shares under the SSC PSP. Details of such awards granted under the SSC PSP are as follows:

Date of grant	Market price on date of grant S$	Number of share awards granted as at 31 March 2016	Number of share award holders as at 31 March 2016	Vesting period
30 July 2015	0.34	332,000	7	No vesting period imposed, shares were released and issued to the grantees on 30 July 2015

<u>Size of SSC SOP and the SSC PSP</u>

The aggregate number of shares which may be issued or delivered pursuant to options granted under the SSC SOP and awards granted under the SSC PSP, together with shares, options or awards granted under any other share scheme of the Company then in force (if any), shall not exceed 15% of the issued share capital of the Company, excluding treasury shares.

DIRECTORS' STATEMENT
for the financial year ended 31 March 2016

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The members of the ARMC during the financial year and at the date of this statement are:

Tan Guong Ching (Chairman)
Ng Jui Ping
Stanley Lai Tze Chang

All members of the ARMC are non-executive and independent directors.

The ARMC held five meetings since the last directors' report. In performing its functions, the ARMC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The ARMC carried out its functions in accordance with Section 201B of the Act and the SGX Listing Manual, and is guided by the Code of Corporate Governance. The ARMC's functions include (but not limited to) reviewing the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- the amount of audit and non-audit fees paid to the external auditors of the Company.

The ARMC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. For good corporate governance, the ARMC also recommended the proposed appointment of Ernst & Young LLP as the new external auditors of the Company for the financial year ending 31 March 2017.

On behalf of the Board of Directors

Ow Chio Kiat
Director

Ow Yew Heng
Director

Singapore
14 June 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Singapore Shipping Corporation Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Singapore Shipping Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 60 to 130.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Singapore Shipping Corporation Limited

Opinion

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Financial Reporting Standards in Singapore so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2016 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

14 June 2016

CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 March 2016

	Note	The Group 2016 US$'000	The Group 2015 US$'000 (Restated)
Revenue	4	44,921	34,712
Other operating income		1,374	1,324
Depreciation expense on property, plant and equipment	9	(6,940)	(3,778)
Vessel operation costs		(5,124)	(3,150)
Transportation, warehouse and terminal operating costs		(8,050)	(10,182)
Staff and crew costs		(11,931)	(8,835)
Other operating expenses		(1,454)	(1,781)
Results from operating activities	5	12,796	8,310
Finance income	6	41	360
Finance costs on bank borrowings		(2,968)	(700)
Exchange differences		(177)	968
Share of results of associated company and joint venture, net of tax		(124)	(38)
Profit before taxation		9,568	8,900
Taxation	7	20	(4)
Profit for the year		9,588	8,896
Attributable to:			
Owners of the Company		9,588	8,896
Earnings per share (US cents):			
Basic	8	2.2	2.0
Diluted	8	2.2	2.0

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2016

	The Group 2016 US$'000	The Group 2015 US$'000 (Restated)
Profit for the year	9,588	8,896
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
– Effective portion of changes in fair value of cash flow hedges	(2,990)	(648)
– Realised and transferred to income statement	1,060	235
	(1,930)	(413)
Net change in currency translation reserve	233	(1,175)
Other comprehensive loss for the year, net of tax	(1,697)	(1,588)
Total comprehensive income for the year	7,891	7,308
Attributable to:		
Owners of the Company	7,891	7,308

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

	Note	The Group 2016 US$'000	The Group 2015 US$'000 (Restated)	The Company 2016 US$'000	The Company 2015 US$'000
Non-current assets					
Property, plant and equipment	9	157,026	162,280	–	–
Goodwill	10	702	687	–	–
Investment in subsidiaries	11	–	–	32,625	32,625
Amount due from subsidiaries	11	–	–	11,714	14,608
Associated company and joint venture	13	4,000	4,110	1,208	1,208
Derivative financial assets	21	–	452	–	–
Other assets	14	151	103	–	–
		161,879	167,632	45,547	48,441
Current assets					
Inventories		447	448	–	–
Trade and other receivables	15	5,411	6,080	26	15
Amount due from subsidiaries	12	–	–	51	249
Financial assets held for trading	16	92	113	–	–
Cash and cash equivalents	17	13,160	7,297	11,064	3,863
		19,110	13,938	11,141	4,127
Less:					
Current liabilities					
Trade and other payables	18	7,233	6,083	251	225
Amount due to subsidiaries	19	–	–	3,509	1,419
Derivative financial liabilities	21	910	1,057	–	–
Current taxation		–	14	–	–
Bank borrowings	20	12,188	12,188	–	–
		20,331	19,342	3,760	1,644
Net current (liabilities)/assets		(1,221)	(5,404)	7,381	2,483

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

	Note	The Group 2016 US$'000	The Group 2015 US$'000 (Restated)	The Company 2016 US$'000	The Company 2015 US$'000
Non-current liabilities					
Bank borrowings	20	83,226	95,414	–	–
Derivative financial liabilities	21	1,625	–	–	–
Deferred income		4,564	414	–	–
Deferred taxation		–	20	–	–
		89,415	95,848	–	–
Net assets		71,243	66,380	52,928	50,924
Equity attributable to owners of the Company					
Share capital	22	31,747	31,665	31,747	31,665
Other reserves	23	(3,555)	(1,858)	–	–
Retained earnings		43,051	36,573	21,181	19,259
Total equity		71,243	66,380	52,928	50,924

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

	Note	Share capital	Hedging reserve	Currency translation reserve	Share-based payment reserve	Retained earnings	Total attributable to owners of the Company
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 April 2015 as previously reported		31,665	(605)	(1,253)	–	36,987	66,794
Prior year adjustment	3(z)	–	–	–	–	(414)	(414)
As restated		31,665	(605)	(1,253)	–	36,573	66,380
Total comprehensive income for the year							
Profit for the year		–	–	–	–	9,588	9,588
Other comprehensive (loss)/income for the year		–	(1,930)	233	–	–	(1,697)
Total		–	(1,930)	233	–	9,588	7,891
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	24	–	–	–	–	(3,110)	(3,110)
Employee share-based compensation scheme							
- Value of employee services		–	–	–	82	–	82
- Issue of new shares		82	–	–	(82)	–	–
Total		82	–	–	–	(3,110)	(3,028)
Balance at 31 March 2016		31,747	(2,535)	(1,020)	–	43,051	71,243

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

	Note	Share capital	Hedging reserve	Currency translation reserve	Share-based payment reserve	Retained earnings	Total attributable to owners of the Company
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 April 2014		31,665	(192)	(78)	–	31,137	62,532
Total comprehensive income for the year							
Profit for the year (restated)		–	–	–	–	8,896	8,896
Other comprehensive loss for the year		–	(413)	(1,175)	–	–	(1,588)
Total		–	(413)	(1,175)	–	8,896	7,308
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	24	–	–	–	–	(3,460)	(3,460)
Total		–	–	–	–	(3,460)	(3,460)
Balance at 31 March 2015 (restated)		31,665	(605)	(1,253)	–	36,573	66,380

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2016

	Note	The Group 2016 US$'000	The Group 2015 US$'000 (Restated)
Cash flows from operating activities			
Profit before taxation		9,568	8,900
Adjustments for:			
Depreciation expense on property, plant and equipment	9	6,940	3,778
Property, plant and equipment written off		13	30
Share-based payment expense		82	–
Interest income	6	(62)	(78)
Dividend income		–	(23)
Net change in fair value of financial assets held for trading	6	21	(6)
Gain on disposal of financial assets held for trading	6	–	(259)
Gain on disposal of asset held for sale		–	(84)
Finance costs on bank borrowings		2,968	700
Loss/(gain) on foreign exchange		171	(657)
Share of results of associated company and joint venture, net of tax		124	38
		19,825	12,339
Changes in working capital:			
Inventories		1	(302)
Trade and other receivables		681	(1,265)
Trade and other payables		1,083	1,105
Deferred income		4,150	414
Cash generated from operations		25,740	12,291
Tax paid		(14)	(45)
Net cash from operating activities		25,726	12,246

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2016

	Note	The Group 2016 US$'000	The Group 2015 US$'000 (Restated)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(938)	(110,383)
Payments for drydocking expenditure	9	(763)	–
Purchase of other assets		(45)	–
Interest received		50	132
Dividends received from quoted equity securities		–	23
Proceed from sale of asset held for sale		–	1,004
Proceed from sale of other assets		–	105
Proceeds from sale of financial assets held for trading		–	2,269
Net cash used in investing activities		(1,696)	(106,850)
Cash flows from financing activities			
Repayment of bank borrowings		(12,188)	(5,109)
Drawdown of bank borrowings		–	93,500
Payment of finance costs on bank borrowings		(2,901)	(595)
Dividends paid	24	(3,110)	(3,460)
Net cash (used in)/from financing activities		(18,199)	84,336
Change in cash and cash equivalents		5,831	(10,268)
Cash and cash equivalents at beginning of the year		7,297	17,959
Effects of exchange rate fluctuations on cash and cash equivalents		32	(394)
Cash and cash equivalents at end of the year	17	13,160	7,297

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

The financial statements were authorised for issue by the Board of Directors on 14 June 2016.

1. DOMICILE AND ACTIVITIES

Singapore Shipping Corporation Limited (the “Company”) is incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. Its registered office is at 200 Cantonment Road, #09-01 Southpoint, Singapore 089763.

The principal activity of the Company is that of investment holding. The principal activities of the Group consist of:

- investment holding;
- ship owning and ship management;
- shipping agency and terminal operations; and
- warehousing and logistics services.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in associated company and joint venture.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRSs”).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the notes below.

The financial statements have been prepared on a going concern basis. As at 31 March 2016, the Group’s current liabilities exceeded current assets by US$1,221,000 (2015: US$5,404,000). Based on estimated cash flows from the Group’s portfolio of vessels, management believes that the repayment of its bank borrowings will occur as required and that the shortfall in net current liabilities will be met from cash flows from operating activities.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

2. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”).

The financial statements are presented in United States dollars (“US$”), which is the Company’s functional currency. All financial information presented in US$ has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make 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.

Estimates and underlying assumptions are 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.

Information about estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements or significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

Note 9 - Impairment assessment, depreciation, useful lives and residual values of vessels
Note 10 - Impairment assessment on goodwill
Note 11 - Impairment assessment on investment in subsidiaries
Note 12 - Impairment assessment on amount due from subsidiaries
Note 13 - Impairment assessment on investment in associated company and joint venture
Note 26 - Valuation of financial instruments

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

2. BASIS OF PREPARATION (CONTINUED)

(d) *Use of estimates and judgements (continued)*

Measurement of fair values (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 26.

(e) *Changes and adoption of new/revised financial reporting standards*

On 1 April 2015, the Group adopted the new or amended FRSs that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs.

Amendments to FRS 19	*Employee Benefits Plans: Employee contributions*
Amendments to FRS 16 and FRS 38	*Property, Plant and Equipment and Intangible Assets: Restatement of accumulated depreciation on revaluation*
Amendments to FRS 24	*Related Party Disclosures: Definition of related party*
Amendments to FRS 102	*Share-based Payment: Definition of vesting condition*
Amendments to FRS 103	*Business Combinations: Classification and measurement of contingent consideration in a business combination and scope exceptions for joint arrangements*
Amendments to FRS 108	*Operating Segments: Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets*
Amendments to FRS 113	*Fair Value Measurements: Scope of portfolio – exception*

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

2. BASIS OF PREPARATION (CONTINUED)

(e) *Changes and adoption of new/revised financial reporting standards (continued)*

The adoption of these new or amended FRSs did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group entities, except as explained in notes 2(e) and 3(z), which address changes in accounting policies.

(a) *Basis of consolidation*

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associated companies and joint ventures

Associated companies are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associated companies and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, where the amounts involved are considered significant to the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries, associated company and joint venture in the separate financial statements

Investments in subsidiaries, associated company and joint venture are stated in the Company's statement of financial position at cost less accumulated impairment losses.

(b) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated into the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition of the foreign operations, are translated to US$ at exchange rates prevailing at the end of the reporting period. Income and expenses of foreign operations are translated to US$ at the exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

Foreign operations (continued)

Foreign currency differences arising on translation are recognised in other comprehensive income and presented as currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount in the currency translation reserve is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associated company or joint venture, that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount in the currency translation reserve is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the currency translation reserve in equity.

(c) Revenue

Revenue comprises charter hire and other shipping income. Provided it is probable that the economic benefits will flow to the Group, and that the revenue can be measured reliably, revenue is recognised in the profit or loss in the following manners:

- Charter hire income is recognised on a straight line basis over the lease term.
- Agency fees and terminal services, freight, clearance and transportation services, labour and other warehouse operation charges are recognised when the services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Government grants

Cash grants received from the government in relation to the Small and Medium-Size Enterprise cash grant, cash payout from the Productivity and Innovation Credit ("PIC") Scheme and PIC Bonus are recognised in profit or loss as other income when the grant becomes receivables. Cash payout from the Wage Credit Scheme and Special Employment Credit Scheme are offset against staff cost in profit or loss when the grant becomes receivable.

(e) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(f) Finance income

Finance income comprises interest income on deposits and debt securities, dividend income, changes in the fair value of financial assets at fair value through profit or loss, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities, is normally the ex-dividend date.

(g) Finance costs on bank borrowings

Finance costs comprise fees and interest expense on bank borrowings and interest rate swaps, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Exchange differences

Exchange differences comprise net foreign exchange gains or losses and net change in fair value of foreign exchange options and forward contracts recognised in profit or loss.

The foreign exchange gains and losses are, however, reported separately if they are material.

(i) Taxation

Tax expense which comprises current and deferred tax, is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associated companies and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Taxation (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share, is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all potential dilutive ordinary shares.

(k) Segment reporting

An operating segment is a components of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income, exchange differences, corporate assets and liabilities, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the net proceeds from disposal with the carrying amount of the item, and is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, from the date that the property, plant and equipment are installed and are ready for use.

Drydocking expenditure is capitalised when incurred and depreciated on a straight-line basis over the period to the next anticipated drydocking date.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

Vessels	20 to 30 years
Drydocking expenditure	2 to 3 years
Renovations, furniture and fittings	5 years
Equipment	3 to 5 years
Computers	3 years
Motor vehicle	5 years

Depreciation methods, useful lives and residual values are reviewed at the reporting date and adjusted if appropriate.

(m) Goodwill

For the measurement of goodwill at initial recognition, see note 3(a).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of the equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Non-derivative financial assets (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss include equity and debt securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash at bank and in hand, and fixed deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value and the attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, the derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Derivative financial instruments (continued)

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(p) Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy, or adverse changes in the payment status of borrowers or issuers in the Group.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment in groups that share similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of non-derivative financial assets (continued)

Loans and receivables (continued)

An impairment loss in respect of loans and receivables measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decrease and the decrease can be related objectively to an extent occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(q) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) *Impairment of non-financial assets (continued)*

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss recognised for goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associated company is not recognised separately, and therefore is not tested for impairment separately. Instead the entire amount of the investment in an associated company is tested for impairment as a single asset when there is objective evidence that the investment in an associated company may be impaired.

(r) *Inventories*

Inventories, which comprise consumable stores, are valued at cost of purchase (including cost incurred in bringing the inventories to their present location and condition) on a first-in first-out basis less any applicable allowance for obsolescence. When inventories are consumed, the carrying amount of these consumable stores is recognised as an expense in the period in which the consumption occurs.

(s) *Non-derivative financial liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) *Non-derivative financial liabilities (continued)*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into other financial liabilities which comprise bank borrowings and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(t) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(u) *Employee benefits*

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or employees' entitlements to annual leave when they accrue to employees, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (continued)

Share-based compensation

The Company operates an equity-settled, share-based compensation plan for the Group's employees with a share option plan component and a performance share plan component. The value of the employee services received in exchange for the grant of options on shares or shares is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options on shares or share awards on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under the plan which are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under the plan which are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

When the shares are issued, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based payment reserve are credited to share capital account when new ordinary shares are issued to the employees.

(v) Intra-group financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, a provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

(w) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(x) Key management personnel

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors of the Group and the senior management team are considered as key management personnel of the Group.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 April 2018.

- FRS 115 *Revenue from Contracts with Customers*

  FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*.

- FRS 109 *Financial Instruments*

  FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group is currently assessing the potential impact upon adoption of these standards and the Group does not plan to adopt these standards early.

(z) Restatement of comparatives

The Group had previously recorded its ship owning revenue based on actual daily charter income in accordance with the terms of the charter hire agreements. This was the approach consistently adopted by the Group up to the financial year ended 31 March 2015.

During the financial year, the Group was strongly advised that it is more appropriate to adopt straight-line revenue recognition over the entire charter period. FRS17 *Leases* prescribes that lease income from operating leases shall be recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. The Group was advised by its auditors this year that the relevant benefit is the availability of the vessel for use by the charterer. The Group's commitment is to avail its vessels to its charterers which remains unchanged over the charter hire period.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) *Restatement of comparatives (continued)*

Taking the above into account, the Group has decided to accede to the straight-line revenue recognition. The comparatives have been restated to be consistent with the accounting treatment adopted for financial year ended 31 March 2016 and the effects of this adjustment are set out below. Had the Group continued with its previous revenue recognition approach, profits for the financial years ended 31 March 2016 and 31 March 2015 would be US$13.8 million and US$9.3 million respectively.

Consolidated Statement of Financial Position as at 31 March 2015

	As previously reported US$'000	Restatement US$'000	As restated US$'000
Non-current assets	167,632	–	167,632
Net current liabilities	(5,404)	–	(5,404)
Deferred income	–	(414)	(414)
Others	(95,434)	–	(95,434)
Non-current liabilities	(95,434)	(414)	(95,848)
Net assets	66,794	(414)	66,380
Retained earnings	36,987	(414)	36,573
Others	29,807	–	29,807
Total equity	66,794	(414)	66,380

There is no impact to the consolidated statement of financial position as at 1 April 2014.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) *Restatement of comparatives (continued)*

Consolidated Income Statement for the financial year ended 31 March 2015

	As previously reported US$'000	Restatement US$'000	As restated US$'000
Revenue	35,126	(414)	34,712
Others	(25,816)	–	(25,816)
Profit for the year	9,310	(414)	8,896
Attributable to:			
Owners of the Company	9,310	(414)	8,896
Earnings per share (US cents):			
Basic	2.1	(0.1)	2.0
Diluted	2.1	(0.1)	2.0

Consolidated Statement of Cash Flows for the financial year ended 31 March 2015

The adjustment to profit before taxation was offset by a corresponding adjustment to deferred income and has no impact on the net cash from operating activities.

4. REVENUE

	The Group	
	2016 US$'000	2015 US$'000 (Restated)
Charter hire income	32,322	19,113
Agency and logistics	12,599	15,599
	44,921	34,712

5. RESULTS FROM OPERATING ACTIVITIES

The following items have been included in arriving at results from operating activities:

	The Group	
	2016 US$'000	2015 US$'000
Audit fees paid to auditors of the Company	(98)	(102)
Contributions to defined contribution plans, included in staff and crew costs	(432)	(382)
Operating lease expense	(995)	(1,052)

6. FINANCE INCOME

	The Group	
	2016 US$'000	2015 US$'000
Interest income on deposits with banks	62	61
Interest income on interest-bearing financial assets	–	17
Gain on disposal of financial assets held for trading	–	259
Net change in fair value of financial assets held for trading	(21)	6
Others	–	17
	41	360

7. TAXATION

	The Group	
	2016 US$'000	2015 US$'000 (Restated)
Tax recognised in profit or loss		
Current tax expense		
– Current year	(8)	(2)
– Adjustment for prior years	8	(5)
	–	(7)
Deferred tax expense		
– Origination and reversal of temporary differences	20	3
	20	(4)
Reconciliation of effective tax rate:		
Profit before taxation	9,568	8,900
Add: Share of results of associated company and joint venture, net of tax	124	38
	9,692	8,938
Tax using the Singapore tax rate of 17% (2015: 17%)	(1,647)	(1,519)
Income not subject to tax	2,084	1,603
Non-deductible expenses	(117)	(115)
Adjustment for prior years	8	(5)
Deferred tax assets not recognised	(308)	–
Utilisation of previously unrecognised tax losses	–	23
Tax incentives and rebates	–	17
Others	–	(8)
	20	(4)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

7. TAXATION (CONTINUED)

Profits from qualifying shipping activities of the Group are exempted from income tax under the provision of Section 13A of the Singapore Income Tax Act, Chapter 134.

As at 31 March 2016, certain subsidiaries of the Group have unutilised tax losses of approximately US$20,177,000 (2015: US$18,411,000). The unutilised tax losses are available for carry forward and set off against future taxable profits subject to agreement by the Comptroller of Income Tax and compliance with the relevant provisions of the Income Tax Act. Deferred tax assets amounting to approximately US$3,430,000 (2015: US$3,130,000) have not been recognised in the financial statements because it is uncertain whether future taxable profits will be available against which the aforementioned subsidiaries can utilise the benefits arising therefrom.

8. EARNINGS PER SHARE

	The Group	
	2016	**2015**
	US$'000	**US$'000**
		(Restated)
Basic and diluted earnings per share is based on:		
Profit attributable to owners of the Company	9,588	8,896
Weighted average number of ordinary shares in issue for basic and diluted earnings per share ('000)	436,240	436,017

Basic and diluted earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

9. PROPERTY, PLANT AND EQUIPMENT

The Group	Vessels	Drydocking expenditure	Renovations, furniture and fittings	Equipment and computers	Motor vehicle	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cost						
At 1 April 2014	66,787	1,405	187	439	20	68,838
Additions	110,324	–	27	32	–	110,383
Written off	–	(30)	–	(2)	–	(32)
Currency translation differences	–	–	(1)	(14)	(2)	(17)
At 31 March 2015	177,111	1,375	213	455	18	179,172
Additions	–	763	744	194	–	1,701
Written off	(2)	(578)	(119)	(29)	–	(728)
Currency translation differences	–	–	*	3	*	3
At 31 March 2016	177,109	1,560	838	623	18	180,148

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Vessels	Drydocking expenditure	Renovations, furniture and fittings	Equipment and computers	Motor vehicle	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation						
At 1 April 2014	12,411	341	135	231	5	13,123
Depreciation for the year	3,081	592	9	91	5	3,778
Written off	–	–	–	(2)	–	(2)
Currency translation differences	–	–	*	(6)	(1)	(7)
At 31 March 2015	15,492	933	144	314	9	16,892
Depreciation for the year	6,136	647	67	85	5	6,940
Written off	–	(578)	(109)	(28)	–	(715)
Currency translation differences	–	–	*	5	*	5
At 31 March 2016	21,628	1,002	102	376	14	23,122
Carrying amounts						
At 1 April 2014	54,376	1,064	52	208	15	55,715
At 31 March 2015	161,619	442	69	141	9	162,280
At 31 March 2016	155,481	558	736	247	4	157,026

** Less than US$1,000*

Impairment assessment on vessels

Each of the Group's vessels is a separate cash-generating unit. Under the Group's formal impairment assessment of its vessels, where applicable, the recoverable amount for each vessel is determined based on the higher of fair value less costs to sell and value-in-use calculation.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Where the recoverable amounts were derived from value-in-use calculations, discounted cash flow projections are used which are based on contractual cash flows arising from the charter of the vessels over the lease term. These cash flows take into account contractual charter rates, management's assessment of projected off-hire periods and expectations for market development which are supported by the Group's historical experience and past observable data. The cash flows are then discounted at rates determined using the appropriate weighted average cost of capital which approximates the specific risks relating to the vessels.

Based on management's assessment, no impairment loss has been identified.

Depreciation, useful lives and residual values of vessels

The Group reviews the estimated useful lives of the vessels regularly in order to determine the amount of depreciation expense to be recorded for each financial year. Changes in the expected level of use of the vessels could impact the economic useful lives and the residual values of the vessels. Any changes in the economic useful lives and the residual values could impact the depreciation charges and consequently affect the Group's financial results. The residual values are reviewed at each reporting date, with any changes in estimates accounted for as a change in estimate and therefore prospectively.

The residual values of the vessels for the purpose of calculating the annual depreciation expense for the financial year is estimated using up to five years average scrap steel price per light displacement ton less estimated costs of disposal of a complete vessel with all normal machinery and equipment on board.

Drydocking costs are depreciated on a straight-line basis over the period to the next anticipated drydocking date. The Group determines the next anticipated drydocking date of each individual vessel by reviewing the condition of each vessel and taking into consideration the Group's historical experience with similar vessels and the relevant regulations governing such vessels. Any changes to the next anticipated drydocking date could impact the depreciation and consequently affect the Group's financial results. The next anticipated drydocking date is reviewed at each reporting date.

As the economic useful lives and the residual values of the vessels are reviewed at each reporting date, any changes in estimates are accounted for prospectively.

Security

At 31 March 2016, the vessels of the Group with carrying amount of US$126.8 million (2015: US$131.8 million) have been mortgaged as security to secure a bank borrowings (note 20).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

10. GOODWILL

	The Group	
	2016 US$'000	2015 US$'000
Balance at beginning of the year	687	757
Effects of movements in exchange rates	15	(70)
Balance at end of the year	702	687

Impairment assessment on goodwill

For the purpose of impairment assessment, goodwill is allocated to the individual entity acquired during the financial year. The aggregate carrying amounts of goodwill allocated to each CGU are as follows.

	The Group	
	2016 US$'000	2015 US$'000
Agency business	356	348
Logistic business	346	339
	702	687

The recoverable amounts are determined based on the value in use calculation. Value in use was determined by discounting the future cash flows generated from the business and was based on the following key assumptions:

(i) cash flows were projected based on the five-year business plan, covering the period from the financial years ending 31 March 2017 to 31 March 2021;

(ii) the anticipated annual revenue growth included in the cash flow projections was 1.0% with no significant changes to the customers base; and

(iii) pre-tax discount rate of 4.5% (2015: 5.3%) was applied in determining the recoverable amount of the business. The discount rate was estimated based on past experience and computed based on cost of debt assuming debt leveraging of 56% (2015: 30%) of a market interest rate of 3.0% (2015: 3.2%).

At the reporting date, based on the above key assumptions, management believes that the recoverable amounts exceed their respective carrying amounts.

11. INVESTMENT IN SUBSIDIARIES/AMOUNT DUE FROM SUBSIDIARIES

	The Company	
	2016 US$'000	2015 US$'000
Unquoted equity shares, at cost	33,274	33,274
Less: Impairment loss	(649)	(649)
	32,625	32,625
Due from subsidiaries (non-trade)	11,714	14,608

The investments in subsidiaries are tested for impairment when a subsidiary is in a net liabilities position or has suffered continual operating losses or has any other known impairment indicators. This test requires significant judgement.

Based on this assessment, an impairment loss has been recognised in respect of the investment in one of the subsidiaries.

The impairment loss in respect of the investment in a subsidiary is as follows:

	The Company	
	2016 US$'000	2015 US$'000
Balance at beginning and end of the year	649	649

The net assets of the subsidiary, which comprise mainly current monetary assets and liabilities, approximate their recoverable amounts.

The non-trade amount due from subsidiaries are unsecured and interest-free. The full settlement of the loan is neither planned nor likely to occur in the foreseeable future. As this loan is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

11. INVESTMENT IN SUBSIDIARIES/AMOUNT DUE FROM SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group	
		2016 %	2015 %
Island Line Pte. Ltd.	Singapore	100	100
Ow Brothers Pte. Ltd.	Singapore	100	100
SSC Centaurus Leader Pte. Ltd.	Singapore	100	100
Singapore Ship Technologies Ltd [(a)]	British Virgin Islands	–	100
SSC Sirius Leader Pte. Ltd.	Singapore	100	100
SSC Investments (Pte) Limited	Singapore	100	100
SSC Boheme Pte. Ltd.	Singapore	100	100
SSC Ship Management Pte. Ltd.	Singapore	100	100
Singapore Shipping Agencies Pte. Ltd.	Singapore	100	100
SSC Taurus 2015 (7000) Pte. Ltd.	Singapore	100	100
Zetline Services Sdn Bhd	Malaysia	*	*

All the subsidiaries incorporated in Singapore are audited by KPMG LLP.

(a) Voluntary liquidated during the financial year.

* Zetline Services Sdn Bhd is controlled by Singapore Shipping Agencies Pte Ltd.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

12. AMOUNT DUE FROM SUBSIDIARIES

	The Company	
	2016 US$'000	2015 US$'000
Current portion (non-trade)		
- Due from subsidiaries	16,373	14,977
- Less: Impairment loss	(16,322)	(14,728)
	51	249

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

The non-trade amount due from subsidiaries is tested for impairment when a subsidiary records a net liabilities position or has suffered continual operating losses. This test requires significant judgement.

Based on this assessment, an impairment loss has been recognised in respect of a non-trade amount due from a subsidiary.

The change in impairment loss in respect of the non-trade receivables during the financial year is as follows:

	The Company	
	2016 US$'000	2015 US$'000
Balance at beginning of the year	14,728	14,264
Additions during the year	1,594	464
Balance at end of the year	16,322	14,728

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

13. ASSOCIATED COMPANY AND JOINT VENTURE

	The Group		The Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Investment in associated company	2,871	2,991	*	*
Investment in joint venture	1,129	1,119	1,208	1,208
	4,000	4,110	1,208	1,208

** Less than US$1,000*

Impairment assessment on associated company and joint venture

Investment in associated company and joint venture is tested for impairment when the associated company and joint venture are in a net liabilities position or has suffered continual operating losses or has any other known impairment indicators. This test requires significant judgement.

Based on the assessment, no impairment has been recognised on the Company's investment in associated company and joint venture as at 31 March 2016 and 31 March 2015.

Details of the associated company and joint venture are as follows:

Name of associated company and joint venture	Country of incorporation	Effective equity held by the Group	
		2016 %	2015 %
MOB Cougar Pte Ltd [(a)]	Singapore	30	30
Hai Poh Terminals Pte Ltd [(b)]	Singapore	50	50

[(a)] Associated company, audited by KPMG LLP

[(b)] Joint venture, audited by UHY Lee Seng Chan & Co.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

13. ASSOCIATED COMPANY AND JOINT VENTURE (CONTINUED)

Summary financial information relating to the associated company and joint venture, not adjusted for the percentage of ownership held by the Group, is as follows:

	2016 US$'000	2015 US$'000
Results		
Revenue	3,973	4,431
Loss after taxation	(408)	(210)
Assets and liabilities		
Total assets	11,696	12,020
Total liabilities	(346)	(497)

14. OTHER ASSETS

	The Group	
	2016 US$'000	2015 US$'000
Club memberships	151	103

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

15. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Trade receivables	3,694	5,638	–	–
Deposits	269	92	1	1
Accrued interest receivable	14	2	14	1
Sundry debtors	24	12	–	–
	4,001	5,744	15	2
Advances	65	89	1	2
Prepayments	1,345	247	10	11
	5,411	6,080	26	15

The aging of the receivables at the reporting date is as follows:

	The Group	
	2016 US$'000	2015 US$'000
Not past due	2,472	3,518
Past due 0 – 30 days	762	1,109
Past due 31 – 60 days	305	706
More than 60 days	462	411
	4,001	5,744

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

16. FINANCIAL ASSETS HELD FOR TRADING

	The Group	
	2016 US$'000	2015 US$'000
Quoted equity securities	92	113

17. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Cash at bank and in hand	1,733	2,944	57	58
Fixed deposits	11,427	4,353	11,007	3,805
	13,160	7,297	11,064	3,863

The weighted average effective interest rates per annum at the reporting dates are as follows:

	The Group		The Company	
	2016 %	2015 %	2016 %	2015 %
Fixed deposits	0.99	0.92	1.00	0.72

Interest rates are repriced at intervals of one to six (2015: one to eleven) months.

18. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Trade payables	1,092	1,148	–	–
Sundry payables	1,252	1,120	3	5
Accrued interest payable	280	213	–	–
Accrued operating expenses	4,019	3,010	248	220
	6,643	5,491	251	225
Advance receipts from customers	590	592	–	–
	7,233	6,083	251	225

19. AMOUNT DUE TO SUBSIDIARIES

The non-trade amount due to subsidiaries is unsecured, interest-free and repayable on demand.

20. BANK BORROWINGS

	The Group	
	2016 US$'000	2015 US$'000
Current		
Current portion of long-term bank borrowings	12,188	12,188
Non-Current		
Long-term bank borrowings	83,226	95,414

The bank borrowings are generally secured by a corporate guarantee from the Company, first priority mortgage of vessels and assignment of vessels' insurances. The carrying amount of the vessels mortgaged as security for the bank borrowings is approximately US$126.8 million as at 31 March 2016 (2015: US$131.8 million) (note 9).

As part of its interest rate risk management, the subsidiaries had entered into interest rate swaps to swap floating interest rates on US$100.3 million (2015: US$119.4 million) of the bank borrowings to fixed interest rates. The notional principal amounts of the outstanding interest rate swap contracts and their corresponding fair values at the reporting date are disclosed in note 21.

20. BANK BORROWINGS (CONTINUED)

The interest rates for the bank borrowings (after taking into consideration the interest rate swaps), range from approximately 1.59% to 2.26% per annum (2015: 1.21% to 1.91%), and the weighted average effective interest rate per annum at the reporting date is approximately 3.04% (2015: 2.20%).

21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	The Group			
	2016		2015	
	Notional amount US$'000	Fair value US$'000	Notional amount US$'000	Fair value US$'000
Current				
Interest rate swaps	17,088	(910)	16,668	(1,057)
Non-current				
Interest rate swaps	83,226	(1,625)	102,753	452

The interest rate swaps are designated as cash flow hedge for the Group's bank borrowings. See note 20 for further details.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

22. SHARE CAPITAL

Ordinary shares

	The Company	
	2016 **'000**	**2015** **'000**
Number of shares at beginning of the year	436,017	436,017
Issued during the year	332	–
Number of shares at end of the year	436,349	436,017

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The ordinary shares of no par value carry no right to fixed income and are fully paid-up.

On 30 July 2015, the Company issued 332,000 ordinary shares for fulfilling the grant of performance shares that were fully vested during the financial year.

Singapore Shipping Corporation Limited Performance Share Plan 2015 ("SSC PSP")

The persons eligible to participate in the SSC PSP are either selected employees of the Group of such rank as the Remuneration Committee may determine, or other participants as selected by the Remuneration Committee at its discretion, but shall exclude the independent directors of the Company, controlling shareholders and the associates of such controlling shareholders.

Under the SSC PSP, an award granted represents the right to receive fully paid shares, free of charge, provided that certain pre-determined performance conditions (if applicable) are satisfied within the performance period (if applicable) during which such performance conditions are to be satisfied. Performance conditions are intended to be based on short to medium term corporate critical targets based on criteria such as total shareholders' returns, market share, market ranking, return on sales and gross operating profits being met over a short period of one to three years.

332,000 shares were granted during the financial year and since the commencement of SSC PSP.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

23. OTHER RESERVES

	The Group	
	2016 **US$'000**	**2015** **US$'000**
Hedging reserve	2,535	605
Currency translation reserve	1,020	1,253
	3,555	1,858

(a) *Hedging reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

(b) *Currency translation reserve*

The currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

24. DIVIDENDS

	The Company	
	2016 **US$'000**	**2015** **US$'000**
Dividends paid		
In respect of financial year ended 31 March 2015		
– Final one-tier tax exempt dividend of 1 Singapore cent per share	3,110	–
In respect of financial year ended 31 March 2014		
– Final one-tier tax exempt dividend of 1 Singapore cent per share	–	3,460
	3,110	3,460

For the financial year ended 31 March 2016, the directors have proposed a final one-tier tax exempt dividend of 1 Singapore cent per share amounting to approximately S$4,363,000 (2015: S$4,360,000). The financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of the retained earnings in the financial year ending 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

25. SEGMENT INFORMATION

(a) Operating segments

The Group has two reportable segments, namely ship owning and agency and logistics as follow:

(i) Ship owning segment: Includes ship owning and ship management.

(ii) Agency and logistics segment: Includes shipping agency, terminal operations, warehousing and logistics services.

The chief operating decision maker monitors the results of each of these operating segments for the purpose of making decisions about resources allocation and performance assessments.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

25. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

For financial year ended 31 March 2016

	Ship owning US$'000	Agency and logistics US$'000	Unallocated items* US$'000	Inter-segment elimination US$'000	Group US$'000
Group's external revenue	32,322	12,599	–	–	44,921
Segment results	13,094	2,112	–	–	15,206
Share of results of associated company and joint venture, net of tax	(120)	(4)	–	–	(124)
Profit before unallocated items	12,974	2,108	–	–	15,082
Corporate costs	–	–	(2,410)	–	(2,410)
Finance income	–	–	41	–	41
Finance costs	(2,968)	–	–	–	(2,968)
Exchange differences	–	–	(177)	–	(177)
Profit before taxation	10,006	2,108	(2,546)	–	9,568
Taxation	–	–	20	–	20
Profit for the year	10,006	2,108	(2,526)	–	9,588
Segment assets	170,675	11,042	–	(4,728)	176,989
Associated company and joint venture	2,871	1,129	–	–	4,000
Total assets	173,546	12,171	–	(4,728)	180,989
Total liabilities	112,038	2,436	–	(4,728)	109,746
Capital expenditure	836	865	–	–	1,701
Depreciation	6,808	132	–	–	6,940

** Unallocated items refer to corporate costs, finance income, exchange differences, taxation and their related balance sheet items.*

25. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

For financial year ended 31 March 2015

	Ship owning US$'000	Agency and logistics US$'000	Unallocated items* US$'000	Inter-segment elimination US$'000	Group US$'000
	(Restated)				(Restated)
Group's external revenue	19,113	15,599	–	–	34,712
Segment results	7,231	3,215	–	–	10,446
Share of results of associated company and joint venture, net of tax	(100)	62	–	–	(38)
Profit before unallocated items	7,131	3,277	–	–	10,408
Corporate costs	–	–	(2,136)	–	(2,136)
Finance income	–	–	360	–	360
Finance costs	(700)	–	–	–	(700)
Exchange differences	–	–	968	–	968
Profit before taxation	6,431	3,277	(808)	–	8,900
Taxation	–	–	(4)	–	(4)
Profit for the year	6,431	3,277	(812)	–	8,896
Segment assets	169,513	10,873	–	(2,926)	177,460
Associated company and joint venture	2,991	1,119	–	–	4,110
Total assets	172,504	11,992	–	(2,926)	181,570
Total liabilities	115,761	2,355	–	(2,926)	115,190
Capital expenditure	110,336	47	–	–	110,383
Depreciation	3,708	70	–	–	3,778

* *Unallocated items refer to corporate costs, finance income, exchange differences, taxation and their related balance sheet items.*

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

25. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The following table provides an analysis of the Group's revenue by geographical segments.

Revenue by geographical segments

	The Group 2016 US$'000	The Group 2015 US$'000
		(Restated)
Revenue		
Japan	21,708	8,529
Singapore	12,503	15,503
Others	10,710	10,680
	44,921	34,712

Assets and capital expenditure by geographical segments

As the Group's vessels are deployed by the customers to various parts of the world, the Directors do not consider it meaningful to allocate the assets and capital expenditure of the ship owning segment to specific geographical segments. The agency and logistics operations are mainly located in Singapore.

(c) Information about major customers

	The Group 2016 % of total revenue	The Group 2015 % of total revenue
Revenue from		(Restated)
Customer 1	48	25
Customer 2	24	30
Customer 3	8	13

For the purpose of this disclosure, a major customer is defined as one in which revenue from transactions with a single customer amounts to ten per cent or more of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(b) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Management Committee ("ARMC") oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARMC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARMC.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, cash and cash equivalents, financial assets held for trading and derivative instruments.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

Trade and other receivables

The Group has in place policies to ensure that services are rendered to customers with an appropriate credit history and rating.

Cash and cash equivalents

The Group places its cash and fixed deposits with banks and financial institutions which are regulated, to limit its credit exposure.

Financial assets held for trading and derivative instruments

The Group limits its credit risk by investing in securities and debt security notes of well established companies, banks and financial institutions; entering into interest rate swaps and dealing in foreign exchange options with banks and financial institutions which are regulated and have sound credit rating.

Intra-group financial guarantees

The principal risk to which the Company is exposed is the credit risk in connection with the guarantee contracts it has issued on behalf of subsidiaries in respect of bank borrowings. The bank borrowings amounting to US$95.4 million (2015: US$107.6 million) will mature within 2 to 14 (2015: 3 to 15) years. There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

The credit risk represents the loss that would be recognised upon a default by the party to which the guarantee was given on behalf of. To mitigate this risk, management continually monitors the risk and has established processes including performing credit evaluation of the party it is providing the guarantee on behalf of.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is achieved through monitoring the cash flow requirements closely and optimising its cash return on investments.

The Group and the Company's contractual maturities of non-derivative financial liabilities and derivative financial instruments, including estimated interest payments are as follows:

The Group	Carrying amount	Contractual cash flows	1 year or less	Between 1 and 2 years	More than 2 years
	US$'000	US$'000	US$'000	US$'000	US$'000
2016					
Non-derivative financial liabilities					
Trade payables and sundry payables	2,344	2,344	2,344	–	–
Accrued operating expenses	4,019	4,019	4,019	–	–
Bank borrowings cum accrued interest	95,694	113,153	15,077	14,694	83,382
	102,057	119,516	21,440	14,694	83,382
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	2,535	2,535	910	827	798
	104,592	122,051	22,350	15,521	84,180

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (continued)

The Group	Carrying amount	Contractual cash flows	1 year or less	Between 1 and 2 years	More than 2 years
	US$'000	US$'000	US$'000	US$'000	US$'000
2015					
Non-derivative financial liabilities					
Trade payables and sundry payables	2,268	2,268	2,268	–	–
Accrued operating expenses	3,010	3,010	3,010	–	–
Bank borrowings cum accrued interest	107,815	127,721	14,960	14,955	97,806
	113,093	132,999	20,238	14,955	97,806
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	605	605	1,057	757	(1,209)
	113,698	133,604	21,295	15,712	96,597

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (continued)

The Company	Carrying amount US$'000	Contractual cash flows US$'000	1 year or less US$'000
2016			
Sundry payables	3	3	3
Amount due to subsidiaries	3,509	3,509	3,509
Accrued operating expenses	248	248	248
Non-derivative financial liabilities	3,760	3,760	3,760
Intra-group financial guarantees	95,694	113,153	113,153
	99,454	116,913	116,913
2015			
Sundry payables	5	5	5
Amount due to subsidiaries	1,419	1,419	1,419
Accrued operating expenses	220	220	220
Non-derivative financial liabilities	1,644	1,644	1,644
Intra-group financial guarantees	107,815	127,721	127,721
	109,459	129,365	129,365

The maturity analyses show the undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

For derivative financial instruments, the cash (inflows)/outflows represent the contractual undiscounted cash flows relating to these instruments. The amounts are compiled on a net basis for derivatives that are net-settled. Gross inflows and outflows are included for derivatives that are gross-settled on a simultaneous basis.

Except for these financial liabilities and the cash flows arising from the intra-group financial guarantees, it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group is exposed to market risk and the risk of changes in the fair value of the investments held. The Group manages the risk by evaluating the investment opportunities, continuously monitoring the performance of the investments held and assessing the market risk relevant to which the investment operates.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions denominated in foreign currencies arising from normal trading and investment activities.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group's assets. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The Group also regularly reviews its exposure to foreign currency risk and manages it by entering into foreign exchange options and/or forward exchange contracts where applicable.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market risk (continued)

(i) Foreign currency risk (continued)

The currency giving rise to foreign currency risk is primarily the Singapore dollars ("S$"). The Group and the Company's exposures to the S$ are as follows:

	The Group		The Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Other assets	151	103	–	–
Trade and other receivables	2,409	3,636	–	–
Cash and cash equivalents	1,236	1,931	417	1,165
Trade and other payables	(3,973)	(3,193)	(251)	(225)
Amount due from/(to) subsidiaries	–	–	(6,931)	(5,548)
Net exposure	(177)	2,477	(6,765)	(4,608)

Sensitivity analysis

A 5% strengthening of the functional currency against the S$ as at the reporting date would (decrease)/increase the currency translation reserve and earnings by the amounts shown below.

	The Group		The Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Currency translation reserve	(41)	(116)	–	–
Earnings	50	(8)	338	230

A 5% weakening of the functional currency against the S$ as at the reporting date would have had the equal but opposite effect by the amounts shown above.

The above analyses assume all other variables, in particular interest rates, remain constant.

Management is of the view that the above sensitivity analysis may not be representative of the inherent foreign currency risk as year-end exposure may not reflect the actual exposure and circumstances during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market risk (continued)

(ii) Interest rate risk

The Group's variable rate financial instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages its exposure to changes in interest rates on bank borrowings by entering into interest rate swaps to convert the floating rate part of the bank borrowings to fixed rates. As at 31 March 2016, the Group has interest rate swaps with a total notional contract amount of US$100.3 million (2015: US$119.4 million), whereby it pays fixed interest rates and receives variable rates pegged to the US$ London Interbank Offer Rate. The Group classifies these interest rate swaps as cash flow hedges. The interest rate swaps will mature over the next 2 to 14 (2015: 3 to 15) years.

Sensitivity analysis

If interest rates on variable rate financial instruments and the interest rate swaps accounted for as a cash flow hedge, had been 50 basis points higher at the reporting date, with all other variables held constant, it would increase/(decrease) the earnings and equity on a per annum basis by the amounts shown below.

	The Group		The Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Earnings				
Fixed deposits	57	22	55	19
Bank borrowings	(477)	(538)	–	–
Interest rate swaps	477	69	–	–
	57	(447)	55	19
Equity				
Hedging reserve	424	597	–	–

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis (continued)

If interest rates on variable rate financial instruments and the interest rate swaps accounted for as a cash flow hedge, had been 50 basis points lower at the reporting date, with all other variables held constant, it would increase/(decrease) the earnings and equity on a per annum basis by the amounts shown below.

	The Group		The Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Earnings				
Fixed deposits	(57)	(20)	(55)	(19)
Bank borrowings	474	268	–	–
Interest rate swaps	(474)	(36)	–	–
	(57)	212	(55)	(19)
Equity				
Hedging reserve	(424)	(342)	–	–

Management is of the view that the above sensitivity analysis may not be representative of the inherent interest rate risk as year-end exposure may not reflect the actual exposure and circumstances during the year.

(iii) Equity security price risk

Equity security price risk is the risk of changes in cash flows and fair value of the Group's investments due to changes in the underlying equity security prices. The risk is concentrated in the Group's investments in equity securities.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market risk (continued)

(iii) Equity security price risk (continued)

Sensitivity analysis

A 10% increase in the price of equity securities at the reporting date would increase the Group's earnings by approximately US$9,000 (2015: US$11,000). A 10% decrease in the price of equity securities would have an equal but opposite effect.

The above analyses assume all other variables remain constant.

Management is of the view that the above sensitivity analyses may not be representative of the inherent equity security price risk as year-end exposure may not reflect the actual exposure and circumstances during the year.

(f) Capital management

The Board's policy is to have a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group defines capital to include funds raised through the issuance of ordinary share capital and all components of equity. The Group manages its capital to ensure entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group actively reviews its capital structure and considers the cost of capital and the risks associated with each class of capital. As at 31 March 2016, the Group had an outstanding debt exposure of US$95.4 million (2015: US$107.6 million). The Group balances its overall capital structure through the payment of dividends, return of capital to shareholders, new share issues as well as the issue of new debt or the redemption of existing debt.

There were no changes in the Group's approach to capital management during the year.

The Group's ship-owning subsidiaries are subject to externally imposed capital requirements as required under Regulation 7 of the Merchant Shipping Act (Chapter 179). These companies have complied with the requirements during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Accounting classification and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The Group	Note	Carrying amount Held for trading	Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2016										
Financial assets measured at fair value										
Financial assets held for trading	16	92	–	–	–	92	92	–	–	92
		92	–	–	–	92				
Financial assets not measured at fair value										
Trade and other receivables	15	–	–	4,001	–	4,001				
Cash and cash equivalents	17	–	–	13,160	–	13,160				
		–	–	17,161	–	17,161				

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Accounting classification and fair values (continued)

The Group	Note	Carrying amount Held for trading	Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2016										
Financial liabilities measured at fair value										
Derivative financial liabilities	21	–	(2,535)	–	–	(2,535)	–	(2,535)	–	(2,535)
		–	(2,535)	–	–	(2,535)				
Financial liabilities not measured at fair value										
Trade and other payables	18	–	–	–	(6,643)	(6,643)				
Bank borrowings	20	–	–	–	(95,414)	(95,414)				
		–	–	–	(102,057)	(102,057)				

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Accounting classification and fair values (continued)

The Group	Note	Carrying amount					Fair value			
		Held for trading	Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015										
Financial assets measured at fair value										
Financial assets held for trading	16	113	–	–	–	113	113	–	–	113
Derivative financial assets	21	–	452	–	–	452	–	452	–	452
		113	452	–	–	565				
Financial assets not measured at fair value										
Trade and other receivables	15	–	–	5,744	–	5,744				
Cash and cash equivalents	17	–	–	7,297	–	7,297				
		–	–	13,041	–	13,041				

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Accounting classification and fair values (continued)

The Group	Note	Carrying amount					Fair value			
		Held for trading	Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015										
Financial liabilities measured at fair value										
Derivative financial liabilities	21	–	(1,057)	–	–	(1,057)	–	(1,057)	–	(1,057)
		–	(1,057)	–	–	(1,057)				
Financial liabilities not measured at fair value										
Trade and other payables	18	–	–	–	(5,491)	(5,491)				
Bank borrowings	20	–	–	–	(107,602)	(107,602)				
		–	–	–	(113,093)	(113,093)				

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Accounting classification and fair values (continued)

The Company	Note	Loans and receivables	Liabilities at amortised cost	Total
		US$'000	US$'000	US$'000
2016				
Trade and other receivables	15	15	–	15
Amount due from subsidiaries	12	51	–	51
Cash and cash equivalents	17	11,064	–	11,064
		11,130	–	11,130
Trade and other payables	18	–	(251)	(251)
Amount due to subsidiaries	19	–	(3,509)	(3,509)
		–	(3,760)	(3,760)
2015				
Trade and other receivables	15	2	–	2
Amount due from subsidiaries	12	249	–	249
Cash and cash equivalents	17	3,863	–	3,863
		4,114	–	4,114
Trade and other payables	18	–	(225)	(225)
Amount due to subsidiaries	19	–	(1,419)	(1,419)
		–	(1,644)	(1,644)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

26. FINANCIAL INSTRUMENTS (CONTINUED)

(h) Measurement of fair values

Valuation techniques

The following shows the valuation techniques:

Type	Valuation technique
Derivative financial assets and liabilities	The fair value of interest rate swaps is based on broker's quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contact and using market interest rates for a similar instrument at the measurement date.
Financial assets held for trading	The fair value of quoted equity securities is determined by reference to their quoted bid prices at the reporting date without any deduction for transaction costs

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, amount due from subsidiaries (current), cash and cash equivalents, trade and other payables, and amount due to subsidiaries) are assumed to approximate their fair values because of the short period to maturity.

The fair values of the bank borrowings approximate their carrying values as they are repriced every one to three months.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) *Key management personnel compensation*

Compensation paid and payable to the key management personnel are as follows:

	The Group	
	2016 US$'000	2015 US$'000
Directors of the Company		
Directors fees	159	139
Short-term employee benefits	2,090	1,637
Post-employment benefits – contributions to defined contribution plans	20	20
	2,269	1,796
Senior management team		
Fees paid to other directors of subsidiaries	5	4
Short-term employee benefits	941	909
Post-employment benefits – contributions to defined contribution plans	43	42
Share-based payment	82	–
	1,071	955
Total	3,340	2,751

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) *Other significant related party transactions*

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Management and <-----service fees----->		Rental	Purchase of goods and services
	Received and receivable	Paid and payable	Paid and payable	Paid and payable
	US$'000	US$'000	US$'000	US$'000
2016				
A director of the Company	–	–	–	(132)
Associated company and joint venture	447	–	–	–
Others	–	(356)	(369)	–
2015				
A director of the Company	–	–	–	(260)
Associated company and joint venture	466	–	–	–
Others	160	(80)	(296)	(14)

Others refer to companies and their subsidiaries with a substantial shareholder in common with the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016

28. COMMITMENTS

Operating leases

As lessor

The Group leases out its vessels under operating lease. The future minimum lease payments to be received under non-cancellable lease agreements for vessels are as follows:

	The Group	
	2016 US$'000	2015 US$'000
		(Restated)
Within 1 year	36,537	36,637
Between 1 and 5 years	144,189	146,014
More than 5 years	321,667	356,378
	502,393	539,029

The leases typically run for initial periods of more than ten years.

As lessee

As at reporting date, the Group has commitments for future minimum lease payable under non-cancellable operating lease in respect of a warehouse of US$386,000 (2015: US$1,053,000).

29. CONTINGENT LIABILITIES

The Company

The Company had provided performance guarantees to third party with respect to charter party agreements for the charter of vessels by subsidiaries to the third party.

SHAREHOLDINGS STATISTICS
as at 17 June 2016

Number of Shares in Issue	:	436,348,591
Number of Shareholders	:	8,384
Class of Shares	:	Ordinary Shares
Treasury Shares	:	Nil
Voting Rights	:	One vote per share

BREAKDOWN OF SHAREHOLDINGS BY RANGE

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	10	0.12	303	0.00
100 – 1,000	572	6.82	486,727	0.10
1,001 – 10,000	4,766	56.85	26,922,530	6.17
10,001 – 1,000,000	3,012	35.92	152,334,481	34.91
1,000,001 and above	24	0.29	256,604,550	58.81
TOTAL	**8,384**	**100.00**	**436,348,591**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	OW CHIO KIAT	153,704,500	35.23
2	CHU SIEW HOONG CHRISTOPHER	13,643,000	3.13
3	TAN GIM TEE HOLDINGS PTE LTD	13,200,000	3.03
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	10,780,400	2.47
5	DBS NOMINEES PTE LTD	9,828,650	2.25
6	KIERSTEN OW YILING (OU YILING)	9,705,800	2.22
7	HT OFFSHORE PTE. LTD.	8,000,000	1.83
8	HAI SUN HUP GROUP PTE LTD	6,200,000	1.42
9	OCBC NOMINEES SINGAPORE PTE LTD	5,208,800	1.19
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,616,400	0.60
11	LIM & TAN SECURITIES PTE LTD	2,503,600	0.57
12	BANK OF SINGAPORE NOMINEES PTE LTD	2,494,000	0.57
13	PHILLIP SECURITIES PTE LTD	2,227,600	0.51
14	UOB KAY HIAN PTE LTD	2,175,500	0.50
15	RAFFLES NOMINEES (PTE) LTD	1,891,050	0.43
16	CHONG SIEW LEE MICHELE (ZHANG SHULI MICHELE)	1,715,000	0.39
17	NG KEE SENG	1,583,000	0.36
18	ANG SHAO WEN (HONG SHAOWEN)	1,552,000	0.36
19	WONG KIM SOON	1,460,000	0.34
20	OW WEIWEN	1,434,000	0.33
	TOTAL	**251,923,300**	**57.73**

SHAREHOLDINGS STATISTICS

as at 17 June 2016

SUBSTANTIAL SHAREHOLDER

	Direct Interest		Deemed Interest		Total	
	No. of Shares	% of Issued Share Capital	No. of Shares	% of Issued Share Capital	No. of Shares	% of Issued Share Capital
Ow Chio Kiat	153,704,500	35.23	7,340,000*	1.68	161,044,500	36.91

** Mr Ow Chio Kiat is deemed to have an interest in the shares owned by (a) his spouse, Madam Lim Siew Feng (1,015,000 shares); (b) Hai Sun Hup Group Pte Ltd (6,200,000 shares); and (c) Maritime Properties Pte Ltd (125,000 shares).*

PUBLIC FLOAT

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the total number of issued shares (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. Based on information available to the Company as at 17 June 2016 approximately 57.31% of the issued ordinary shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING AND BOOK CLOSURE

Singapore Shipping Corporation Limited
Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of Singapore Shipping Corporation Limited (the "Company") will be held at Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 28 July 2016 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2016 and the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend (one-tier tax exempt) of Singapore one (1) cent per ordinary share for the financial year ended 31 March 2016. **(Resolution 2)**

3. To approve the payment of Directors' Fees of S$220,000 for the financial year ended 31 March 2016. **(Resolution 3)**

4. To re-elect Ng Jui Ping, who is retiring in accordance with Article 91 of the Articles of Association, comprising part of the Constitution of the Company (each an "Article"), as a Director.

   Note: Ng Jui Ping will, upon his re-election as Director, remain as Chairman of the Nominating Committee, and member of the Audit and Risk Management and Remuneration Committees. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Ltd ("SGX-ST"). **(Resolution 4)**

5. To re-elect Stanley Lai Tze Chang, who is retiring in accordance with Article 97, as a Director.

   Note: Stanley Lai Tze Chang will, upon his re-election as Director, remain as Chairman of the Remuneration Committee, and member of the Audit and Risk Management Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. **(Resolution 5)**

6. To re-appoint Ow Chio Kiat , whose appointment as a Director expires at the forthcoming Annual General Meeting.

   Note: Ow Chio Kiat was, at the last Annual General Meeting of the Company held on 30 July 2015, re-appointed to hold office until the forthcoming Annual General Meeting of the Company pursuant to the then Section 153(6) of the Companies Act, Cap 50. (the "Companies Act"), which has since been repealed. Ow Chio Kiat will, upon his re-appointment as Director, remain as Chairman of the Board, and member of the Nominating Committee. **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING AND BOOK CLOSURE

Singapore Shipping Corporation Limited
Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:

7. That:

(a) Ernst & Young LLP be and is hereby appointed as auditors of the Company in place of KPMG LLP and to hold office until the conclusion of the next annual general meeting of the Company and the Directors be authorised to fix the terms of their remuneration (the "Proposed Change of Auditors"); and

(b) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such acts and things (including without limitation, executing all such documents as may be required) as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purpose of giving full effect to the Proposed Change of Auditors.

Note: This Resolution, if passed, is to approve the appointment of Ernst & Young LLP as the auditors of the Company in place of KPMG LLP, and to authorise the Directors to fix the terms of their remuneration. Please refer to the Appendix to the Notice of Annual General Meeting dated 12 July 2016 for more details. **(Resolution 7)**

8. That authority be and is hereby given to the Directors to:

(a) (i) issue new shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

NOTICE OF ANNUAL GENERAL MEETING AND BOOK CLOSURE

Singapore Shipping Corporation Limited
Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed 50% of the issued Shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued Shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the number of issued Shares in the capital of the Company at the time this Resolution is passed, and adjusting for: (1) any new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and (2) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable requirements under the Companies Act and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Note: This Resolution, if passed, authorises the Directors to issue Shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued Shares in the capital of the Company, with a sub-limit of 20% for issues other than on a pro rata basis to shareholders. **(Resolution 8)**

9. That the Directors of the Company be and are hereby authorised to:

(a) offer and grant options in accordance with the provisions of the Singapore Shipping Corporation Limited Share Option Plan 2015 and/or grant awards in accordance with the provisions of the Singapore Shipping Corporation Limited Performance Share Plan 2015 (together the "Share Plans"); and

(b) allot and issue from time to time such number of Shares as may be required to be issued pursuant

NOTICE OF ANNUAL GENERAL MEETING AND BOOK CLOSURE

Singapore Shipping Corporation Limited
Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

to the exercise of options under the Singapore Shipping Corporation Limited Share Option Plan 2015 and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Singapore Shipping Corporation Limited Performance Share Plan 2015,

provided always that the aggregate number of Shares to be issued pursuant to the Share Plans shall not exceed 15 per cent of the total number of issued Shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Note: This Resolution, if passed, will empower the Directors, from the date of this Annual General Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant options and/or awards, and to issue new Shares, pursuant to the Share Plans, provided that the aggregate number of Shares to be issued pursuant to the Share Plans shall not exceed 15 per cent of the total number of issued Shares (excluding treasury shares) from time to time. **(Resolution 9)**

OTHER BUSINESS

To transact any other business that may be transacted at an Annual General Meeting of the Company.

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 12 August 2016 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 112 Robinson Road, #05-01, Singapore 068902, up to the close of business at 5:00 p.m. on 12 August 2016 will be registered to determine the shareholders' entitlement to the proposed dividend. In respect of Shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such holders of Shares in accordance with its practice.

If approved, the proposed dividend will be paid on 22 August 2016.

BY ORDER OF THE BOARD

OW YEW HENG
DIRECTOR

Singapore
12 July 2016

NOTICE OF ANNUAL GENERAL MEETING AND BOOK CLOSURE

Singapore Shipping Corporation Limited
Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

Notes:

A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different class of Share or Shares held by such member. A member of the Company entitled to attend and vote at the Annual General Meeting and who is not a Relevant Intermediary, is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member who is not a Relevant Intermediary appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

The instrument appointing a proxy must be deposited at the office of the Company's share registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the Annual General Meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection Terms:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

Singapore Shipping Corporation Limited
Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Singapore Shipping Corporation Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2016.

I/We ____

of ____

being a member/members of the abovementioned company (the "Company"), hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (please delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies, to vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held at Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 28 July 2016 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated below. In the absence of specific directions, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Annual General Meeting.

Resolution No.	Ordinary Resolutions	For*	Against*
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Ng Jui Ping as Director		
5.	Re-election of Stanley Lai Tze Chang as Director		
6.	Re-appointment of Ow Chio Kiat as Director		
7.	Proposed Change of Auditors		
8.	Authority to issue Shares		
9.	Authority to offer and grant options and/or awards, and to issue new Shares in accordance with the provisions of the Singapore Shipping Corporation Limited Share Option Plan 2015 and the Singapore Shipping Corporation Limited Performance Share Plan 2015		

** Please indicate your vote "For" or "Against" with a tick "✓" in the box provided or insert the relevant number of Shares.*

Dated this ____________ day of ________________ 2016

____

Signature(s) or Common Seal of Member(s)
Important: Please read the notes on the overleaf.

Total Number of Shares held	

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Affix Postage Stamp

Singapore Shipping Corporation Limited
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

1st fold here

NOTES

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instruction appointing a proxy or proxies shall be deemed to relate to all Shares held by you.

2. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting of the Company. A member who is not a Relevant Intermediary appointing more than one proxy shall specify the percentage of Shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.

5. To be effective, the instrument appointing a proxy or proxies must be completed and deposited at the office of the Company's share registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for the meeting.

6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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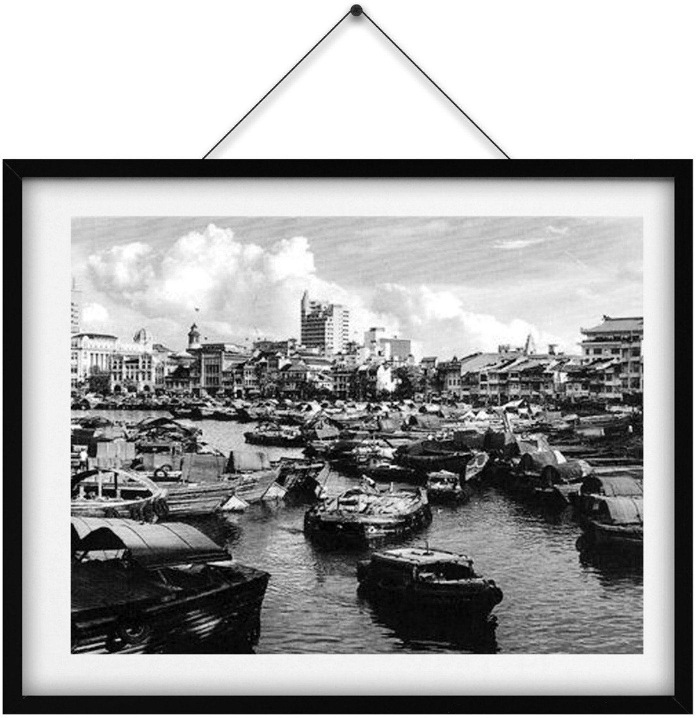
Singapore Shipping Corporation Limited



Singapore River (1935)
The birth place of the Group's business

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