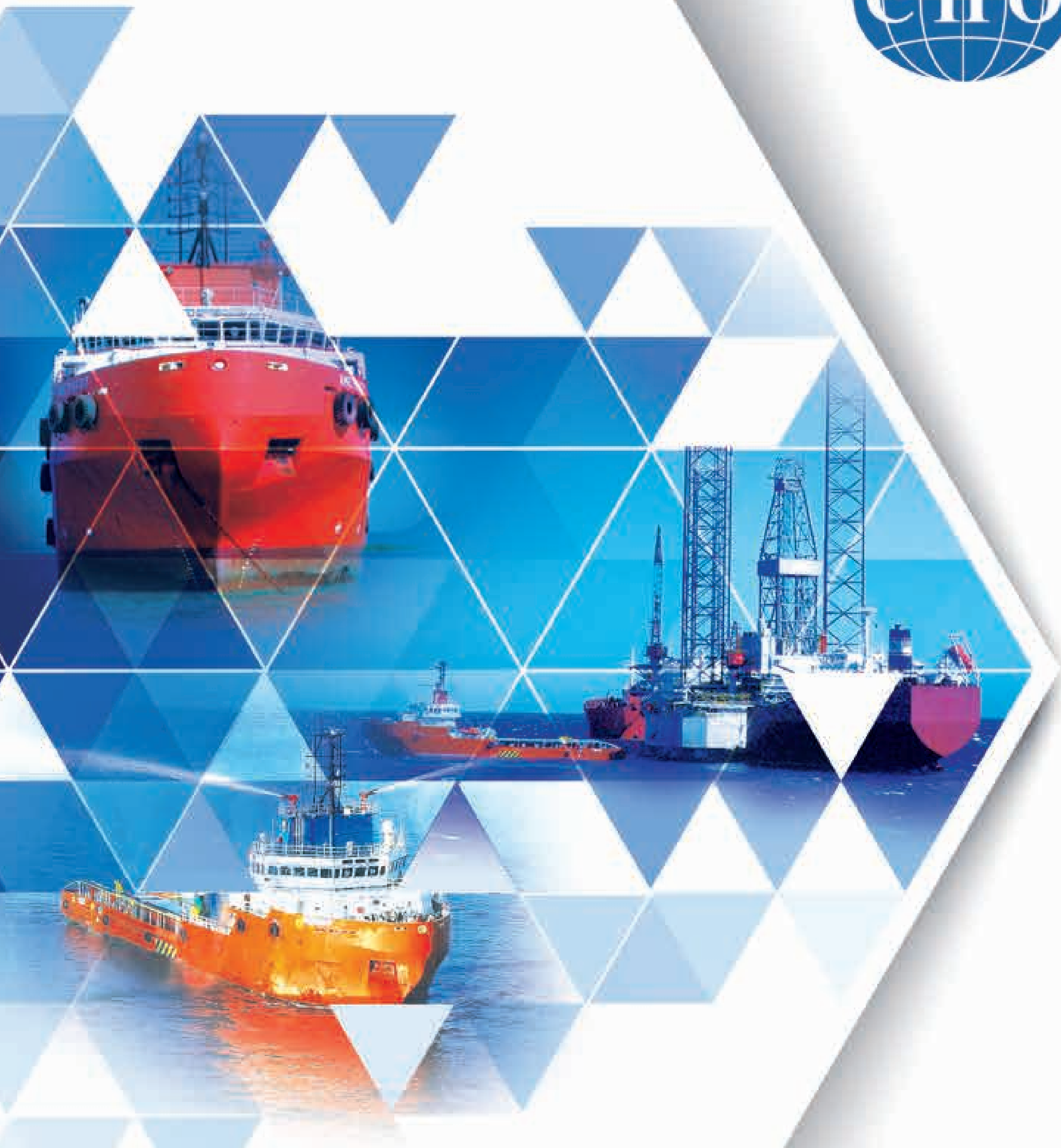


PERFORMANCE DRIVEN

2016
ANNUAL
REPORT

CONTENTS

OUR VISION

To be the preferred marine support service provider in the Oil and Gas industry delivering incident-free operations all the time, everywhere.

OUR MISSION

To provide our customers with safe, superior quality, reliable and cost effective marine services delivered by a team of people who are passionate about operational excellence.

COMPANY PROFILE

CH Offshore Ltd ("CHO" or "the Group") was incorporated on 31 March 1976 as Mico Line Pte Ltd and in April 1976 became a wholly owned subsidiary of Chuan Hup Marine Pte Ltd. The company became a public limited company, changed its name to CH Offshore Ltd and was listed on the Singapore Exchange Securities Trading Limited on 28 February 2003.

In October 2005, Scomi Marine Berhad (formerly Habib Corporation Berhad), a public listed company on the Bursa Malaysia, acquired a 29.07% stake in CHO from Chuan Hup Holdings Limited. On 28 April 2010, Scomi Marine Berhad sold its entire 29.07% stake in CHO to Energian Pte Ltd, a wholly-owned subsidiary of Falcon Energy Group.

February 2015 marked another significant milestone in CHO's history when with the successful conclusion of Voluntary Unconditional Cash Offer, Falcon Energy Group Limited ("FEG") through its wholly-owned subsidiary Energian Pte Ltd acquired 86.71% stake in CHO and it became a subsidiary of FEG.

Currently, CHO operates 15 AHTS vessels and one OSV vessel. Nine of which are wholly owned AHTS vessels with an average age of nine years old as at June 2016. Seven of the newer AHTS are 12,240 bhp vessels equipped with state-of-the-art facilities for heavier offshore work in deeper waters.

Building on CHO's long history of strength and expertise, the Group will continue to forge excellent relationships with its customer through firm commitment to quality, reliability and high service standard.

CORPORATE DATA

BOARD OF DIRECTORS
Mr. Tan Pong Tyea
(Executive Chairman)
Mr. James William Noe
(Executive Director & CEO)
Mr. Gan Wah Kwang
(Executive Director)
Ms. Tan Sooh Whye
(Non-Executive Director)
Mr. Thia Peng Heok George
(Non-Executive, Lead Independent Director)
Mr. Tan Kian Huay
(Non-Executive, Independent Director)

AUDIT COMMITTEE
Mr. Thia Peng Heok George
(Chairman)
Mr. Tan Kian Huay
Ms. Tan Sooh Whye

REMUNERATION COMMITTEE
Mr. Tan Kian Huay
(Chairman)
Mr. Thia Peng Heok George
Ms. Tan Sooh Whye

NOMINATING COMMITTEE
Mr. Thia Peng Heok George
(Chairman)
Mr. Tan Kian Huay
Mr. Tan Pong Tyea

COMPANY SECRETARY
Ms. Lim Mee Fun

REGISTERED OFFICE
10 Anson Road
#33-15 International Plaza
Singapore 079903
Telephone: (65) 6410 9018
Facsimile: (65) 6862 2336
Website: www.choffshore.com.sg
Email: investor@choffshore.com.sg

AUDITORS
Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner-in-Charge: Mr. Chua How Kiat
Appointed since the financial year ended 30 June 2016

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

PRINCIPLE BANKER
Oversea-Chinese Banking Corporation Limited
63 Chulia Street #02-00
OCBC Centre East
Singapore 049514

WELL POSITIONED FOR SMOOTHER WATER

With little debt loads and a high quality fleet, CH Offshore Group is well positioned to take advantage of the eventual upturn in the market.

CHAIRMAN'S MESSAGE

Even in the worst market ever experienced in the oil and gas industry, CH Offshore Group remained profitable.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of the CH Offshore Group ("the Group", "CHO", or "the Company") for the financial year ended 30 June 2016 ("FY2016").

In the last twelve months, the business environment was extremely challenging. The prolonged slump in the crude oil price resulted in exploration and production companies further reducing both their capital expenditure ("Capex") and their operations expenditure ("Opex"). With less jobs available, competition among offshore support vessel ("OSV") operators intensified and led to lower margins.

However I am pleased to report that your Company continued to be profitable for FY2016. This admirable performance is a result of the strong business network we have built over the years, our solid financial position and the quality of our fleet of vessels.

Mr Tan Pong Tyea
Executive Chairman

CHAIRMAN'S MESSAGE

FINANCIAL PERFORMANCE

Revenue and Income

The Group recorded a Profit After Tax ("PAT") of US$5.6 million on the back of US$24.7 million in revenue in FY2016 as compared to US$72.0 million PAT on US$31.8 million revenue in FY2015. The 92.2 % decrease in PAT over the previous reporting period is mainly due to the US$53.6 million one-off income from settlement of claims recognised in FY2015. The 22.3% decrease in revenue was due to the off-hire of two vessels upon expiry of their contracts, as well as lower charter rates.

The lower Gross Profit Margin After Depreciation of 44.5% as compared to 60.1% for the previous corresponding period was due to additional maintenance costs for vessels upon expiry of their bareboat charter contracts, as well as higher operating costs incurred on certain vessels to meet customer's specific requirements for charter.

Financial position and cash flow

The Group's Net Asset Value decreased from US$241.7 million as at 30 June 2015 to US$161.3 million as at 30 June 2016. The decrease was attributable to a sum of US$86.0 million declared as dividends during the financial year. The Group's Net Asset Value as at 30 June 2016 is 22.88 US cents per ordinary share.

The Group's net cash generated from operating activities is US$5.6 million while overall cash flow is positive at US$9.7 million. The decrease in net cash flow from US$139.0 million as at 30 June 2015 to US$9.7 million as at 30 June 2016 is mainly due to the sum of US$133.2 million paid out as dividends in the reporting period of this Annual Report.

CHAIRMAN'S MESSAGE

Liquidity is healthy with a current ratio of 1.41, and gearing remains low with no long-term borrowings, and a short-term borrowing to fund working capital of US$7.4 million. The Group is in a net cash position of US$2.3 million which is a rarity for the industry at this juncture of the oil and gas cycle.

OUTLOOK AND PROSPECTS

The oil and gas sector faces more uncertainty in the months ahead as momentary rises in crude price due to demand are reversed by the glut in supply from stocks in terminals and on offshore tankers. The ease with which shale oil wells can be revived for production when prices rise adds to the weakness in the crude oil price. Any rebound in the offshore and marine market is also handicapped by the fact that offshore oil and gas competes with lower-cost onshore oil and gas for capital when it comes to funding for exploration and production.

However there are indications that the worst may be over and the crude oil price is at the bottom end of its range in the cycle. The Group will continue to be performance-driven to maintain its track record of profitability. We have so far performed admirably in several aspects and we have a competitive edge in several areas.

Our fleet average utilisation rate is in the 76% range and this keeps our vessel assets working to generate income stream and a good return on asset. In part it is due to the fact that the main part of our revenue comes from stable, longer-term bareboat charters. Bareboat charters are advantageous in a low charter rate and low margin environment as there is scalability and there are significant economies in spreading the fixed costs over a larger number of bareboat charter vessels as compared with vessels on time charters. In such a business environment a fleet of vessels with bareboat charters will have a higher gross profit margin than a fleet with time charters.

Our fleet of AHTS (Anchor Handling Tug Supply) is relatively young and the vessels are fitted out with the latest technology and high-specification equipment making the vessels the preferred choice of exploration and production companies. AHTS are also versatile vessels and the Group's 12,240 horse power AHTS are able to serve the bigger newer jack-ups not only in the tug function but also in the supply function because of their bigger deck space and capability to take heavier loads.

The Group's competitive edge also includes the quality of its experienced Management and staff as well as the underlying strength of its main markets in this region. We serve an economically fast-growing region of several countries with huge populations and a demand for energy. Their oil wells are old and depleting but production, maintenance and well stimulation measures still have to be carried out to cater to rising demand for energy arising from rapid urbanisation. We have an excellent track record for operational efficiency and safety that retains our customers.

The Group will continually explore ways to increase operational efficiency, cut costs and conserve cash. It is with this strategy that we will be able to ride out the downturn in the oil and gas cycle and be ready for the rebound when it comes.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my thanks and gratitude to our shareholders for their patience and unwavering support for the Company. To the Board, I wish to say, thank you for your guidance and valuable advice. Last, but not least, without the hard work and dedication of the Management and staff, our admirable performance would not have been possible. For this I wish to record my appreciation for their efforts.

Mr Tan Pong Tyea
CHAIRMAN
2 September 2016

OPERATIONS REVIEW

Currently, CHO operates a fleet of fifteen AHTS vessels and one offshore support vessel. While a significant number of the vessels are focused on the company's historically core market in South East Asia, CHO continues to operate three vessels in the Middle East and two in Mexico. In addition to providing geographic diversity, the strong foothold in the Middle East and Mexico provides the company with a platform for further growth in the areas. The end users for the company's vessels in the Middle East and Mexico are national oil companies, which historically have proven to be more steady in their operations during oil price slumps.

Fleet Utilization

The key to the ability to achieve a profitable year in FY 2016 was the relatively high utilization we were able to achieve for the fleet, despite the extremely challenging business conditions. For the coming year, we will again focus on maintaining high utilization for the fleet, even in the face of tightening margins. Keeping the vessels crewed and working not only better positions us to take advantage of the eventual upturn in the market, it saves stacking and holding costs.

Safe, Efficient Operations

In the coming year, CHO will continue to be singularly focused on providing safe and efficient operations. In industry down turns, it is even more vital than ever to ensure that operations are conducted without injury or damage to personnel, property or the environment. While the company has enhanced its safety management systems in FY2016, CHO will redouble its efforts to ensuring safe operations are delivered to our customers. Similarly, in order to maintain profitability during these challenging times, the company must continue to improve its operational efficiency. We will continue to improve our preventative maintenance systems, lower crew costs and reduce fuel consumption, with the appropriate balance between efficient, cost-effective operations and maintaining a high level of operational integrity for our vessels.

SAFE, EFFICIENT OPERATIONS

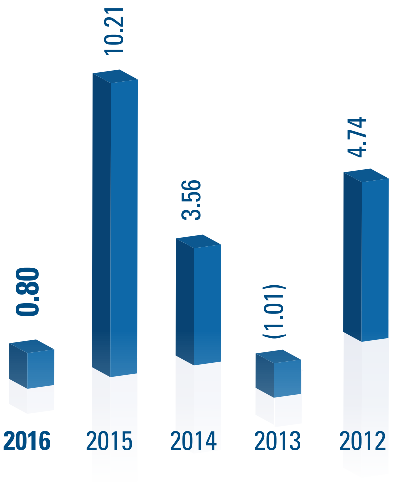
We are singularly focused on delivery safe and efficient operations to our customers.

FIVE-YEAR GROUP FINANCIAL STATISTICS AND CHARTS

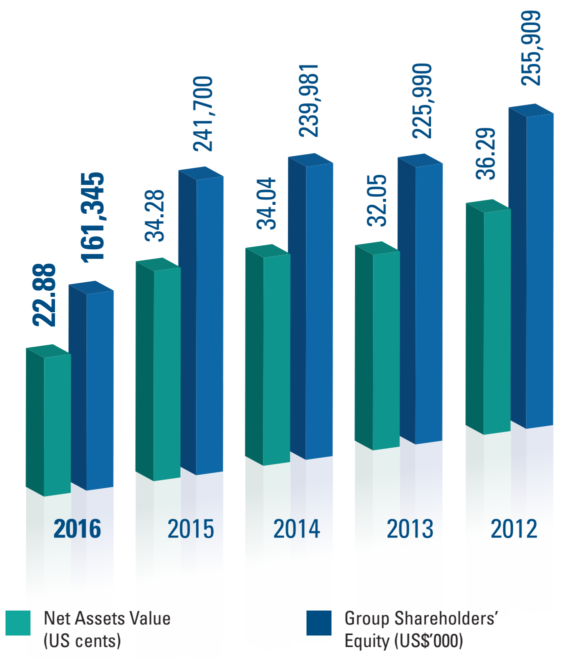
	FY2016 US$'000	FY2015 US$'000	FY2014 US$'000	FY2013 US$'000	FY2012 US$'000
STATEMENTS OF COMPREHENSIVE INCOME					
REVENUE	**24,725**	**31,818**	35,137	47,819	51,514
Gross profit after direct depreciation	**10,998**	**19,112**	23,315	32,525	29,025
Profit (Loss) before income tax	**10,215**	**71,988**	25,051	(7,080)	33,454
Profit (Loss) after income tax	**5,626**	**71,988**	25,081	(7,108)	33,433
Gross profit margin	**44.5%**	**60.1%**	66.4%	68.0%	56.3%
Profit (Loss) before income tax margin	**41.3%**	**226.2%**	71.3%	(14.8%)	64.9%
Profit (Loss) after income tax margin	**22.8%**	**226.2%**	71.4%	(14.9%)	64.9%
STATEMENTS OF FINANCIAL POSITION					
Current assets	**19,110**	**144,084**	87,673	72,740	107,873
Non-current assets	**168,838**	**171,153**	170,944	173,112	170,295
Total assets	**187,948**	**315,237**	258,617	245,852	278,168
Current liabilities	**13,568**	**64,688**	9,384	10,207	18,201
Non-current liabilities	**13,035**	**8,849**	9,252	9,655	4,058
Total liabilities	**26,603**	**73,537**	18,636	19,862	22,259
Net current assets	**5,542**	**79,396**	78,289	62,533	95,672
Shareholders' equity	**161,345**	**241,700**	239,981	225,990	255,909
PER SHARE DATA					
Earnings Per Share (US cents):					
Basic	**0.80**	**10.21**	3.56	(1.01)	4.74
Fully Diluted	**0.80**	**10.21**	3.56	(1.01)	4.74
Dividends Per Share (SGD cents)	**2.5**	**23.5**	4.50	1.50	4.75
Net Assets Value Per Share (US cents)	**22.88**	**34.28**	34.04	32.05	36.29

FIVE-YEAR GROUP FINANCIAL STATISTICS AND CHARTS

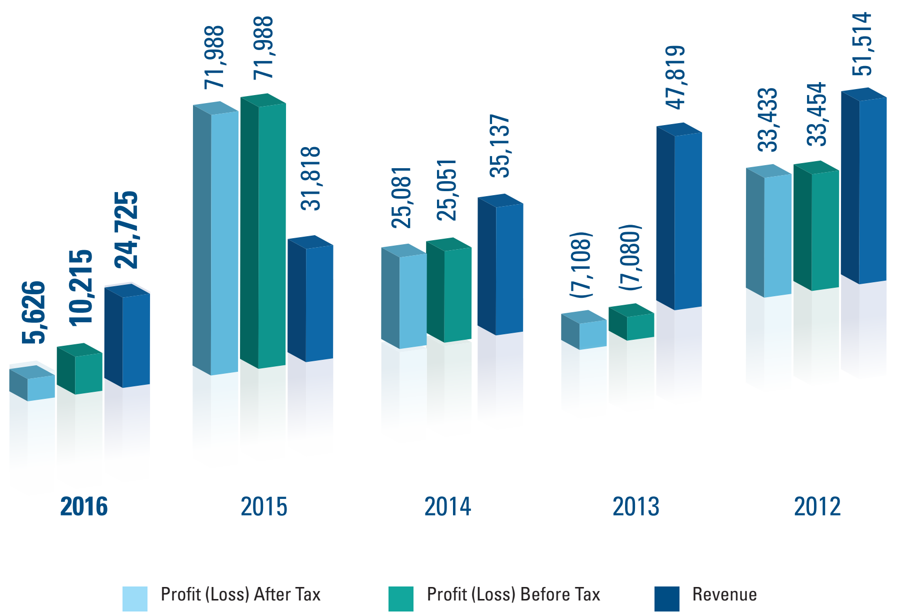
EARNINGS PER SHARE
(US CENTS)



GROUP SHAREHOLDERS' EQUITY AND NET ASSETS VALUE



GROUP REVENUE, PROFIT (LOSS) BEFORE TAX & PROFIT (LOSS) AFTER TAX (US$'000)



REVIEW OF RESULTS

REVENUE **FY2016**
24,725 THOUSANDS

GROSS PROFIT **FY2016**
10,998 THOUSANDS

REVENUE **FY2015**
31,818 THOUSANDS

GROSS PROFIT **FY2015**
19,112 THOUSANDS

REVENUE AND GROSS PROFIT AFTER DIRECT DEPRECIATION (US$'000)

	FY2016	FY2015	Change
Revenue	**24,725**	31,818	(22.3%)
Gross profit after direct depreciation	**10,998**	19,112	(42.5%)

SHAREHOLDERS' EQUITY AND NET ASSETS VALUE ("NAV")

	FY2016	FY2015	Change
Shareholders' equity (US$'000)	**161,345**	241,700	(33.2%)
NAV (US Cents)	**22.88**	34.28	(33.2%)

FINANCIAL PERFORMANCE

Revenue

The Group recorded a revenue of US$24.7 million in FY2016, a 22.3% decrease as compared to US$31.8 million revenue in FY2015. The decrease in revenue was mainly due to the off-hire of two vessels upon expiry of their contracts, as well as the continued downwards pressure on charter rates.

Gross Profit

The Gross Profit Margin After Depreciation of 44.5% as compared to 60.1% for the previous corresponding period was due to lower revenue, additional maintenance costs for vessels upon expiry of their bareboat charter contracts, as well as higher operating costs incurred on certain vessels to meet customer's specific requirements for charter.

Other Income

Other income decreased US$51.9 million from US$61.1 million for FY2015 to US$9.2 million for FY2016, mainly due to the US$60 million one-off settlement income from settlement of claims recognised in FY2015. Other income in FY2016 mainly comprised of the reversal of prior years' foreign tax provision of US$5.2 million, which is not likely to be paid to the relevant tax authorities and the reversal of commission fee payable of US$3.7 million, which is related to the claim settlement in FY2015.

Other Expense

Other expense decreased US$3.8 million from US$6.4 million for FY2015 to US$2.6 million for FY2016. The US$6.4 million other expenses in FY2015 relate to the claim settlement. Other expense in FY2016 comprised of an allowance for doubtful debts on the Group's net trade receivables due from Swiber Offshore (India) Pvt Ltd, a subsidiary of Swiber Holdings Limited, amounting to US$1.27 million and an impairment loss of US$1.0 million as the carrying amount of the group's vessels is in excess of the recoverable amount.

Return Attributable to Shareholders

The result attributable to the owners of the Group decreased from US$72.0 million in FY2015 to US$5.6 million in FY2016. The earning per share decreased from 10.21 US cents in FY2015 to 0.80 US cents in FY2016.

REVIEW OF RESULTS

Statement of Financial Position Review

The Group's Net Asset Value decreased from US$241.7 million as at 30 June 2015 to US$161.3 million as at 30 June 2016. The decrease was attributable to a sum of US$86.0 million declared as dividends during the financial year. The Group's Net Asset Value as at 30 June 2016 was 22.88 US cents per ordinary share, down from 34.28 US cents per ordinary share as at 30 June 2015.

Non-current assets comprised of the Group's vessels and its investment in associates. The carrying value of the vessels increased marginally despite the reporting period depreciation charges and impairment losses due to the acquisition of a vessel from its related party for US$6.5 million. The Group's carrying value of investments in associates decreased US$2.4 million from US$35.9 million as at 30 June 2015 to US$33.5 million as at 30 June 2016 due to the Group's share of associates' operating loss of US$0.2 million, assets impairment charge of US$1.3 million and doubtful debt provision of US$0.9 million.

Total current assets decreased 87% from US$144.1 million as at 30 June 2015 to US$19.1 million as at 30 June 2016 mainly due to lower cash and cash equivalent. Cash and cash equivalent decreased US$129.3 million from US$139.0 million as at 30 June 2015 to US$9.7 million as at 30 June 2016 mainly due to the sum of US$133.2 million paid out as dividend in the reporting period of this Annual Report.

Total current liability decreased US$51.1 million from US$64.7 million as at 30 June 2015 to US$13.6 million as at 30 June 2016 mainly due to the settlement of dividend payment of US$47.2 million and the reversal of the foreign tax provision and commission fee payable of US$5.2 million and US$3.7 million respectively, during the reporting period.

The Group's net current ratio was 1.41 as at 30 June 2016 and was in a net cash position.

The US$4.2 million increase in the Group's non-current liabilities from US$8.8 million as at 30 June 2015 to US$13.0 million as at 30 June 2016 was mainly due to the recognition of deferred tax liability amounting US$4.6 million during the reporting period. The deferred tax liabilities relate to its Singapore-owned, foreign flagged vessels.

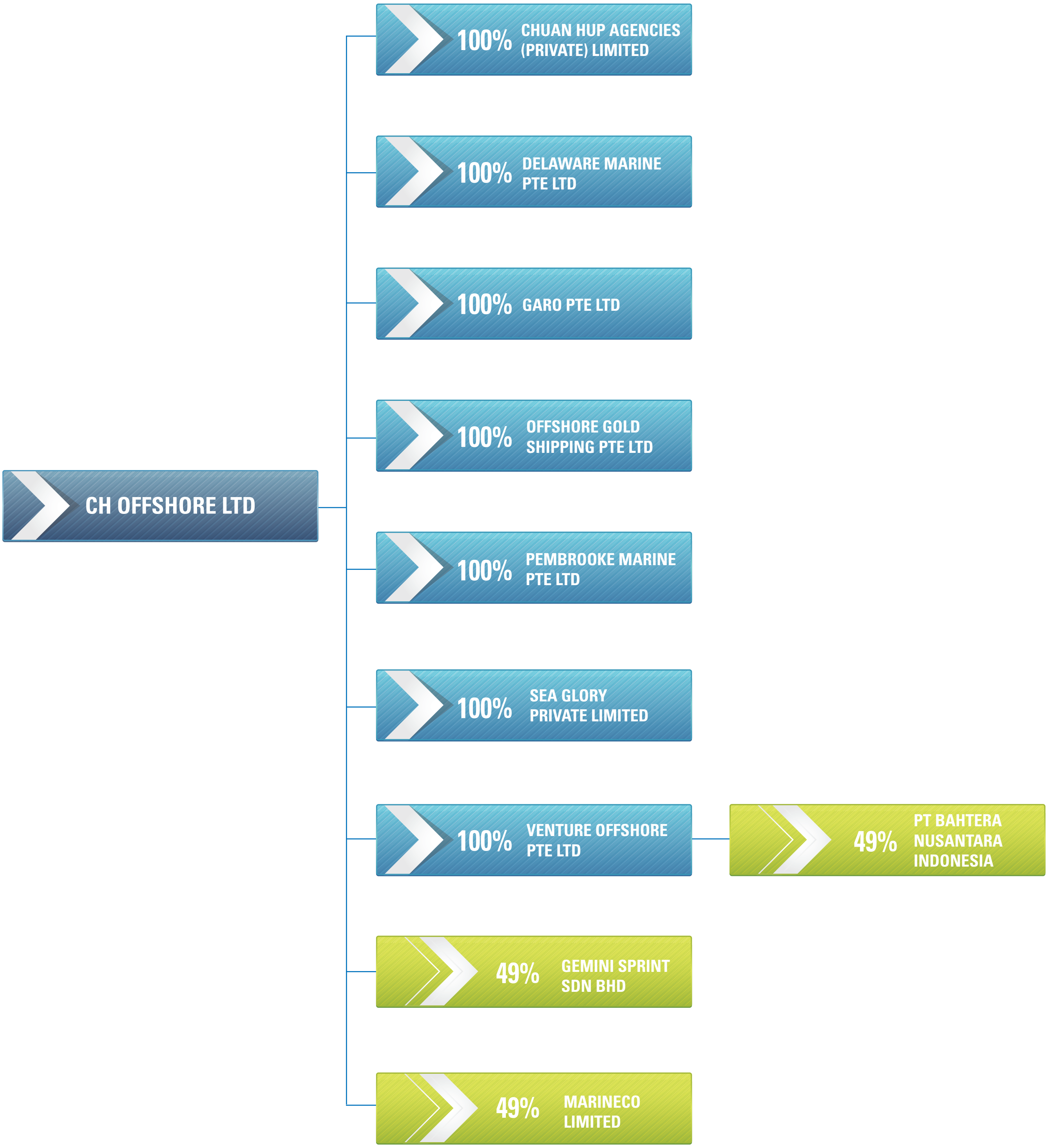
Statement of Cash Flows Review

The Group's generated a net operating cash inflow of US$5.6 million during the reporting period.

The net cash flow from investing activities amounted to an outflow of US$8.8 million in FY2016. This was attributable to the incurrence of vessels' dry docking expenditure amounting to US$2.3 million and the purchase of a vessel from a related party which generated a cash outflow of US$6.5 million.

The net cash flow from financing activities amounted to an outflow of US$125.8 million in FY2016. This was mainly due to the sum of US$133.2 million paid out as dividends in the reporting period. The US$7.4 million proceeds from the drawdown of a bank credit facility partially offset the dividend payment.

CORPORATE STRUCTURE



OUR FLEET

PERIDOT

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
total 12,240 BHP

Bollard Pull
152.2 MT continuous /
158.8 MT maximum

Dynamic Positioning System
Class 2

PTSC HA LONG
(EX-AQUAMARINE)

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
total 12,240 BHP

Bollard Pull
152.0 MT continuous /
157.7 MT maximum

Dynamic Positioning System
Class 2

CORAL*

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
total 12,240 BHP

Bollard Pull
157.2 MT continuous /
162.0 MT maximum

Dynamic Positioning System
Class 2

FEG MERLIN

Dimension (L x B x D)
55 m x 13.8 m x 5.5 m

Main Propulsion
2 x Nigaata,
total 3600 HP
Multi-purpose
Offshore Supply
Vessel

LANGERY
(EX-PEARL)

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
total 12,240 BHP

Bollard Pull
151.8 MT continuous /
155.1 MT maximum

Dynamic Positioning System
Class 2

TURQUOISE

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
total 12,240 BHP

Bollard Pull
153.9 MT continuous /
157.7 MT maximum

Dynamic Positioning System
Class 2

AMETHYST

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
total 12,240 BHP

Bollard Pull
153.6 MT continuous /
159.2 MT maximum

Dynamic Positioning System
Class 2

TOURMALINE

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
total 12,240 BHP

Bollard Pull
150.6 MT continuous /
154.8 MT maximum

Dynamic Positioning System
Class 2

OUR FLEET

AMBER*

Dimension (L x B x D)
51.79 m x 13.5 m x 6.0 m

Main Propulsion
2 x Bergen,
total 4,826 BHP

Bollard Pull
60.4 MT continuous /
64.2 MT maximum

BERYL*

Dimension (L x B x D)
51.79 m x 13.5 m x 6.0 m

Main Propulsion
2 x Bergen,
total 4,826 BHP

Bollard Pull
60 MT continuous /
62 MT maximum

GARNET

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
total 5,400 BHP

Bollard Pull
71.5 MT continuous

TOPAZ

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
total 5,400 BHP

Bollard Pull
72 MT continuous

JASPER

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m

Main Propulsion
2 x Mak,
total 5,000 BHP

Bollard Pull
63.1 MT continuous

ZIRCON*

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m

Main Propulsion
2 x Mak,
total 5,000 BHP

Bollard Pull
66.8 MT continuous

TEMASEK ATTAKA*

Dimension (L x B x D)
52.15 m x 15.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
total 5,400 BHP

Bollard Pull
60 MT continuous

TEMASEK SEPINGGAN*

Dimension (L x B x D)
52.15 m x 15.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
total 5,400 BHP

Bollard Pull
64.6 MT continuous /
65.2 MT maximum

Dynamic Positioning System
Class 1

**co-owned*

Note: The above specifications are for general information only, and are not to be used for any other purpose

BOARD OF DIRECTORS

MR TAN PONG TYEA
Executive Chairman

Mr Tan Pong Tyea is the Executive Chairman of CH Offshore Ltd ("CHO"). He was appointed to this position on 22 October 2015. He was initially appointed as Non-Executive Chairman on 1 June 2010. Following his re-designation to Executive Chairman, he stepped down as a member of the Remuneration Committee. He is currently a member of the Nominating Committee.

Mr Tan is also the Executive Chairman and Chief Executive Officer of Falcon Energy Group Limited ("FEG"), the holding company of CHO. FEG is a SGX Mainboard-listed leading player in the regional Offshore Marine and Oil and Gas sectors. It provides a full spectrum of support services for the Offshore Marine and Oil and Gas cycle, from initial exploration and drilling to production and post-production stage, with a specialist focus on the production phase of oilfield activities.

He has more than 26 years of experience servicing the oil companies and major contractors throughout the region.

Mr Tan obtained his Masters in Management Studies from Durham University, United Kingdom.

MR JAMES WILLIAM NOE
Executive Director & CEO

Mr James William Noe is Executive Director & CEO of CHO. He was initially appointed as Non-Executive Director on 27 April 2015 and subsequently appointed as CEO and hence re-designated to Executive Director on 7 July 2015.

Mr. Noe was the Executive Vice President of Hercules Offshore, Inc, the largest operator of jack-up rigs in the Gulf of Mexico and one of the largest offshore drilling companies globally. He was responsible for general executive matters, business development, governmental relations, legal, risk and compliance management. He formerly served as Senior Vice President, General Counsel and Chief Compliance Officer when he joined Hercules Offshore, Inc in 2005. Mr Noe was also the President and CEO of Delta Towing LLC, a subsidiary of Hercules Offshore, Inc.

In 2011, Mr. Noe served on the board of Discovery Offshore S.A., a jackup drilling company based in Luxembourg. He also served as an Executive Director of the Shallow Water Energy Security Coalition, a leading advocacy group for independent exploration and production companies and drilling contractor.

Mr Noe holds a Bachelor of Arts with honours from the University of Alabama and a Juris Doctorate from Louisiana State University.

BOARD OF DIRECTORS

MR GAN WAH KWANG

Executive Director

Mr Gan Wah Kwang is an Executive Director of CHO. He was initially appointed as Non-Executive Director on 16 August 2013 and subsequently re-designated as Executive Director on 1 July 2015. Following his re-designation to Executive Director, he stepped down as a member of the Audit Committee on 1 July 2015.

Mr Gan is the Chief Financial Officer of FEG. Mr Gan was the Financial Controller of FEG from September 2006 to March 2011. Prior to joining FEG, Mr Gan was the General Manager, Corporate & Finance of Amble Marine Sdn Bhd from April 2005 to August 2006. Mr Gan was the General Manager, Philippines Operation of Integrated Recycling Industrial (S) Pte Ltd from November 2004 to February 2005 and General Manager, Philippines Operation of Holinone International Pte Ltd from September 2003 to October 2004.

Mr Gan obtained his professional qualification from the Chartered Institute of Management Accountants (UK) in 1984.

MS TAN SOOH WHYE

Non-Executive Director

Ms Tan Sooh Whye is a Non-Executive Director of CHO. She was appointed to this position on 3 July 2015. She is a member of the Audit Committee.

Ms Tan acts as Alternate Director to Mr Tan Pong Tyea, the Chairman & CEO of FEG, the holding company of CHO. She is also a director of Asetanian Marine Pte Ltd and Ruben Capital Venture Ltd. She is responsible for the treasury, administrative and human resource functions of FEG and has been with the company for over 20 years.

Ms Tan graduated with a Bachelor of Arts in Economics and also holds a Diploma in Business Administration from Wilfrid Laurier University in Waterloo, Canada.

BOARD OF DIRECTORS

MR THIA PENG HEOK, GEORGE

Non-Executive, Lead Independent Director

Mr Thia Peng Heok, George is a Non-Executive, Lead Independent Director of CHO. He was appointed as Non-Executive, Independent Director on 30 March 2015 and subsequently appointed as Lead Independent Director on 3 July 2015. He is the Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee.

Mr Thia is a Chartered Accountant (Singapore) and practised as an accountant with Cooper Brothers & Co. (now known as PricewaterhouseCoopers). He has more than 20 years' experience in merchant banking and financial services including being Managing/Executive Director at Morgan Grenfell, Merrill Lynch, Sun Hung Kai Securities, Kay Hian Securities and Lum Chang Securities. He is involved as board members of non-profit organisations including the National Cancer Centre and Singapore Institute of Management.

MR TAN KIAN HUAY

Non-Executive, Independent Director

Mr Tan Kian Huay is a Non-Executive, Independent Director of CHO. He was appointed to this position on 30 March 2015. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

He has extensive experience in project management and business development, particularly in the construction industry. With over 40 years of experience in the building and construction industry, including serving as the Managing Director of Obayashi Singapore Pte Ltd from 1989 to 2004, Mr Tan now serves on the boards of NTUC Fairprice Foundation Ltd, NTUC Fairprice Co-operative Ltd, Choice Homes Investments Pte Ltd and Jurong Health Services Pte Ltd.

Mr Tan holds a Professional Diploma in Building and a Bachelor of Arts from Beijing Normal University. He is currently a fellow and was a former 2nd Vice President of the Society of Project Managers and also a former President of the Singapore Institute of Building.

KEY MANAGEMENT

(STANDING) (LEFT TO RIGHT): Mr Gan Wah Kwang, Ms Wong Soo Pin Evelyn, Mr Ganesh Shastri, Mr James William Noe, Ms Low Wei Ling, Mr Jerry Chen
(SITTING): Mr Tan Pong Tyea

MR TAN PONG TYEA
Executive Chairman

MR JAMES WILLIAM NOE
Executive Director & CEO

MR GAN WAH KWANG
Executive Director

MS EVELYN WONG
Group Financial Controller

MR JERRY CHEN
Executive Vice President (Falcon Energy Group Limited)

MR GANESH SHASTRI
VP QHSE

MS LOW WEI LING
Director – Marketing

FINANCIAL CALENDAR

30 June 2016	Financial Year End
6 November 2015	Announcement of First Quarter Financial Results
1 February 2016	Announcement of Half-Year Financial Results
19 February 2016	Payment of Interim Special Dividend
12 May 2016	Announcement of Third Quarter Financial Results
29 August 2016	Announcement of Full-Year Financial Results
30 September 2016	Dispatch of Annual Report to Shareholders
17 October 2016	Annual General Meeting

REPORT ON CORPORATE GOVERNANCE

CH Offshore Ltd ("**CHO**" or "**the Company**") and its subsidiaries (collectively, the "**Group**") recognise the importance of, and is committed to, maintaining high standards of corporate governance to ensure greater transparency and maximize long-term shareholder value.

As the Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Company seeks to comply with the listing rules of the SGX-ST as prescribed in the Listing Manual of the SGX-ST ("**Listing Rules**") and is guided in its corporate governance practices by the revised Code of Corporate Governance issued in 2012 ("**Code**").

The Board of Directors ("**Board**") is pleased to outline the main corporate governance framework and practices of the Company in this report, with specific reference made to each of the principles set out in the Code. This report describes the Company's corporate governance practices that were in place throughout the financial year ended 30 June 2016. Other than deviations which are explained in this report, the Company has generally adhered to the principles and guidelines set out in the Code.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:
Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with the management to achieve this and the management remains accountable to the board.

The Board oversees the business affairs of the Group. It provides leadership and guidance to Management, sets strategic objectives, ensures that the necessary financial and human resources are in place, and reviews Management performance. The Board also ensures the adequacy of the Group's control and risk framework and standards and ensures that obligations to its shareholders and other key stakeholders are understood and met.

The Board primary role is to protect and enhance long-term shareholders' value. It is responsible for the Group's overall performance objectives, key operational initiatives, financial plans and annual budget, major investments, divestments and funding proposals, quarterly and full year financial performance reviews, risk management and corporate governance practices. Each Director exercises his independent judgement to act in good faith and the best interest of the Company to enhance the long-term value of the Group to its shareholders.

The Company has established financial authorisation and approval limits for borrowings, investments, acquisitions, disposals, capital and operating expenditures. Apart from its fiduciary duties and statutory responsibilities, the Board evaluates and approves important matters such as material acquisitions and disposal of assets, financial plans, capital expenditures, and major funding and investments proposals. It also reviews and approves the financial statements and annual reports and authorises announcements of financial results to be issued.

REPORT ON CORPORATE GOVERNANCE

The Board is supported by the Board Committees established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance. These Committees are the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"). The Board delegates specific responsibilities to these Committees which operate within specified terms of reference setting out the scope of its duties and responsibilities and procedures governing the manner in which it is to operate and how decisions are to be taken. The Board accepts that while these Board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets at least four times in a year and holds special meetings at such other times as may be necessary to address any ad hoc significant matters. Matters before the Board are diligently deliberated by the Board to ensure that the interests of the Company are protected. Meetings via telephone or videoconference are permitted under the Company's Constitution. In between Board meetings, important matters are discussed in person or via telephone and are tabled for Board decision via circulating resolutions in writing. Supporting memorandum or papers are circulated to the directors where relevant.

The number of Board and Board Committee meetings held during the financial year ended 30 June 2016 and the attendance of each director where relevant are as follows:

Attendance at Board Meetings during the financial year ended 30 June 2016(1)

Directors	No. of Meetings Held	No. of Meetings Attended
Mr Tan Pong Tyea	4	4
Mr James William Noe	4	3
Mr Gan Wah Kwang	4	4
Ms Tan Sooh Whye	4	4
Mr Thia Peng Heok George	4	4
Mr Tan Kian Huay	4	4

Attendance at Board Committee Meetings during the financial year ended 30 June 2016(1)

	AC Meetings		RC Meetings		NC Meetings	
Directors	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Mr Tan Pong Tyea(2)	–	–	1	1	1	1
Ms Tan Sooh Whye(2)	4	4	1	1	–	–
Mr Thia Peng Heok George	4	4	2	2	1	1
Mr Tan Kian Huay	4	4	2	2	1	1

Notes:

(1) Refers to meetings held/attended while each Director was in office.

(2) Ms Tan Sooh Whye was appointed as RC member in place of Mr Tan Pong Tyea on 22 October 2015.

REPORT ON CORPORATE GOVERNANCE

The Company recognises the importance of appropriate training for its directors. Newly-appointed directors will be given briefings and orientation on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors. In this regard, the Company does not provide a formal letter to directors outlining their duties and obligations. As part of training for the Board, Directors are briefed either during Board and Board Committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry related matters. Where appropriate, Directors are sent for conferences and seminars in relevant fields. Articles and reports relevant to the Group's business are also circulated to the Directors for information.

Board Composition and Guidance

Principle 2:
There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

The Board currently comprises 6 directors, 1 of whom is Non-Executive Director and 2 of whom are Independent Directors. The directors of the Company as at the date of this report are as follows:

Mr Tan Pong Tyea	Executive Director (Chairman)
Mr James William Noe	Executive Director & CEO
Mr Gan Wah Kwang	Executive Director
Ms Tan Sooh Whye	Non-Executive Director
Mr Thia Peng Heok George	Non-Executive Lead Independent Director
Mr Tan Kian Huay	Non-Executive Independent Director

The Company maintains a satisfactory independent element on the Board by having 2 Independent Directors out of a total of 6 board members. It is in compliance with the Guideline 2.1 of the Code where at least one-third of the Board has to be independent. As the Company's Chairman is not an Independent Director, pursuant to the Code, half of the Board has to be independent. The Company is aware of the requirement and undertakes to make the necessary board composition changes by the stipulated deadline. The Company has to meet the requirement at its AGM following the end of the financial year commencing on or after 1 May 2016.

A director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interests of the Company, is considered to be independent.

The NC reviews the independence of each director on an annual basis, and as and when circumstances require, based on the Code's definition of what constitutes an independent director. The NC has determined that all the 2 Independent Directors are independent, including independent from the 10% shareholders of the Company.

REPORT ON CORPORATE GOVERNANCE

The independence element on the Board is strengthened by the appointment of Mr Thia Peng Heok George as the Lead Independent Director of the Company. As the Lead Independent Director, he leads and encourages dialogue between independent directors without the presence of the other directors and provides feedback to the Chairman. He is also available as the alternate channel for shareholders, should shareholders fail to resolve concerns through the normal channels of the Chairman, CEO or CFO, or when such normal channels are inappropriate.

None of the Independent Directors have served on the Board beyond 9 years from the date of first appointment.

Chairman and Chief Executive Officer

Principle 3:
There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Different individuals assume the Chairman and the Chief Executive Officer ("**CEO**") functions in CHO. There is a clear separation of the roles and responsibilities between the Chairman and the CEO. The Chairman's responsibilities include chairing the Board meetings and guiding the Board on its discussion on significant issues. The CEO is responsible for the day-to-day management of the business and the overall performance of the Group. The Chairman and the CEO are not related.

Board Membership

Principle 4:
There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

The NC is chaired by Mr Thia Peng Heok George with Mr Tan Kian Huay and Mr Tan Pong Tyea as members. The majority of the NC members, including the Chairman are Independent Directors.

The NC has put in place a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties.

The NC's primary functions are to evaluate and to review nominations for appointment and re-appointment to the Board and the various committees, to assess the effectiveness of the Board, to nominate any directors for re-election at the AGM, having regards to the director's contribution and performance (such as attendance, preparedness, participation and candour), to determine whether or not the director is independent, to review Board succession plan for Directors and to review the training and professional development programs for the Board.

The NC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. Thereafter, in consultation with the Board, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.

REPORT ON CORPORATE GOVERNANCE

In the event that the appointment of a new director is required, the NC will seek to identify the competence required for the Board to fulfil its responsibilities and may engage recruitment consultants or other independent experts to undertake research on, or assess potential candidates for new positions on the Board. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for appointment as director.

The NC is satisfied that the Board and the board committees comprised directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge of the Group, core competencies such as accounting or finance, business or management experience, human resource, risk management, mergers and acquisitions, legal, industry knowledge and strategic planning experience, required for the Board and the Board committees to be effective. The NC and the Board are of the opinion that given the scope and nature of the Group's operations, the current size of the Board is appropriate in facilitating effective decision making.

The NC also determines annually whether a director with multiple board representations and other principle commitments is able to and has adequately discharge his duties as a director of the Company.

The NC is of the view that, setting a maximum number of listed company board representations a Director should have is not meaningful, as the contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities. The Board shares this view.

Notwithstanding the number of listed company board representations and other principal commitments which the Directors held, the NC was of the view that they have been able to devote sufficient time and attention to the affairs of the Company and they are able to fulfill their duties as directors of the Company. There is no alternate director on the Board.

The NC has reviewed the independence of the Directors as mentioned under Guideline 2.3 of the Code. The NC has affirmed that Mr Thia Peng Heok George and Mr Tan Kian Huay are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

At each AGM of the Company, not less than one third of the Directors for the time being (being those who have been longest in office since their last re-election) are required to retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. Also, all newly appointed Directors during the year will hold office only until the next AGM and will be eligible for re-election.

The NC has recommended to the Board the nomination of Mr Tan Pong Tyea and Thia Peng Heok George for re-election at the forthcoming AGM of the Company. The Board has accepted the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

REPORT ON CORPORATE GOVERNANCE

Board Performance

Principle 5:
There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution of each director to the effectiveness of the board.

The Board believes that Board performance is ultimately reflected in the long-term performance of the Group. The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole, effectiveness of its Board Committees and the contribution by each individual director to the effectiveness of the Board on an annual basis. The performance evaluation process covers a range of issues including size and composition of the Board and Board Committees, information management, decision-making, processes, risk and crisis management, communication with Senior Management and stakeholder management. The evaluation and feedback are then consolidated and presented to the Board for discussion on strengths and weaknesses to improve the effectiveness of the Board and its Committees.

For the year under review, a formal assessment of the effectiveness of the Board as a whole was undertaken by the NC. The NC was of the view that the performance of the Board as a whole was satisfactory.

Access to Information

Principle 6:
Board members should be provided with complete, adequate and timely information.

Directors are from time to time furnished with detailed information concerning the Group to enable them to be fully cognizant of the decisions and actions of the Group's executive management. All directors have unrestricted access to the Company's records and information to enable them to constantly keep track of the Group's financial position. Detailed Board papers are prepared for each meeting of the Board and are normally circulated before each meeting. The Board papers include sufficient information from the management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings.

All directors have separate and independent access to all levels of senior executives in the Group and the Company Secretary, and are encouraged to speak to other employees to seek additional information if they so require.

Company Secretary attends all Board meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The appointment and the removal of the Company Secretary rest with the Board as a whole.

Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

REPORT ON CORPORATE GOVERNANCE

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC is chaired by Mr Tan Kian Huay with Mr Thia Peng Heok George and Ms Tan Sooh Whye as members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman, are Independent Directors.

Ms Tan Sooh Whye was appointed in place of Mr Tan Pong Tyea as a member of RC on 22 October 2015 following the re-designation of Mr Tan Pong Tyea's position from Non-Executive Chairman to Executive Chairman on the same date.

The RC has adopted written terms of reference defining its membership, administration and duties.

The primary functions of the RC are to review and recommend to the Board a framework of remuneration for the directors, CEO and key management personnel, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind, to perform annual review of the remuneration of employees related to the Directors and substantial shareholders (if any) and to implement and administer the CH Offshore Employee Option Scheme.

In discharging its functions, the RC may, at the Company's expense, obtain such independent legal and other professional advice as it deems necessary.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

The recommendations of the RC have been submitted for endorsement by the entire Board of Directors.

Level and Mix of Remuneration

Principle 8:
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

REPORT ON CORPORATE GOVERNANCE

The RC adopted a director's fee framework in which the non-executive and independent directors will receive directors' fees in accordance with their contributions, taking into account factor such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, retain and motivate the directors. Directors' fee are recommended by the Board for the approval of the shareholders at the Company's AGM.

The Executive Directors do not receive directors' fees. The remuneration for the Executive Directors and key management personnel comprises a basic salary, a benefit component and a variable performance related bonus, which is designed to align the interests of the Executive Directors and key management personnel with those of shareholders and promote the long-term success of the Group.

The RC reviews the remuneration of Directors and key management personnel on an annual basis to ensure that it commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Company. Their performance is reviewed periodically by the RC and the Board.

The Company has noted that the Code has recommended the incorporation of appropriate "claw-back mechanisms" to allow the Company to reclaim the variable incentive-based component of remuneration from directors and key management personnel. The RC will look into this in due course.

CHO Employee Share Option Scheme

The scheme was implemented on 27 May 2016 as an incentive plan for employees of the Group based on individual performance. Details of the Scheme are disclosed under the Directors' Statement set out in page 47 of this Annual Report.

Disclosure on Remuneration

Principle 9:
Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Directors' remuneration disclosed below is shown in bands of S$250,000.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION PAID OR ACCRUED TO DIRECTORS FOR FINANCIAL YEAR ENDED 30 JUNE 2016

Directors of Company	Fixed Component (%)[1]	Variable Component (%)[2]	Benefits (%)[3]	Directors' Fees (%)	Total Compensation (%)
S$750,000 and above					
Mr James William Noe[4]	94%	6%	–	–	100%
Below S$250,000					
Mr Tan Pong Tyea[5]	93%	–	–	7%	100%
Mr Gan Wah Kwang[6]	92%	3%	5%	–	100%
Mr Thia Peng Heok George	–	–	–	100%	100%
Mr Tan Kian Huay	–	–	–	100%	100%
Ms Tan Sooh Whye	–	–	–	100%	100%

Notes:

(1) Fixed component refers to base salary earned, including AWS and employer CPF.

(2) Variable component refers to variable bonus.

(3) Benefits refer to car expense reimbursements.

(4) Mr James William Noe was re-designated from Non-Executive Director to Executive Director on 7 July 2015.

(5) Mr Tan Pong Tyea was re-designated from Non-Executive Chairman to Executive Chairman on 22 October 2015.

(6) Mr Gan Wah Kwang was re-designated from Non-Executive Director to Executive Director on 1 July 2015.

The remuneration of each individual Director and key management personnel (who are not also Directors of the Company) is not disclosed in dollar terms as remuneration is a commercially sensitive matter, given that the Company operates in a highly competitive environment where potential poaching of employees by competitors is fairly common.

REMUNERATION PAID OR ACCRUED TO THE TOP FOUR KEY MANAGEMENT PERSONNEL FOR FINANCIAL YEAR ENDED 30 JUNE 2016

Key Management Personnel of Company	Fixed Component (%)[1]	Variable Component (%)[2]	Benefits (%)[3]	Total Compensation (%)
S$500,000 and above				
Mr Koh Kok Leong Gary[4]	9%	–	91%	100%
S$250,000 to S$499,999				
Dr Shastri Ganesh Ramachandra[5]	96%	4%	–	100%
Mdm Teo Peck Bee[6]	38%	62%	–	100%
Below S$250,000				
Mr Jerry Chen Fang[7]	100%	–	–	100%
Ms Wong Soo Pin[8]	100%	–	–	100%
Ms Low Wei Ling[9]	97%	3%	–	100%

REPORT ON CORPORATE GOVERNANCE

Notes:

(1) Fixed component refers to base salary earned, including AWS, allowance and employer CPF.

(2) Variable component refers to variable bonus or allowances.

(3) Benefits refer to termination benefit.

(4) Mr Koh Kok Leong Gary resigned as CEO on 1 July 2015.

(5) Dr Shastri Ganesh Ramachandra joined the Company as VP, QHSE on 7 July 2015.

(6) Mdm Teo Peck Bee resigned as CFO on 31 December 2015.

(7) Mr Jerry Chen Fang joined the Company as Executive Vice President on 20 August 2015.

(8) Ms Wong Soo Pin joined the Company as Group Financial Controller on 26 November 2015.

(9) Ms Low Wei Ling joined the Company as Director, Marketing on 20 July 2015.

As at the date of this Corporate Governance Report, there were only 4 key management personnel in the Company.

The aggregate amount of termination benefit granted to ex-CEO Mr Koh Kok Leong Gary who resigned on 1 July 2015 was S$500,000.00. Save for Mr Koh Kok Leong Gary's termination benefits, there were no termination, retirement and post-employment benefits granted to any Director, the CEO and key management personnel for the financial year ended 30 June 2016.

The Group does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S$50,000 for the year ended 30 June 2016.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:
The board should present a balanced and understandable assessment of the company's performance, position and prospects.

As stated above, the Board's primary role is to protect and enhance long-term value and returns for the shareholders. In the discharge of its duties to the shareholders, the Board, when presenting annual financial statements and quarterly results announcements, seeks to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

In preparing the financial statements, the Directors have:

(i) Selected suitable accounting policies and applied them consistently;

(ii) Made judgments and estimates that are reasonable and prudent;

(iii) Ensured that all applicable accounting standards have been followed; and

(iv) Prepared financial statements on the basis that the Directors have reasonable expectations, having made enquires, that the Group and Company have adequate resources to continue operations for the foreseeable future.

REPORT ON CORPORATE GOVERNANCE

The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis.

Risk Management and Internal Controls

Principle 11:
The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the group's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

The Board has overall responsibility for the governance of the Group's risk management and internal controls. The Board and Management of the Company are fully committed to maintaining sound risk management and internal control systems to safeguard shareholders' interests and the Group's assets.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has set up a Risk Management Committee to assist the Board in overseeing risk management for the Group.

The Board has implemented an Enterprise Risk Management Framework for the identification, assessment, monitoring and reporting of significant risks. The Company maintains a risk register which identifies the material risks facing the Group and the internal controls in place to manage or mitigate those risks. The Risk Management Committee reviews and updates the risk register regularly and updates the Board.

The work of the internal auditors and the report of the external auditors, have enabled the identification of key risks which are reported to the AC to facilitate the Board's oversight of the effectiveness of risk management and the adequacy of mitigating measures taken by management to address the underlying risks. The internal audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, information technology and compliance risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. Management follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC.

The Board has received written assurance from the CEO and the Group FC that:

(a) The financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2016 give a true and fair view of the Group's operations and finances; and

REPORT ON CORPORATE GOVERNANCE

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

Based on the risk management and internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and the Board Committees as well as the written assurance received from the CEO and the Group FC, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 30 June 2016 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

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

Audit Committee

Principle 12:
The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The AC is chaired by Mr Thia Peng Heok George with Mr Tan Kian Huay and Ms Tan Sooh Whye as members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman, are Independent Directors.

Mr Thia Peng Heok George is a Certified Public Accountant and practised as an accountant with more than 20 years' experience in merchant banking and financial services. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The primary functions of the AC are:

(a) Review with the external auditors the audit plan including the nature and scope of the audit before its commencement, their annual reports and their Management letters and Management's response;

(b) Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. This includes review of quarterly, half-year and annual financial statements before submission to the Board for its approval;

(c) Review the assistance given by Management to the external auditors;

REPORT ON CORPORATE GOVERNANCE

(d) Review the independence and objectivity of the external auditors;

(e) Review the nature and extent of non-audit services performed by the external auditors;

(f) Examine the scope of internal audit procedures and the results of the internal audit;

(g) Review the adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls, and reporting on any pertinent aspects of risks thereto, and ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually and such a review can be carried out by the internal and/or external auditors;

(h) Meet with the external and internal auditors without the presence of Management at least annually;

(i) Review the effectiveness of the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;

(j) Investigate any matter which falls within the AC's terms of reference, having full access to and co-operation by Management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(k) Review interested persons' transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

(l) Make recommendations to the Board on the appointment/re-appointment/removal of the external auditor, and approve the audit fees and terms of engagement of the external auditors; and

(m) Review arrangement by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

Apart from the duties listed above the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation, which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC has been given full access to and has obtained the co-operation of the management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC met four times during the year under review. The AC meets annually with the external and internal auditors separately, without the presence of the Management. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

REPORT ON CORPORATE GOVERNANCE

The AC has undertaken a review of all the non-audit services provided by the external auditors during the year under review and is satisfied that such services would not, in the AC's opinion, affect the independence and objectivity of the external auditors. During the year under review, the aggregate amount of fees paid to the external auditors, Deloitte & Touche LLP, amounted to S$91,000, with the fees paid for its provision of audit and non-audit services amounting to S$68,000 and S$23,000 respectively. Having satisfied as to the foregoing and that Listing Rule 712 has been complied with, the AC has recommended the re-appointment of Deloitte & Touche LLP, as external auditors at the forthcoming AGM.

Deloitte & Touche LLP is an audit firm registered with the Singapore Accounting and Corporate Regulatory Authority. Both the AC and Board have reviewed the appointment of different auditors for its subsidiaries and significant associated companies and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Listing Rule 716.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their meetings with the AC.

None of the members nor the Chairman of the AC are former partners or directors of the Group's auditing firm.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he/she is interested.

Whistleblowing Policy

The Company has implemented a whistleblowing policy, which serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible wrongdoing or breach of applicable laws, regulations, policies or other matters. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

Internal Audit

Principle 13:
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is outsourced to MS Risk Management Pte Ltd, an associate of international public accounting firm, Messrs Moore Stephens LLP. The internal auditors will report to the Chairman of the AC on any material weaknesses and risks identified in the course of the internal audit, which will also be communicated to Management. Management will accordingly update the AC on the status of the remedial action plans.

The internal auditors meet the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC has reviewed the adequacy of the internal audit function and is satisfied that the Company's internal audit function is staffed by qualified and experienced personnel.

REPORT ON CORPORATE GOVERNANCE

The AC ensures that the Management provides good support to the internal auditors and provides adequate access to documents, records, properties and personnel when requested in order for the internal auditors to carry out its function accordingly. The internal auditors also has unrestricted access to the AC on internal audit matters.

(D) SHAREHOLDERS RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14:
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to treat all shareholders fairly and equitably to facilitate the exercise of their ownership rights by providing them with adequate, timely and sufficient information pertaining to the changes of Group's business which could have a material impact on the Company's share price.

Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Principle 15:
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company communicates information to shareholders and the investing community through announcements that are released to the SGX-ST via SGXNET. Such announcements include the quarterly and full-year results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST.

All shareholders of the Company are sent a copy of the Annual Report and notice of the AGM. The notice of AGM, which sets out all items of business to be transacted at the AGM, is also advertised in the newspapers.

In addition to the above, the shareholders can access the Company's corporate website (http://www.choffshore.com.sg/) at their convenience to receive updates. The Company's corporate website also provides information about the Company, its services and its directors. In the investor relation section of the corporate website, the Company maintains announcements and financial results released on SGXNet as well as annual reports of the Company.

The Company does not practice selective disclosure. In line with continuing disclosure obligations of the Company pursuant to the Listing Rules and the Companies Act (Chapter 50) of Singapore ("Act"), the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group through SGXNet. Shareholders can submit their feedback and raise any question to the Company's investor relations, contact as provided in the Company's corporate website.

REPORT ON CORPORATE GOVERNANCE

The Group believes in encouraging shareholders' participation at general meetings. A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies (who can either be named individuals nominated by the shareholder to attend the meeting or the Chairman of the meeting as the shareholder may select). The Company's Constitution allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. To facilitate participation by the shareholders, the Company's Constitution allows a shareholder to appoint not more than two proxies to attend and vote at general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporation holdings licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

The Board ensures that there are separate resolutions at general meetings of the Company. The external auditors are also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditors' report.

The Chairman of each of the AC, RC and NC, or members of the respective Committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. Senior Management is also present at general meetings to respond, if necessary, to operational questions from shareholders that may be raised.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16:
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company's main forum for dialogue and interaction with shareholders takes place at its AGM, where the members of the Board, Senior Management and the external auditors are in attendance. At the AGM, shareholders are given the opportunity to air their views and ask questions regarding the Company.

To have greater transparency in the voting process, the Company has adopted the voting of all its resolutions by poll at its general meetings. The detailed voting results of each of the resolutions tabled will be announced immediately at the meeting. The total numbers of votes cast for or against the resolutions will be also announced after the meeting via SGXNet.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to shareholders upon their request.

REPORT ON CORPORATE GOVERNANCE

(E) DEALING IN SECURITIES

The Company has clear guidelines for dealings in securities by Directors and employees. CHO's Directors and employees are prohibited from dealing in CHO's shares for the period of two weeks prior to the announcement of quarterly results and a period of one month prior to the announcement of year-end results. In addition, Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. Employees who attend management committee meetings have to observe the "closed window" periods.

(F) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of the CEO, directors or controlling shareholders during the financial year ended 30 June 2016.

(G) INTERESTED PERSON TRANSACTIONS

The Company has put in place an internal procedure to track interested person transactions ("IPTs") of the Company. The Finance Department is in charge of maintaining a register of the Company's IPTs in accordance with the reporting requirements stipulated in Chapter 9 of the SGX-ST Listing Manual. All IPTs are disclosed in the Company's Annual Report.

The aggregate value of interested person transactions entered into under review is as follows:

Interested Person Transactions	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000)
	US$'000
Falcon Energy Group of Companies[1]	7,753

Note:

(1) Mr Tan Pong Tyea is the Executive Chairman and controlling shareholder of the Company. He has a direct interest of 51.77% and deemed interest of 10.95% in the issued shares in Falcon Energy Group Limited.

CONCLUSION

The Company recognises the importance of good corporate governance practices for maintaining and promoting investor confidence. The Company will continue to review and improve its corporate governance practices on an ongoing basis.

REPORT ON CORPORATE GOVERNANCE

DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	(a) The Company has complied with all the principles and guidelines of the Code, save for the following: (i) Number of Board Representation The NC and the Board have not made a determination of the maximum number of board representation a Director may hold. (ii) Disclosure of the remuneration of directors and key management personnel The remuneration of the top 4 key executives in the Group who are not Directors of the Company is shown in bands of S$250,000. Due to the sensitivity and confidentiality of remuneration matters, the Board is of the view that it is in the best interests of the Company not to disclose the remuneration of each individual Director and key management personnel in dollar terms.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(b) The alternative practices adopted by the Company are as follows: (i) Number of Board Representation The NC and the Board are of the view that setting a maximum number of listed company board representations a Director should have is not meaningful, as the contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities. Notwithstanding the number of listed company board representations and other principal commitments which the Directors held, the NC was of the view that they were able to devote sufficient time and attention to the affairs of the Company.

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
		(ii) Disclosure of the remuneration of directors and key management personnel The RC reviews and recommends the remuneration packages for the directors and key management personnel. It is to ensure that the remuneration structure is competitive and sufficient to attract, retain and motivate Directors and key management personnel to run the Company successfully in order to maximize shareholders' value. The members of the RC do not participate in any decisions concerning their own remuneration.
Board Responsibility		
GUIDELINE 1.5	What are the types of material transactions which require approval from the Board?	Please refer to Principle 1 of the Corporate Governance Report.
Members of the Board		
GUIDELINE 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate. (c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(a) The Board believes in having an appropriate balance and diversity of skills, experience, gender and knowledge. (b) The Board consists of 6 members (5 male and 1 female), two of whom are Independent Directors. Members of the Board are professionals from diverse backgrounds with varied experience from accounting or finance, business or management experience, human resource, risk management, mergers and acquisitions, legal, industry knowledge and strategic planning experience. (c) The NC examines the board size with a view towards determining the impact of its effectiveness. The composition of the Board is also reviewed on an annual basis to ensure the Board has appropriate mix of expertise and experience.
GUIDELINE 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to the Principle 4 of the Corporate Governance Report for details on the nomination process.

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
GUIDELINE 1.6	(a) Are new directors given formal training? If not, please explain why.	(a) Appropriate external training in areas such as financial, legal and industry-specific knowledge is arranged for new directors, where necessary.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(b) The directors have been made aware of and are familiar with their duties and obligations. They will also be briefed from time to time on regulatory changes.
GUIDELINE 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	(a) The NC and the Board share the view that it would not be appropriate to set a maximum number of directorships that a director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	(b) The reason that a maximum number has not been determined is because the contribution of each director would depend on his/her individual circumstances, including whether he/she has other principal commitments, full time positions and other additional responsibilities.
	(c) What are the specific considerations in deciding on the capacity of directors?	(c) The factors taken into consideration in deciding on the capacity of Directors include Directors' attendance, participation, contribution at meetings, preparedness for meeting, etc.
Board Evaluation		
GUIDELINE 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	(a) Please refer to Principle 5 of the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	(b) Yes. The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Independence of Directors		
GUIDELINE 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Company maintains a satisfactory independent element on the Board by having 2 Independent Directors out of a total of 6 board members. It is in compliance with the Guideline 2.1 where at least one-third of the Board has to be independent. As the Company's Chairman is not an Independent Director, half of the Board has to be independent. The Company is aware of the requirement and undertakes to make the necessary board composition changes by the stipulated deadline. The Company has to meet the requirement at its AGM following the end of the financial year commencing on or after 1 May 2016.
GUIDELINE 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No (b) Not applicable
GUIDELINE 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
GUIDELINE 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has disclosed a breakdown of each Director's and the CEO's remuneration (in percentage terms) into Directors' fee, fixed and variable components as well as benefits, but did not disclose the exact dollar terms of their remuneration as such details are sensitive in nature.
GUIDELINE 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) The Company has disclosed a breakdown key management personnel's remuneration (in percentage terms) into fixed and variable components as well as other benefits, but did not disclose in dollar terms as the remuneration of the key management personnel is a commercially sensitive matter, given that the Company operates in a highly competitive environment where potential poaching of employees by competitors is fairly common. (b) The Company is not in favor of disclosing the aggregate remuneration paid to the top 4 key management personnel (who are not directors or the CEO) due to the sensitive nature of such information. It is not in the best interest of the Company as the industry which the Company operates in is highly competitive environment in respect of the recruitment of experienced executives.
GUIDELINE 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	The Company does not have any employee who is an immediate family member of a Director.

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
GUIDELINE 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) Please refer to Principle 9 of the Corporate Governance Report. (b) Please refer to Principle 9 of the Corporate Governance Report. (c) Yes.
Risk Management and Internal Controls		
GUIDELINE 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 of the Corporate Governance Report.
GUIDELINE 13.1	Does the Company have an internal audit function? If not, please explain why.	Please refer to Principle 13 of the Corporate Governance Report.
GUIDELINE 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	(a) Please refer to Principle 11 of the Corporate Governance Report.

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b) Please refer to Principle 11 of the Corporate Governance Report.
GUIDELINE 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a) During the year under review, the aggregate of fees paid to the external auditors was S\$91,000, comprising S\$68,000 for audit services and S\$23,000 for non-audit services.
	(b) If the external auditors have supplied substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) The AC has undertaken a review of all the non-audit services provided by external auditors during the year is satisfied that such services would not, in the AC's opinion, affect the independence and objectivity of the external auditors.
Communication with Shareholders		
GUIDELINE 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) Please refer to Principles 15 and 16 of the Corporate Governance Report.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) The Group has specifically entrusted an investor relations team comprising the Executive Chairman, CEO and the Group FC with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) Please refer to Principles 15 and 16 of the Corporate Governance Report.

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
GUIDELINE 15.5	If the Company is not paying any dividends for the financial year, please explain why.	The Directors have declared interim tax exempt one-tier dividend of S$0.025 per share during the financial year ended 30 June 2016. No final tax exempt one-tier dividend was declared for the financial year ended 30 June 2016. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

DIRECTORS' STATEMENT

The directors present this statement together with the audited consolidated financial statements of the group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the company for the financial year ended June 30, 2016.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the company as set out on pages 51 to 103 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at June 30, 2016, and the financial performance, changes in equity and cash flows of the group and the financial performance and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the company in office at the date of this statement are:

Mr Tan Pong Tyea
Mr Gan Wah Kwang
Mr Thia Peng Heok George
Mr Tan Kian Huay
Mr James William Noe
Ms Tan Sooh Whye (Appointed on July 3, 2015)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except as disclosed in paragraph 3 of Directors' statement.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings in which director is deemed to have an interest	
Name of director and company in which interest is held	**At beginning of year**	**At end of year**
The company (Ordinary shares)		
Mr Tan Pong Tyea	611,406,281	611,406,281

By virtue of section 7 of Singapore Companies Act, Mr Tan Pong Tyea is deemed to have an interest in all related corporations of the company.

The directors' interests in the shares of the company at July 21, 2016 were the same as at June 30, 2016.

4 OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no options to take up unissued shares of the company or any corporation in the group was granted.

5 OPTIONS EXERCISED

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

6 UNISSUED SHARES UNDER OPTIONS

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under options.

DIRECTORS' STATEMENT

7 AUDIT COMMITTEE

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Singapore Exchange Securities Trading Limited Listing Manual. The functions carried out are detailed in the company's Corporate Governance Report which is included in the Annual Report for the financial year ended June 30, 2016.

The Audit Committee, having reviewed all non-audit services provided by the external auditors to the group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee has recommended to the Board of Directors that the auditors, Deloitte & Touche LLP, be nominated for re-appointment as independent auditors at the forthcoming Annual General Meeting of the company.

8 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Mr James William Noe

Mr Tan Pong Tyea

September 2, 2016

INDEPENDENT AUDITORS' REPORT

To The Members Of CH Offshore Ltd And Its Subsidiaries

Report on the Financial Statements

We have audited the accompanying financial statements of CH Offshore Ltd (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 June 30, 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of profit or loss and other comprehensive income and the statement of changes in equity of the company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 103.

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 (the "Act") and Singapore Financial Reporting Standards, 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 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

To The Members Of CH Offshore Ltd And Its Subsidiaries

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at June 30, 2016, and the financial performance, changes in equity and cash flows of the group and the financial performance and changes in equity of the company 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 the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Chua How Kiat
Partner

September 2, 2016

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2016

	Note	Group 2016 US$'000	Group 2015 US$'000 (restated)	Group 2014 US$'000 (restated)	Company 2016 US$'000	Company 2015 US$'000 (restated)	Company 2014 US$'000 (restated)
ASSETS							
Current assets							
Cash and cash equivalents	7	9,711	139,047	79,949	9,057	138,540	79,394
Trade and other receivables	8	9,223	4,942	7,629	39,684	31,561	38,677
Prepayments		176	95	95	146	69	49
Total current assets		19,110	144,084	87,673	48,887	170,170	118,120
Non-current assets							
Subsidiary companies	9	–	–	–	8,751	8,751	8,751
Associated companies	10	33,533	35,901	33,608	4,986	4,986	5,083
Club membership		–	3	3	–	3	3
Fixed assets	11	135,305	135,249	137,333	72,065	76,109	78,413
Total non-current assets		168,838	171,153	170,944	85,802	89,849	92,250
Total assets		187,948	315,237	258,617	134,689	260,019	210,370
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	12	5,754	17,088	8,981	42,546	78,947	69,111
Other payables – deferred gain	13	403	403	403	–	–	–
Dividend payables		–	47,197	–	–	47,197	–
Borrowings	14	7,411	–	–	7,411	–	–
Total current liabilities		13,568	64,688	9,384	49,957	126,144	69,111
Non-current liabilities							
Other payables – deferred gain	13	5,446	5,849	6,252	–	–	–
Customer deposit	12	3,000	3,000	3,000	3,000	3,000	3,000
Deferred tax liabilities	15	4,589	–	–	2,500	–	–
Total non-current liabilities		13,035	8,849	9,252	5,500	3,000	3,000
Capital and reserves							
Issued capital	16	55,379	55,379	55,379	55,379	55,379	55,379
Accumulated profits		105,966	186,321	184,602	23,853	75,496	82,880
Total equity		161,345	241,700	239,981	79,232	130,875	138,259
Total liabilities and equity		187,948	315,237	258,617	134,689	260,019	210,370

See accompanying notes to the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended June 30, 2016

	Note	Group 2016 US$'000	Group 2015 US$'000 (restated)	Company 2016 US$'000	Company 2015 US$'000 (restated)
Revenue	17	24,725	31,818	12,289	19,100
Cost of sales	18	(6,012)	(5,240)	(2,704)	(3,165)
Gross profit before direct depreciation		18,713	26,578	9,585	15,935
Others – direct depreciation		(7,715)	(7,466)	(4,160)	(4,298)
Gross profit		10,998	19,112	5,425	11,637
Other income	19	9,192	61,133	34,167	61,148
Other expenses	21(b)	(2,600)	(6,419)	(473)	(6,419)
Administrative expenses		(5,267)	(4,632)	(2,140)	(3,481)
Finance cost		(143)	–	(141)	–
Profit before income tax and results of associated companies		12,180	69,194	36,838	62,885
Share of results of associated companies	10	(1,965)	2,794	–	–
Profit before income tax		10,215	71,988	36,838	62,885
Income tax expense	20(a)	(4,589)	–	(2,500)	–
Profit for the year, representing total comprehensive income for the year	21(a)	5,626	71,988	34,338	62,885
Earnings per share:					
Basic and fully diluted (US cents)	22	0.80	10.21		

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2016

	Issued capital US$'000	Accumulated profits US$'000	Total US$'000
Group			
Balance at July 1, 2014	55,379	184,602	239,981
Profit for the year, representing total comprehensive income for the year	–	71,988	71,988
Dividends representing transactions with owners, recognised directly in equity (Note 23)	–	(70,269)	(70,269)
Balance at June 30, 2015	55,379	186,321	241,700
Profit for the year, representing total comprehensive income for the year	–	5,626	5,626
Dividends representing transactions with owners, recognised directly in equity (Note 23)	–	(85,981)	(85,981)
Balance at June 30, 2016	55,379	105,966	161,345

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2016

	Issued capital US$'000	Accumulated profits US$'000	Total US$'000
Company			
Balance at July 1, 2014	55,379	82,880	138,259
Profit for the year, representing total comprehensive income for the year	–	62,885	62,885
Dividends representing transactions with owners, recognised directly in equity (Note 23)	–	(70,269)	(70,269)
Balance at June 30, 2015	55,379	75,496	130,875
Profit for the year, representing total comprehensive income for the year	–	34,338	34,338
Dividends representing transactions with owners, recognised directly in equity (Note 23)	–	(85,981)	(85,981)
Balance at June 30, 2016	55,379	23,853	79,232

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2016

	2016 US$'000	2015 US$'000
Operating activities		
Profit before income tax and results of associated companies	12,180	69,194
Adjustments for:		
Depreciation of fixed assets	7,757	7,491
Disposal of fixed assets	3	–
Interest income (Note 19)	(197)	(672)
Allowance for impairment of fixed asset (Note 11)	1,001	–
Net foreign exchange loss (gain) – unrealised	308	(460)
Allowance for doubtful debts (Note 8)	1,269	–
Reversal of accrued foreign tax (Note 12)	(5,209)	–
Reversal of accrued commission fee (Note 12)	(3,737)	–
Settlement income[(1)]	–	(60,000)
Operating cash flows before movements in working capital	13,375	15,553
Trade and other receivables	(5,673)	46,639
Prepayments	(81)	–
Trade and other payables	(2,388)	8,107
Cash generated from operations	5,233	70,299
Interest received	320	670
Settlement income – other[(1)]	–	16,050
Net cash from operating activities	5,553	87,019
Investing activities		
Purchases of fixed assets	(8,817)	(5,407)
Disposal of intangible asset	3	–
Repayment of non-trade receivable from an associated company	–	98
Net cash used in investing activities	(8,814)	(5,309)
Financing activities		
Dividends paid	(133,178)	(22,451)
Proceeds from bank loans	7,411	–
Net cash used in financing activities	(125,767)	(22,451)
Net (decrease) increase in cash and cash equivalents	(129,028)	59,259
Cash and cash equivalents at beginning of the year	139,047	79,949
Effects of exchange rate changes on the balance of cash held in foreign currencies	(308)	(161)
Cash and cash equivalents at end of the year	9,711	139,047

Note to the consolidated statement of cash flows:

(1) Included in the settlement income (Note 19) is an amount of US$43,950,000 relating to the receipt of trade receivables that was fully provided for in 2013. The remaining amount arising from this settlement income relates to additional charter hire in relation to the previous charter arrangement and compensation recovered from the counter party.

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

1 GENERAL

The company (Registration No. 197600666D) is listed on the Singapore Exchange Securities Trading Limited and is incorporated in the Republic of Singapore with its principal place of business and registered office at 10 Anson Road #33-15 International Plaza Singapore 079903 (2015: 388 Jalan Ahmad Ibrahim, Singapore 629157). The financial statements are expressed in United States Dollars.

On February 27, 2015, Energian Pte. Ltd., which is a wholly-owned subsidiary of Falcon Energy Group Limited ("FEG"), acquired some of the issued ordinary shares in the capital of CH Offshore Ltd ("CHO") via a cash takeover. The aggregate holdings of CHO shares held by FEG amounted to 611,406,281, which represents approximately 86.71% (June 30, 2015: 86.71%) of the total number of issued CHO shares. Pursuant to the takeover, the immediate and ultimate holding companies of CHO is Energian Pte. Ltd and FEG respectively.

The principal activities of the company are investment holding and the owning and chartering of vessels.

The principal activities of the subsidiaries and associated companies are set out in Notes 9 and 10 to the financial statements respectively.

The consolidated financial statements of the group and statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the company for the year ended June 30, 2016 were authorised for issue by the board of directors on September 2, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50, and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW REVISED STANDARDS – On July 1, 2015, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of the authorisation of these financial statements, the following new/revised FRS, INT FRSs and amendments to FRSs that are relevant to the group and the company were issued but not effective:

- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*
- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*
- FRS 116 *Leases*

Consequential amendments were also made to various standards as a result of these new/revised standards.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management anticipates that the adoption of the above new/revised FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except the following:

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* will take effect from financial years beginning on or after January 1, 2016.

Management is currently evaluating the impact from applying the amendments to FRS in the period of initial adoption.

Amendments to FRS *7 Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* will take effect from financial years beginning on or after January 1, 2017 prospectively.

Management is currently evaluating the impact from applying the amendments to FRS in the period of initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 *Financial Instruments* will take effect from financial years beginning on or after January 1, 2018.

Management is currently evaluating the impact from applying the new FRS in the period of initial adoption.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also include additional transition reliefs on contract modifications and completed contracts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 115 *Revenue from Contracts with Customers* will take effect from financial years beginning on or after January 1, 2018.

Management is currently evaluating the impact from applying the new FRS in the period of initial adoption.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customers.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

FRS 116 *Leases* will take effect from financial years beginning on or after January 1, 2019.

Management is currently evaluating the impact from applying the new FRS in the period of initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;

- Is exposed, or has rights, to variable returns from its involvement with the investee; and

- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed off.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non- current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Trade and other receivables

Trade and other receivables have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value, plus transaction cost and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company and the group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

ASSOCIATED COMPANIES – An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associated companies are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in an associated company is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associated companies. When the group's share of losses of an associated company equals or exceeds the group's interest in that associated company (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associated company.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associated company, or when the investment is classified as held for sale. When the group retains an interest in the former associated company and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associated company at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associated company is included in the determination of the gain and loss on disposal of the associated company. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would be required if that associated company had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company would be reclassified to profit or loss on the disposal of the related assets and liabilities, the group reclassifies the gain or loss from the equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use equity method when an investment in an associated company becomes an investment in joint venture or an investment in a joint venture becomes an investment in an associate company. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associated company but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When a group entity transacts with its associated company of the group, profits and losses resulting from the transactions with the associated company are recognised in the group's consolidated financial statements only to the extent of interests in the associated company that are not related to the group.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The group and company did not enter into any finance leases.

The group as lessor

Charter hire income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which economic benefits for the leased asset are consumed.

FIXED ASSETS – Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of construction costs and related acquisition expenses incurred during the period of construction.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Vessels	–	12 years to 25 years
Drydocking expenditure	–	5 years
Furniture, fittings and equipment	–	3 years to 10 years
Motor vehicles	–	5 years

Depreciation is not provided on construction-in-progress.

Subsequent additions to the vessel are stated at cost and depreciated on a straight-line basis over the vessel's remaining useful lives at the date on which such cost are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Drydocking expenditure refers to major inspections and overhauls which are required at regular intervals of 5 years over the useful life of the vessels to allow the continued use of the vessels. When each major inspection and overhaul is performed, its cost is recognised in the carrying amount of the vessels as a replacement if the following recognition criteria are met:

(i) it is probable that future economic benefits associated with the asset will flow to the entity; and

(ii) the cost of the asset to the entity can be measured reliably.

Any remaining carrying amount of the cost of the previous inspection is derecognised.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate or post-tax discount rate for the group's foreign flagged vessels, that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PROVISIONS – Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from charter hire is recognised on an accrual basis but is deferred when the terms of billing have not been agreed by third parties or when certain conditions necessary for realisation are yet to be fulfilled. Vessel charter income is recognised on a daily basis in accordance to the terms and conditions of the charter agreement.

Revenue from the rendering of services that are of a short duration is recognised when the services are completed.

Management fee and agency fee earned from rendering of services are recognised over the service period.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the shareholders' rights to receive payment have been established.

BORROWING – All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

REPAIRS AND MAINTENANCE OF VESSELS – The cost of minor repairs and maintenance is recognised in profit or loss as and when it is incurred.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in United States Dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash on hand, bank balances and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the group's accounting policies and that has the most significant effect on the amounts recognised in the financial statements:

Deferred taxation

No Singapore income tax is payable on the taxable profits if the group's income is derived from shipping operations from Singapore registered vessels under Section 13A of the Singapore Income Tax Act, Cap. 134. During the financial year ended June 30, 2012, a vessel held by one of the subsidiaries changed its flag from Singapore to a foreign flag. During the financial year ended June 30, 2014, 3 other vessels held by the company, also changed their flags from Singapore to foreign flags. Consequently, income derived from shipping operations from such vessels is no longer exempted from tax under Section 13A. Accordingly, the group will be subject to both current and deferred taxes.

In prior years, management did not intend to sell the vessels and continue to derive economic benefits from the use of these vessels except for one vessel, Langery, whereby the customer has an option to buy the vessel at the end of the charter contract. In the event of expiry or early termination of charter agreements in the near future, the vessels will be registered in Singapore. Accordingly, no deferred tax liabilities had been recognised in prior year relating to these vessels as the exposure has been assessed as immaterial.

Management has reassessed their previous intent in prior year as the above vessels are still operating under foreign flags at the end of the reporting period, and as a result, a provision for deferred tax liabilities was recognised amounting to US$4,589,000 (2015: US$Nil) and US$2,500,000 (2015: US$Nil) arising from the vessels with foreign flags held by the group and company respectively as at June 30, 2016.

The carrying amount of the group's and the company's deferred tax liabilities and tax expense are disclosed in Notes 15 and 20 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Commission fee payable

In current year, the group entered into an on-going arbitration with 3 of the ship brokers that are claiming for some unpaid commission fee against the group. Management has assessed and is of the view that the settlement income (Note 19) received in prior year represents the full and final settlement to the group and is net of all commissions paid to brokers and therefore, the ship brokers' claim of unpaid commission fee is unenforceable against the group.

Management has considered the facts surrounding the arbitration and with consultation from their legal counsel, management is of the view that the payment of commission fee is not probable in the foreseeable future based on available information till date provided by their legal counsel. Accordingly, management has reversed the commission fee payable to the ship brokers amounting to US$3,737,000.

The reversal of the commission fee payable is disclosed in Note 12 to the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of vessels

As described in Note 2, determining whether the vessels have suffered an impairment loss requires management to assess on an annual basis if there is any indication of impairment, and when any indication exists, management is required to exercise their judgement in estimating the recoverable amount of the vessels.

The carrying amounts of the group's vessels are reviewed at the end of the reporting period to determine whether there is any indication that those vessels have suffered an impairment loss. In determining the impairment amount, management has factored in the higher of fair value less cost to sell and value in use, as well as considering the respective cash generating units ("CGU") of the group in deriving the recoverable amount of the group's vessels.

CGU is defined by management through the division of the group's fleet of vessels by engine specification (i.e. BHP). The group considers the customer base of each vessel by geographical location and the interchangeable nature of a vessel's ability to serve a particular group of customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

In current year, management has engaged an independent valuer with the appropriate qualifications and professional experience to value the group's vessels and estimated the value in use to derive at the future cash flows expected from the vessels based on an appropriate discount rate. The future cash flows are discounted to the value-in-use based on the pre-tax discount rate of 7.5% per annum or post-tax discount rate of 6.5% per annum which reflects the current market assessment of the time value of money and the risks specific to the group.

Based on the above internal and external sources of information, management has carried out a review of the recoverable amount of the group's vessels and recognised an impairment loss of US$1,001,000 (2015: US$nil) as the carrying amount of the group's vessels is in excess of the recoverable amount.

The carrying amounts of the group's and company's vessels and impairment at the end of the reporting period are disclosed in Note 11 of the financial statements.

Useful lives and residual value of fixed assets

As described in Note 2, the group reviews the estimated useful lives and residual value of fixed assets at the end of each annual reporting period so as to write off the cost of fixed assets over their estimated useful lives, using the straight-line method. In determining the residual values and useful lives of vessels, management considers used vessels market prices, expected usage, maintenance and repair cost, technical or commercial obsolescence and legal and similar limits to their use.

The carrying amount of fixed assets are disclosed in Note 11.

Impairment of investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the recoverable amount of the investments. Management has evaluated the recoverability of the investments based on estimated recoverable amount of the subsidiaries and associates, and is confident that no allowance for impairment is necessary.

The carrying amount of the investments in subsidiaries and associates are disclosed in Notes 9 and 10 to the financial statements respectively.

Recoverability of trade receivables

The assessment of recoverability of trade receivables is based on the ongoing evaluation of collectability and ageing analysis of the outstanding debts and on management's estimate of the ultimate realisation of these trade receivables, including creditworthiness and the past collection history of each debtor.

The carrying amount of the trade receivables is disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Financial assets				
Trade and other receivables (including cash and cash equivalents)	18,934	143,989	48,741	170,101
Financial liabilities				
Trade and other payables and borrowings, at amortised cost	13,068	62,076	49,860	123,935

(b) *Financial instrument subject to offsetting, enforceable master netting arrangements and similar arrangements*

Group

As at June 30, 2016

Type of	Gross amounts of recognised financial assets/liabilities	Gross amounts of recognised financial liabilities/ assets set off in the statement of financial position	Net amounts of financial assets/liabilities presented in the statement of financial position
Financial assets			
Trade receivables (US$'000)	11,374	(5,445)	5,929
Financial liabilities			
Trade payables (US$'000)	11,088	(5,445)	5,643

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

The group did not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements for the year ended June 30, 2015.

The company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements for the years ended June 30, 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives

The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. Management has in place processes and procedures to monitor the group's risk exposures whilst balancing the costs associated with such monitoring and management against the costs of risk occurrence. Such processes and procedures are reviewed periodically for changes in market conditions and the group's operations.

The main areas of financial risk faced by the group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The group recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

The group does not hold or issue derivatives financial instruments for speculative purposes.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures these risks. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The group is exposed to foreign currency risk on purchases that are denominated in a currency other than United States Dollars. The currencies giving rise to this risk are primarily Singapore Dollar, Australian Dollar, Arab Emirates Dirham, Philippines Peso, Euro and Sterling Pound.

The group uses natural hedging opportunities like denominating the liabilities or costs in the same currency as the assets or revenue when there are currency exposures in the transactions whenever practicable.

The group enters into derivatives financial instruments such as forward foreign currency exchange contracts to hedge foreign exchange risk. These financial instruments are utilised to provide a degree of certainty on cash flows. No such derivatives financial instruments were outstanding at the end of the reporting period. The group is prohibited from entering into speculative transactions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Carrying amounts of significant foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2016	2015	2016	2015	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	7,748	47,581	2,681	36,260	7,608	47,240	2,439	35,971
Australian Dollar	–	–	25	30	–	–	25	29
Arab Emirates Dirham	66	135	–	–	66	48	–	–
Philippines Peso	–	–	46	52	–	–	–	–
Euro	19	386	–	–	–	8	–	–
Sterling Pound	–	94	–	7	–	–	–	–

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies exchange rate against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency exchange rates.

If the foreign currencies strengthen by 10% against the functional currency of each group entity, profit before income tax will increase (decrease) by:

	Group impact		Company impact	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	(507)	(1,132)	(517)	(1,127)

If the foreign currencies weaken by 10% against the functional currency of each group entity, profit before income tax will decrease (increase) by an equal amount above.

No sensitivity analysis has been presented for Australian Dollar, Arab Emirates Dirham, Philippines Peso, Euro and Sterling Pound as management does not expect any material effect on the group's or company's profit or loss with the fluctuation in those foreign currencies against the functional currency of each group entity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(ii) Interest rate risk management

The group is exposed to interest rate risk through the impact of rate changes on interest bearing assets.

The interest rates of the interest bearing financial assets and financial liabilities, representing bank balances and fixed deposits bearing fixed interest rates and bank loan bearing variable interest rate are disclosed in Notes 7 and 14 of the financial statements respectively.

The group and company do not have any significant exposure to interest rate risk.

No sensitivity analysis is prepared as the group and company do not expect any material effect on the group or company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period as these bear fixed interest rates.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a pro-active approach in the extension of credit terms to trade customers, monitors its exposure to credit risk on an ongoing basis and only transacts with creditworthy institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the group's total credit exposure.

The group's credit exposure is concentrated mainly in the Africa, Mexico, Vietnam, India and Middle East and is centralised on oil majors. It adopts a pro-active approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage the risk arising from the concentration of its credit exposure.

There is significant concentration of credit risk arising from a single customer which represents 23% (2015: 57%) of total gross trade receivables of the group as at the end of the reporting period.

Management regularly reviews collectability and aging of the outstanding receivables and allowances for doubtful debts will be made if there are doubts over collectability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(iv) Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

The group closely monitors its working capital requirements and funds available. Management ensures sufficient liquidity through efficient cash management and centrally manages the liquidity of the group and maintains adequate lines of credit with banks.

Except for the customer deposit amounting to US$3,000,000 (2015: US$3,000,000) that is disclosed under non-current liabilities, all the financial assets and financial liabilities of the group and company are either repayable on demand or due within one year from the end of the reporting period. The management is of the opinion that liquidity risk is minimal due to the short term nature.

As at June 30, 2016, the company is in a net current liability position of US$1,070,000 (2015: net current asset of US$44,026,000) mainly arising from trade and other payables to subsidiaries of the company amounting to US$38,483,000 (2015: US$64,881,000). The subsidiaries of the company have given an undertaking to not recall these payables from the company for at least twelve months from the date of this report, to enable the company to operate as a going concern.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(d) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the group consists of equity attributable to owners of the company, comprising issued capital and accumulated profits.

The group's overall strategy remains unchanged from prior year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

5 TRANSACTIONS WITH SUBSIDIARIES

Some of the group's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

Some transactions with subsidiaries, other than those disclosed elsewhere in the notes to the statements of profit or loss and other comprehensive income are as follows:

	Company	
	2016	2015
	US$'000	US$'000
Agency fees paid to a subsidiary company	426	330

6 OTHER RELATED PARTIES TRANSACTIONS

The group's immediate and ultimate holding companies are Energian Pte. Ltd. and Falcon Energy Group Limited respectively, are incorporated in Singapore. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the group and company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Some related parties transactions, other than those disclosed elsewhere in the notes to the statements of profit or loss and other comprehensive income are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Management and agency fee earned from associated companies	(700)	(648)	–	–
Management and agency fee earned from related companies	(482)	–	–	–
Rental paid to related companies	206	–	44	–
Purchase of vessel	6,500	–	–	–
Charter hire income earned from a related company	(548)	–	–	–
Vessel operating expenses paid to an associated company	189	–	–	–
Rental paid to a subsidiary of a previous major shareholder	–	141	–	52

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

6 OTHER RELATED PARTIES TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	Group	
	2016	2015
	US$'000	US$'000
Short-term benefits	1,790	1,031
Post-employment benefits	49	14
Termination benefits	401	–
	2,240	1,045

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Cash on hand	5	14	–	–
Cash at bank	4,958	81,255	4,309	80,762
Fixed deposits	4,748	57,778	4,748	57,778
	9,711	139,047	9,057	138,540

The fixed deposits bear interest at rates ranging from 0.26% to 2.15% (2015: 0.4% to 2.8%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
		(restated)		(restated)
Trade:				
Outside parties	5,787	4,716	3,501	3,012
Allowance for doubtful receivables				
– Outside party (Note 21(a))	(1,269)	–	–	–
	4,518	4,716	3,501	3,012
Related companies (Note 6)	1,109	–	–	–
Associated companies (Notes 6 and 10)	302	13	–	–
Subsidiary companies (Notes 5 and 9)	–	–	130	78
	5,929	4,729	3,631	3,090
Non-trade:				
Outside parties	57	213	57	168
Subsidiary companies (Notes 5 and 9)	–	–	35,836	28,303
Associated companies (Notes 6 and 10)	734	–	–	–
Related companies (Note 6)	2,343	–	–	–
Ultimate holding company (Note 6)	160	–	160	–
	3,294	213	36,053	28,471
Total trade and other receivables	9,223	4,942	39,684	31,561

During the year, the credit terms granted to customers ranged from 30 to 90 days (2015: 30 to 45 days) upon receipt of invoice. No interest is charged on the overdue trade receivables.

Included in the group's and company's trade receivable balance from outside parties are US$1,981,000 (2015: US$2,249,000) and US$1,981,000 (2015: US$1,460,000) respectively which are past due at the end of the financial year for which the group and company have not provided for any impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

8 TRADE AND OTHER RECEIVABLES (CONT'D)

The group deals with customers who are mainly creditworthy oil majors or their preferred service providers. In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the financial year. Accordingly, management believes that there is no further credit allowance required in excess of the allowance for the doubtful receivables. The trade receivables that are neither past due nor impaired related to customers that the group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The trade and other receivables due from subsidiaries, associated companies, related companies and ultimate holding company are unsecured, interest-free and repayable on demand. The company has not made any allowance as management is of the view that these receivables are recoverable.

The table below is an analysis of trade receivables, from outside parties as at end of the reporting period:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Not past due and not impaired	2,537	2,467	1,520	1,552
Past due but not impaired (i)	1,981	2,249	1,981	1,460
	4,518	4,716	3,501	3,012
Impaired receivables (ii)	1,269	–	–	–
Less: Allowance for impairment	(1,269)	–	–	–
	–	–	–	–
Total trade receivables, net	4,518	4,716	3,501	3,012

(i) Aging of receivables that are past due but not impaired:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
< 3 months	816	1,937	816	1,145
3 to 6 months	842	–	842	–
More than 6 months	323	312	323	315
	1,981	2,249	1,981	1,460

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

8 TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) These amounts are stated before an deduction for impairment losses.

Movement in allowance for doubtful debts:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Balance at beginning of year	–	43,950	–	43,950
Charge to profit or loss	1,269	–	–	–
Amount recovered during the year	–	(43,950)	–	(43,950)
Balance at end of year	1,269	–	–	–

Subsequent to the financial year end, the High Court of Singapore granted an application to place Swiber Holdings Limited ("Swiber"), one of the major customers of the group, into interim judicial management. Accordingly, management has assessed and made an allowance for doubtful debts on the group's net trade receivables due from Swiber Offshore (India) Pvt Ltd, a subsidiary of Swiber, amounting to US$1,269,000 (2015: US$nil).

In prior year, the group and the company had reached an out-of-court settlement with the counter party and a settlement income of US$60,000,000 (Note 19) was received. Pursuant to the settlement, the allowance of US$43,950,000 previously made was reversed to profit or loss.

9 SUBSIDIARY COMPANIES

	Company	
	2016	2015
	US$'000	US$'000
Unquoted equity shares, at cost	8,751	8,751

Transactions between the company and its subsidiaries, which are related companies of the company, have been eliminated on consolidation and are disclosed in Note 5 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

9 SUBSIDIARY COMPANIES (CONT'D)

Details of the company's subsidiaries at the end of the financial year are as follows:

	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2016	2015	
		%	%	
Held by the company				
Chuan Hup Agencies (Private) Limited	Singapore	100	100	Ship management
Delaware Marine Pte Ltd	Singapore	100	100	Dormant
Sea Glory Private Limited	Singapore	100	100	Ship owning and chartering
Garo Pte Ltd[a]	Singapore	100	100	Ship owning and chartering
Offshore Gold Shipping Pte Ltd	Singapore	100	100	Ship owning and chartering
Pembrooke Marine Pte Ltd	Singapore	100	100	Ship owning and chartering
Venture Offshore Pte Ltd	Singapore	100	100	Investment holding
JN Offshore Pte Ltd[b]	Singapore	–	100	Dormant

(a) During the year, the subsidiary became active after the purchase of a vessel, FEG Merlin, from a related company (Note 6).

(b) Subsidiary was struck off during the year.

All the subsidiary companies are audited by Deloitte & Touche LLP, Singapore.

10 ASSOCIATED COMPANIES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Unquoted equity shares, at cost	1,675	1,675	278	278
Amounts receivable – non-trade[i]	12,677	12,677	4,708	4,708
Share of results of associated companies[ii]	19,181	21,549	–	–
	33,533	35,901	4,986	4,986

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

10 ASSOCIATED COMPANIES (CONT'D)

(i) The amounts receivable are unsecured, interest-free and repayable at the discretion of the associated companies. The amounts receivable from the associated companies, in substance, form part of the group's net investment in the associated companies.

(ii) Share of results of associated companies recognised in profit or loss includes:

	Group	
	2016 US$'000	2015 US$'000
Share of results of associated companies after income tax	(2,368)	2,391
Amortisation of deferred gain from sale of vessels to associated companies (Note 13)	403	403
	(1,965)	2,794

Movement of share of results of associated companies is as follows:

At the beginning of year	21,549	19,158
Current year share of results	(2,368)	2,391
At the end of year	19,181	21,549

	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2016	2015	
		%	%	
Held by the company				
MarineCo Limited[a]	Malaysia	49	49	Ship owning and chartering
Gemini Sprint Sdn. Bhd.[a]	Malaysia	49	49	Ship chartering
Held by subsidiary company				
Held by Venture Offshore Pte. Ltd.:				
PT Bahtera Nusantara Indonesia[b]	Indonesia	49	49	Ship owning and chartering

(a) The audited financial statements of the associated companies held by the company are for the financial year ended March 31, 2016. Accordingly, unaudited management accounts for the financial period from April 1, 2016 to June 30, 2016 were used for determining the full year's profit for the purpose of equity accounting for MarineCo Limited and Gemini Sprint Sdn. Bhd.

(b) Audited by Deloitte & Touche LLP, Singapore for consolidation purpose.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

10 ASSOCIATED COMPANIES (CONT'D)

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the company and the Audit Committee, having reviewed the appointment of different auditors for the group's associates, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the group.

Summarised financial information in respect of each of the group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements:

	Marine Co. Ltd & Gemini Sprint Sdn. Bhd.		PT Bahtera Nusantara Indonesia		Group	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Current assets	3,473	4,244	4,483	9,371	7,956	13,615
Non-current assets	15,244	17,831	50,727	53,081	65,971	70,912
Current liabilities	2,041	11,328	3,743	22,790	5,784	34,118
Non-current liabilities	9,618	–	16,264	3,316	25,882	3,316
Revenue	3,721	7,590	8,365	12,523	12,086	20,113
(Loss) Profit for the year, representing total comprehensive income for the year	(3,689)	1,382	(1,143)	3,498	(4,832)	4,880
Group's share of associated companies' (loss) profit for the year	(1,808)	677	(560)	1,714	(2,368)	2,391
Net assets of the associated companies	7,058	10,747	35,203	36,346	42,261	47,093
Carrying amount of the group's interest in the associated companies(1)	3,606	5,414	17,250	17,810	20,856	23,224

(1) The accumulated losses of an associated company in excess of the group's interest in that associated company which is not included in these financial statements using equity method of accounting amounted to US$148,000 (2015: US$148,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

11 FIXED ASSETS

	Vessels US$'000	Drydocking expenditure US$'000	Furniture, fittings and equipment US$'000	Motor vehicles US$'000	Construction-in-progress US$'000	Total US$'000
Group						
Cost:						
Balance at July 1, 2014	171,544	9,026	440	138	321	181,469
Additions	–	4,558	–	–	849	5,407
Disposals	–	–	(24)	–	–	(24)
Balance at June 30, 2015	171,544	13,584	416	138	1,170	186,852
Additions	6,593	2,135	89	–	–	8,817
Transfer from construction-in-progress	446	724	–	–	(1,170)	–
Disposals	–	–	(198)	(53)	–	(251)
Balance at June 30, 2016	178,583	16,443	307	85	–	195,418
Accumulated depreciation:						
Balance at July 1, 2014	38,856	4,769	373	138	–	44,136
Depreciation	5,315	2,152	24	–	–	7,491
Disposals	–	–	(24)	–	–	(24)
Balance at June 30, 2015	44,171	6,921	373	138	–	51,603
Depreciation	5,135	2,579	43	–	–	7,757
Disposals	–	–	(195)	(53)	–	(248)
Balance at June 30, 2016	49,306	9,500	221	85	–	59,112
Impairment:						
Impairment loss recognised in the year ended June 30, 2016 [Note 21(b)]	1,001	–	–	–	–	1,001
Carrying amount:						
Balance at June 30, 2016	128,276	6,943	86	–	–	135,305
Balance at June 30, 2015	127,373	6,663	43	–	1,170	135,249

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

11 FIXED ASSETS (CONT'D)

	Vessels US$'000	Drydocking expenditure US$'000	Furniture, fittings and equipment US$'000	Motor vehicles US$'000	Construction-in-progress US$'000	Total US$'000
Company						
Cost:						
Balance at July 1, 2014	98,485	6,495	68	138	323	105,509
Additions	–	2,000	–	–	–	2,000
Disposals	–	–	(2)	–	–	(2)
Balance at June 30, 2015	98,485	8,495	66	138	323	107,507
Additions	93	–	34	–	–	127
Transfer from construction-in-progress	323	–	–	–	(323)	–
Disposals	–	–	(52)	(53)	–	(105)
Balance at June 30, 2016	98,901	8,495	48	85	–	107,529
Accumulated depreciation:						
Balance at July 1, 2014	24,092	2,811	55	138	–	27,096
Depreciation	2,850	1,448	6	–	–	4,304
Disposals	–	–	(2)	–	–	(2)
Balance at June 30, 2015	26,942	4,259	59	138	–	31,398
Depreciation	2,673	1,487	10	–	–	4,170
Disposals	–	–	(51)	(53)	–	(104)
Balance at June 30, 2016	29,615	5,746	18	85	–	35,464
Carrying amount:						
Balance at June 30, 2016	69,286	2,749	30	–	–	72,065
Balance at June 30, 2015	71,543	4,236	7	–	323	76,109

At the end of the reporting period, the group carried out a review of the recoverable amount of its vessels, having regard to the decrease in operations during the year. This review led to the recognition of an impairment loss of US$1,001,000 (2015: US$ nil) using the value-in-use that was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

12 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 US$'000	2015 US$'000 (restated)	2016 US$'000	2015 US$'000 (restated)
Trade:				
Outside parties	2,357	16,995	966	14,066
Advance from customer	3,097	–	3,097	–
Associated companies (Note 6)	189	93	–	–
Subsidiary companies (Notes 5 and 9)	–	–	4,462	6,140
	5,643	17,088	8,525	20,206
Non-trade:				
Associated companies (Notes 6 and 10)	97	–	–	–
Related companies (Note 6)	14	–	–	–
Outside parties	3,000	3,000	3,000	3,000
Subsidiary companies (Notes 5 and 9)	–	–	34,021	58,741
	3,111	3,000	37,021	61,741
Total trade and other payables	8,754	20,088	45,546	81,947
Less: Due within 12 months	(5,754)	(17,088)	(42,546)	(78,947)
Amounts due after 12 months	3,000	3,000	3,000	3,000

The credit terms granted by suppliers ranged from 30 to 90 days (2015: 30 to 90 days). The group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Included in trade payable due to outside parties in 2015 are:

(a) Foreign tax payable that amounted to US$5,209,000. In current year, management has assessed the foreign tax payable at the end of reporting period and is of view that no foreign tax is likely to be paid to the relevant tax authorities. Accordingly, the foreign tax payable has been reversed in current year; and

(b) Commission fee payable that amounted to US$3,737,000. As disclosed in Note 3 to the financial statements, the commission fee payable to its ship brokers has been reversed in accordance with management's judgement. Management is of the view that it is not probable that these commission fee will be paid to the ship brokers. In deriving at their assessment, management has considered the facts surrounding the on-going arbitration and the available evidence as at the end of the reporting period.

Included in non-trade payables in 2015, is an amount of US$3,000,000 (Note 27) which relates to customer deposit for a vessel of the group in which the customer has an option to purchase in February 2019 based on the contract agreement. Accordingly, the amount has been reclassified to non-current in current year.

Management is of the view that the carrying amount of the customer deposit approximates its fair value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

13 OTHER PAYABLES – DEFERRED GAIN

	Group	
	2016	2015
	US$'000	US$'000
Deferred gain	6,252	6,655
Amortisation during the year (Note 10)	(403)	(403)
	5,849	6,252
Current portion	(403)	(403)
Non-current portion	5,446	5,849

The deferred gain relates to the group's share of the unrealised profit resulting from the sale of vessels to associated companies. The deferred gain will be amortised over the remaining useful life of the vessels against the share of results of associated companies in the statement of profit or loss and other comprehensive income.

14 BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Bank loan	7,411	–	7,411	–
Less: Due within 12 months	(7,411)	–	(7,411)	–
Amounts due after 12 months	–	–	–	–

Group and company

The loan for the group and company is an unsecured revolving 6 months credit facility and bears an average effective interest rate of 4.7% (2015: nil%) per annum as at the end of the reporting period.

At June 30, 2016, the group and company have available US$3,705,000 (2015: US$11,116,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Management is of the view that the carrying amount of the loan approximates its fair value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

15 DEFERRED TAX LIABILITIES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Charge to profit or loss for the year (Note 20) and at June 30	4,589	–	2,500	–

The following are the major deferred tax assets (liabilities) recognised by the group and company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation US$'000	Unutilised capital allowances US$'000	Total US$'000
Group			
At July 1, 2014 and June 30, 2015	–	–	–
(Charge) Credit to profit or loss for the year (Note 20)	(6,255)	1,666	4,589
At June 30, 2016	(6,255)	1,666	4,589
Company			
At July 1, 2014 and June 30, 2015	–	–	–
(Charge) Credit to profit or loss for the year (Note 20)	(3,659)	1,159	2,500
At June 30, 2016	(3,659)	1,159	2,500

Certain deferred tax assets and liabilities have been offset in accordance with the group's and company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Deferred tax assets	1,666	–	1,159	–
Deferred tax liabilities	(6,255)	–	(3,659)	–
	(4,589)	–	(2,500)	–

Subject to the agreement by the tax authorities, at the end of the reporting period, the group has unutilised capital allowances of US$9,800,000 (2015: US$9,862,000) available for offset against future profits. In 2016, a deferred tax asset has been recognised in respect of US$9,800,000 of such capital allowances which is to offset against deferred tax liabilities. In 2015, no deferred tax asset was recognised in respect of capital allowances of US$9,862,000 due to the unpredictability of future profit streams.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

15 DEFERRED TAX LIABILITIES (CONT'D)

In deriving at the allocation percentage of non-tax-exempt vessel income, management has considered the flag type of each vessel and the period of which these vessels were deriving income not exempted under Section 13A in their computation of the group and company's taxable temporary difference which gave rise to the deferred tax liabilities recorded in 2016.

In 2015, no deferred tax liabilities has been recognised in respect of these temporary differences as the deferred tax exposure in prior year is immaterial.

16 ISSUED CAPITAL

	Group and Company			
	2016	2015	2016	2015
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid-up capital:				
At the beginning and end of the year	705,091	705,091	55,379	55,379

Fully paid ordinary shares are denominated in Singapore Dollar which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

17 REVENUE

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned	22,059	31,158	12,289	19,100
Rendering of services	1,478	12	–	–
Management and agency fee	1,188	648	–	–
	24,725	31,818	12,289	19,100

18 COST OF SALES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Vessel operating expenses	5,414	5,232	2,704	3,165
Others	598	8	–	–
	6,012	5,240	2,704	3,165

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

19 OTHER INCOME

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Foreign exchange gain	–	443	–	466
Settlement income	–	60,000	–	60,000
Interest income	197	672	197	672
Reversal of foreign tax payable (Note 12)	5,209	–	5,209	–
Reversal of commission fee payable (Note 12)	3,737	–	3,737	–
Dividend income – subsidiary companies (Notes 5 and 9)	–	–	25,000	–
Others	49	18	24	10
	9,192	61,133	34,167	61,148

Included in the settlement income of US$60,000,000 is an amount of US$43,950,000 (Note 8) which relates to the reversal of trade receivables previously provided for in prior years and received in 2015.

20 INCOME TAX EXPENSE

(a) Taxation charge comprises:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Deferred tax	4,589	–	2,500	–

(b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2015: 17%) to profit before income tax as a result of the following differences:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Income tax expense at statutory rate	1,737	12,238	6,263	10,690
Income not subject to tax[1]	(719)	(9,831)	(5,385)	(9,421)
Tax effect of share of results of associates	334	(475)	–	–
Deferred tax benefit not recognised (utilised)	(1,352)	(345)	(878)	191

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

20 INCOME TAX EXPENSE (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Effects of previously unrecognised and unused tax offsets now recognised as deferred tax assets	(1,666)	–	(1,159)	–
Effects of unused tax gains not recognised as deferred tax liability	–	(1,587)	–	(1,460)
Effects of deferred tax expense relating to the origination of taxable temporary differences	6,255	–	3,659	–
Income tax expense recognised in profit or loss	4,589	–	2,500	–

(1) This represents mainly vessel income exempted under Section 13A and tax exemption under Section 43(6) of Singapore Income Tax Act.

(c) Subject to agreement with the relevant tax authorities, the group has unutilised tax loss carryforwards estimated as follows:

	Group	
	2016	2015
	US$'000	US$'000
Unutilised tax loss carryforwards	2,517	332
Deferred tax benefit on above not recorded:	428	56

These future income tax benefits are available for an unlimited future period only if the group derives future assessable income of a nature and of sufficient amounts to enable the benefits to be realised and the conditions for deductibility imposed by the law, including the retention of majority shareholders, as defined, are complied with.

Deferred tax benefits of the above future income tax benefits are not recorded due to uncertainty of future taxable income stream.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

21 PROFIT FOR THE YEAR

(a) In addition to charges and credits disclosed elsewhere in the notes to the statements of profit or loss and other comprehensive income, this item includes the following charges (credit):

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Directors' fees	48	133	48	133
Staff cost:				
Permanent staff (including directors' remuneration)	3,606	2,539	1,259	1,701
Contract based crew	2,287	2,277	1,170	1,295
	5,893	4,816	2,429	2,996
Cost of defined contribution plans included in staff costs	232	193	48	85
Audit fees:				
Paid to auditors of the company	42	73	18	46
Non-audit fees:				
Paid to auditors of the company	5	24	2	10
Writeback of allowance for doubtful trade receivables (Note 8)	–	(43,950)	–	(43,950)

(b) Other expenses include:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Expenses related to settlement claim	–	6,419	–	6,419
Net foreign exchange loss	327	–	469	–
Allowance for doubtful trade receivables (Note 8)	1,269	–	–	–
Impairment loss on fixed assets (Note 11)	1,001	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

22 EARNINGS PER SHARE

Earnings per share is calculated by dividing the group's profit attributable to shareholders of the company for the year by the weighted average number of ordinary shares in issue during the financial years as follows:

	Group	
	2016	**2015**
Profit attributable to shareholders (US$'000)	5,626	71,988
Number of ordinary shares used to compute earnings per share ('000)	705,091	705,091
Basic and fully diluted:		
Earnings per share (US cents)	0.80	10.21

The group's basic earnings per share is the same as the fully diluted earnings per share as the group did not have any potential dilutive ordinary shares outstanding as at end of the reporting period.

23 DIVIDENDS

During financial year ended June 30, 2016, the company declared and paid a final and special dividend of S$0.02 and S$0.125 per ordinary share of the company totalling approximately S$102,238,000 (equivalent to US$73,520,000) for the financial year ended June 30, 2015; and declared and paid an interim special dividend of S$0.025 per ordinary share of the company totalling approximately S$17,627,000 (equivalent to US$12,461,000) for the financial year ended June 30, 2016.

During financial year ended June 30, 2015, the company paid a final and special dividend of S$0.02 and S$0.02 per ordinary share of the company totalling approximately S$28,204,000 (equivalent to US$22,451,000) for the financial year ended June 30, 2014, and declared an interim special dividend of S$0.09 per ordinary share of the company totalling approximately S$63,458,000 (equivalent to US$47,197,000) for the financial year ended June 30, 2015, which was paid in the financial year ended June 30, 2016.

Subsequent to the financial year ended June 30, 2016, the directors did not recommend any dividend for the financial year ended June 30, 2016.

The dividends declared, paid or payable by the company were one-tier tax exempt dividends.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

24 SEGMENTAL INFORMATION

The operations of the group are associated specifically with the support of offshore oil and gas industry which is the major operating segment of the group. The Chief Executive Officer ("CEO") is the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

As the main focus is on the generation of revenue for the group, the CEO makes decision to charter the vessels based on the charter rates, timing and availability of the vessels. Hence, vessels are deployed worldwide and wherever clients required them subject to safety factors, for example, war zones or areas prone to piracy. As a result, it is not meaningful to present the revenue by countries or geographical locations.

Information about major customers

Included in revenue of US$24,725,000 (2015: US$31,818,000) are revenues of approximately US$6,481,000 (2015: US$10,364,000) which arose from the chartering of vessels to the group's largest customer.

The group has four (2015: five) major customers that contribute greater than 10% of the total revenue for charter income.

	Revenue	
	2016	2015
	US$'000	US$'000
Customer A	6,481	3,723
Customer B	5,343	6,499
Customer C	5,061	10,364
Customer D	3,386	3,924
Customer E	–	3,723

25 GUARANTEES

	Group and Company	
	2016	2015
	US$'000	US$'000
Guarantees (unsecured)	1,654	4,525

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

25 GUARANTEES (CONT'D)

The guarantees provided by the group to respective parties are as follows:

	Group and Company	
	2016	2015
	US$'000	US$'000
Associated company[a]	1,624	4,495
Third parties	30	30
	1,654	4,525

(a) To provide corporate guarantees to an associated company to obtain bank loans. The fair value of the financial guarantees are assessed to be insignificant by management.

The maximum amount that the group could be forced to settle under the financial guarantee contract in Note 25, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US$1,624,000 (2015: US$4,495,000). The earliest period that the guarantee could be called is within 1 year (2015: 2 years) from the end of the reporting period. The group considers that it is more likely that no amount will be payable under the arrangement.

26 COMMITMENTS

Operating lease commitments:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Minimum lease payments paid under operating leases included in profit or loss	396	211	80	78

As at the end of the reporting period, the group and the company have outstanding commitments under non-cancellable operating leases in respect of office premises, which fall due as follows:

	Group and Company	
	2016	2015
	US$'000	US$'000
Within one year	6	201
In the second to fifth year inclusive	–	101
	6	302

Operating lease payments represent rentals payable by the group and the company for rental of certain office premises. Leases are negotiated for a term of 1 year (2015: 2 years) and rentals are fixed for 1 year (2015: 2 years).

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

27 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of financial position, statement of profit or loss and other comprehensive income and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

(a) Reclassification and presentation of payable balances

In 2015, the group and company classified trade payables and other payables as two separate line items in the statement of financial position. In 2016, trade and other payables (Note 12) were presented as a single line item in the statement of financial position for consistency with the presentation in the group and company's quarterly and year end announcements made on the Singapore Exchange ("SGX").

The above reclassification has no impact to the statement of profit or loss and other comprehensive income.

(b) Reclassification of customer deposit from current to non-current

In 2015, the group and company classified customer deposit (Note 12) amounting to $3,000,000 (2014: $3,000,000) as current liability. This customer deposit does not constitute as a current liability in accordance with FRS 1 *Presentation of Financial Statements*. Accordingly, in 2016, a reclassification from current to non-current liability was made as the customer deposit relates to a deposit paid for a vessel owned by the group for which the customer has an option to purchase in February 2019 based on the contract agreement.

The above reclassification has no impact to the statement of profit or loss and other comprehensive income.

(c) Reclassifications of interest income & expenses

In 2015, the group and company classified interest income (Note 19) under the revenue line in the statement of profit or loss and other comprehensive income. Interest income is derived from fixed deposits held by the group and company in which such income does not constitute the principal activities of the group and company in accordance with FRS 1 *Presentation of Financial Statements*. Accordingly, in 2016, interest income is reclassified to other income as it does not relate to income generated through the principal activities of the group and company which is the owning and chartering of vessels.

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

27 RECLASSIFICATIONS AND COMPARATIVE FIGURES (CONT'D)

In 2015, the group and company classified certain expenses which were of an administrative nature under other expenses (Note 21(b)). Such expenses should not be classified under other expenses in accordance with FRS 1 *Presentation of Financial Statements*. In 2016, the group and company reclassified these expenses to administrative expenses in the statement of profit or loss and other comprehensive income in line with FRS 1.

The above reclassifications has no impact to the retained earnings of the group and company in prior years.

	Previously reported 2015 US$'000	After reclassification 2015 US$'000	Previously reported 2014 US$'000	After reclassification 2014 US$'000
Statement of financial position:				
Group				
Liabilities:				
Trade payables (current)	17,088	–	8,981	–
Other payables (current)	3,000	–	3,000	–
Trade and other payables (current)	–	17,088	–	8,981
Customer deposit (non-current)	–	3,000	–	3,000
Company				
Liabilities:				
Trade payables (current)	20,206	–	14,175	–
Other payables (current)	61,741	–	57,936	–
Trade and other payables (current)	–	78,947	–	69,111
Customer deposit (non-current)	–	3,000	–	3,000

	Group		Company	
	Previously reported 2015 US$'000	After reclassification 2015 US$'000	Previously reported 2015 US$'000	After reclassification 2015 US$'000
Statement of profit or loss and other comprehensive income:				
Income:				
Revenue	32,490	31,818	19,772	19,100
Other income	60,461	61,133	60,476	61,148
Expenses:				
Other expenses	6,444	6,419	6,425	6,419
Administrative expenses	4,607	4,632	3,475	3,481

STATISTICS OF SHAREHOLDINGS

As at 9 September 2016

SHARE CAPITAL

Issued and Fully paid-up capital (including Treasury Shares)	:	S$95,251,165.43
Issued and Fully paid-up capital (excluding Treasury Shares)	:	S$95,231,809.93
Total Number of Issued & Paid Up Shares (including Treasury Shares)	:	705,090,514
Total Number of Issued & Paid Up Shares (excluding Treasury Shares)	:	705,035,514
Total Number/Percentage of Treasury Shares	:	55,000 (0.0078%)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	17	0.42	323	0.00
100 – 1,000	923	22.98	720,274	0.10
1,001 – 10,000	2,089	52.02	10,718,332	1.52
10,001 – 1,000,000	977	24.33	42,108,419	5.97
1,000,001 & ABOVE	10	0.25	651,488,166	92.41
TOTAL	**4,016**	**100.00**	**705,035,514**	**100.00**

TWENTY LARGEST SHAREHOLDERS

As shown in the Register of Members and Depository Register

No.	Shareholder's Name	No. of Shares Held	%
1	CIMB SECURITIES (SINGAPORE) PTE LTD	611,963,331	86.80
2	PEH KWEE YONG	15,801,866	2.24
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,901,999	0.84
4	MAYBANK NOMINEES (SINGAPORE) PTE LTD	5,000,000	0.71
5	DBS NOMINEES PTE LTD	3,869,200	0.55
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,007,800	0.43
7	CITIBANK NOMINEES SINGAPORE PTE LTD	2,395,200	0.34
8	RAFFLES NOMINEES (PTE) LTD	1,238,300	0.18
9	OCBC NOMINEES SINGAPORE PTE LTD	1,208,570	0.17
10	OCBC SECURITIES PRIVATE LTD	1,101,900	0.16
11	MAYBANK KIM ENG SECURITIES PTE LTD	991,600	0.14
12	TH STRATEGIC INVESTMENTS PTE LTD	905,100	0.13
13	LEOW KIM SIANG OR NG MAY CHOO	730,000	0.10
14	CHIA CHEE HUA	681,800	0.10
15	NG HWEE KOON	628,600	0.09
16	DB NOMINEES (SINGAPORE) PTE LTD	500,000	0.07
17	LIEN SHEONG CHYE	400,000	0.06
18	PHILLIP SECURITIES PTE LTD	387,900	0.06
19	TAN YONG CHIANG OR TAN HUI LIANG	378,000	0.05
20	TEO GEOK KIOW	350,000	0.05
	TOTAL	**657,441,166**	**93.27**

STATISTICS OF SHAREHOLDINGS

As at 9 September 2016

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 9 September 2016:–

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Energian Pte. Ltd.	611,406,281[(a)]	86.72	–	–
Falcon Energy Group Limited	–	–	611,406,281[(b)]	86.72
Tan Pong Tyea	–	–	611,406,281[(b)]	86.72

Notes:

(a) Held in the name of CIMB Securities (Singapore) Pte Ltd.

(b) Falcon Energy Group Limited and Mr Tan Pong Tyea are each deemed pursuant to Section 4 of the Singapore Securities and Futures Act, Cap. 289 and Section 7 of the Singapore Companies Act, Cap. 50, to have an interest in the 611,406,281 shares of the Company held by Energian Pte. Ltd.

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Free Float

Based on the information available to the Company as at 9 September 2016 and to the best knowledge of the Directors and the substantial shareholders of the Company, approximately 13.28% of the issued ordinary shares (excluding Treasury Shares) of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

CH OFFSHORE LTD

(Co. Reg. No. 197600666D)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be held at 7 Shenton Way, Singapore Conference Hall, Singapore 068810 on Monday, 17 October 2016 at 2.30 p.m. for the following purposes:

Ordinary Business:

1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2016 and the Auditors' Report thereon. (Resolution 1)

2 To approve Directors' fees of S$147,240 for the financial year ended 30 June 2016 (FY2015: S$180,301). (Resolution 2)

3 To re-elect Mr. Thia Peng Heok George, being a Director who retires by rotation pursuant to Article 89 of the Constitution of the Company. (Resolution 3)

4 To re-elect Mr. Tan Pong Tyea, being a Director who retires by rotation pursuant to Article 89 of the Constitution of the Company. (Resolution 4)

5 To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise Directors to fix their remuneration. (Resolution 5)

6 To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business:

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

7 "Share Issue Mandate (Resolution 6)

That pursuant to the Company's Constitution and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or 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 to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the share capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) 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 or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities."

NOTICE OF ANNUAL GENERAL MEETING

8 **"CH Offshore Employee Share Option Scheme** (Resolution 7)

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the CH Offshore Employee Share Option Scheme ("Scheme") and pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of shares of the Company from time to time."

9 **"Renewal of Shares Buyback Mandate** (Resolution 8)

That

(a) for the purposes of the Companies Act (Chapter 50) of Singapore ("Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST") through the SGX-ST's Trading System or through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the provisions of the Listing Manual of the SGX-ST for the time being in force ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buyback Mandate");

NOTICE OF ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on:

(i) the date on which the next annual general meeting of the Company ("AGM") is held or required by law to be held;

(ii) the date on which the Share buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares in the Company (excluding any Shares which are held as treasury shares) issue as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price,

NOTICE OF ANNUAL GENERAL MEETING

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five market days;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

By Order of the Board

Lim Mee Fun
Company Secretary
Singapore
30 September 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 3 Mr. Thia Peng Heok George is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He will, upon re-election as a Director of the Company, remain as the Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee.

Resolution 4 Mr. Tan Pong Tyea will, upon re-election as a Director of the Company, remain as a member of Nominating Committee.

Resolution 6 The Ordinary Resolution 6 proposed in item 7, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis. For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 7 The Ordinary Resolution 7 proposed in item 8, is to authorise the Directors to offer and grant options in accordance with the provisions of the CH Offshore Employee Share Option Scheme ("Scheme") and pursuant to Section 161 of the Companies Act, Chapter 50 to allot and issue shares under the Scheme up to an amount not exceeding fifteen per cent (15%) of the total number of shares of the Company from time to time.

Resolution 8 The Ordinary Resolution 8 under item 9 above, if passed, will renew the Share Buyback Mandate and will authorize the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016 are set out in greater detail in the Shareholders' Circular enclosed together with the Annual Report.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the Proxy Form, failing which, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
4. The Proxy Form is attached and must be deposited at the registered office of the Company at 10 Anson Road #33-15, International Plaza, Singapore 079903 not less than 48 hours before the time fixed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.
5. A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

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.

Kindly note that by attending the Annual General Meeting, the members of the Company, their proxy(ies) and/or representative(s) consent to the video-recording of the proceedings of the Annual General Meeting, for the Company's records.

CH OFFSHORE LTD

(Co. Reg. No. 197600666D)
(Incorporated in the Republic of Singapore)

FORTIETH ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:

1. For investors who have used their CPF monies ("CPF Investors") and/or their SRS monies ("SRS Investors") to buy the Company's shares, this Annual Report 2016 is sent to them at the request of their CPF and/or SRS Approved Nominees (as the case may be) solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 September 2016.

*I/We ______________________________ (Name) ____________ (NRIC/Passport Number)

of ____ (Address)

being a *member/members of CH Offshore Ltd (the "Company") hereby appoint

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to the above, the Chairman of the Fortieth Annual General Meeting of the Company ("AGM"), as *my/our proxy/proxies to attend and to vote for *me/us and on *my/our behalf at the AGM to be held at 7 Shenton Way, Singapore Conference Hall, Singapore 068810 on Monday, 17 October 2016 at 2.30 p.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 AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1	Adoption of Audited Financial Statements and Directors Statement.		
2	Approval of Directors' Fees.		
3	Re-election of Mr. Thia Peng Heok George as Director.		
4	Re-election of Mr. Tan Pong Tyea as Director.		
5	Re-appointment of Messrs Deloitte & Touche LLP as Auditors.		
	SPECIAL BUSINESS		
6	Authority to allot and issue new shares and/or convertible securities		
7	Approval of Authority to offer and grant options and to issue shares pursuant to the CH Offshore Employee Share Option Scheme		
8	Renewal of Share Buyback Mandate		

Dated this ________ day of ______________ 2016

Total Number of Ordinary Shares Held	
CDP Registers	
Register of Members	

____
Signature(s) of *member(s) or
Common Seal of Corporate Shareholder(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES ON THE REVERSE SIDE

Fold Flap 2nd fold here

CH OFFSHORE LTD

Please affix
Postage
Stamp

The Company Secretary
CH Offshore Ltd
10 Anson Road #33-15,
International Plaza,
Singapore 079903

1st fold here

NOTES TO PROXY FORM:

1. Please insert in the box at the bottom right hand corner of this form, the number of Shares registered in your name in the Register of Members in respect of share certificates held by you and the number of Shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"). If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member.
3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #33-15, International Plaza, Singapore 079903 not later than 48 hours before the time fixed for holding the Annual General Meeting.
7. This instrument appointing a proxy or proxies must be under the hand of the appointer or 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 seal or under the hand of any officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.
10. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, not properly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument 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 member is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 September 2016.

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