Staying on Course

CH OFFSHORE LTD Annual Report 2009

OUR VISION is to be one of the leading marine support service providers for the Oil & Gas industry.

OUR MISSION is to be one of the most preferred marine support services companies who:

Provides a safe working environment and adopts safe practices onboard our vessels in line with the applicable health, safety and environmental standards

Protects and safeguards the marine environment by adopting antipollution control measures to minimise oil discharge, garbage disposal and exhaust emission onboard our vessels

Is competitive

Is customer-focused

Is committed to constantly upgrading the skills of the office and shipboard employees to realise their full potential and maximise their contributions to the Company

CONTENTS

The right direction

Our Company 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 present name was adopted in September 1990.

Under the Chuan Hup Group, our involvement in the oil and gas industry began in the early 1970s in Indonesia, the largest oil producer in South East Asia then. In the early 1970s, oil exploration and production activities started onshore with major customers being Caltex Indonesia in Sumatra, Tesoro in Tarakan and Unocal in Balikpapan. As oil production moved progressively offshore, our involvement increased to meet the demand and requirements of the oil producers. The consequential rise in demand for offshore support services led to an expansion to our offshore fleet. From 1981 to 1983, we acquired a total of 24 units of anchor-handling tug supply (AHTS) and maintenance vessels, and one tender assisted work-over rig.

Since then, in line with the development of the offshore oil and gas industry, our Group has continued to maintain a fleet of offshore support vessels which remain relevant to our customers' need.

In the first half of 2002, Chuan Hup reorganized its business into offshore support services to the oil and gas industry, marine logistics services and transportation for the coal and other aggregate industries and other non-marine investments. CH Offshore became the corporate vehicle to 'house' assets and companies of the Chuan Hup Group that provides offshore support services to the oil and gas industry.

The Company became a public limited company, changed its name to CH Offshore Ltd ("CHO") and was listed on the Singapore Stock Exchange by introduction on 28 February 2003. In October 2005, Habib Corporation Berhad (Habib), a public listed company on the Bursa Malaysia acquired 29.07% stake in CH Offshore from Chuan Hup Holdings Limited. Habib subsequently changed its name to Scomi Marine Berhad, reflecting the change of ownership in the company.

The CHO Group has disposed all 1980s-built vessels and currently operates a fleet of 11 AHTS vessels with an average age of 3 years old as of January 2009. It also co-owns two AHTS with Scomi Marine, enabling the Group to operate in Malaysia. The fleet includes five 12,240 brake horse power (bhp) AHTS vessels, two of which were delivered during the financial year and currently operating in Australia. The Group expects to take delivery of the remaining two 12,240 bhp AHTS vessels under construction in Japan in December 2009 and February 2010.

Building on our strength and expertise, the Group has operations in a multitude of areas. Since 1980, we have served most oil majors and other customers in Malaysia, the Philippines, Brunei, Thailand, Vietnam, Australia, the Middle East and most recently in Latin America. With over 30 years of experience in almost every facet of offshore support services, we have forged excellent relationships with our customers through our firm commitment to quality, reliability and high service standards.

Renewed strength

The Financial Year 2009 ("FY09") was another outstanding year for the CH Offshore Group. The Group continues to improve its financial performance despite the many challenges posed by the recent global financial upheavals, low oil prices and the deluge of newbuilds. Profit after tax rose to US$56.2 million, a 41.7% increase over previous Financial Year 2008 ("FY08") of US$39.7 million.

On behalf of the Board, it gives me great pleasure to present the Annual Report and the Audited Financial Statements of the Group for the Financial Year ended June 30, 2009.

Financial Review

The Group's profit after tax rose 41.7% on the back of a 59.5% increase in revenue. Revenue rose to US$68.8 million for FY09 from US$43.1 million for FY08. The higher profit was due to higher revenue generated, marginally lower operating costs and lower administrative expenses.

The higher revenue was due to contributions from four 12,240 BHP anchor-handling tug supply ("AHTS") vessels delivered between March 2008 and November 2008. These vessels were immediately deployed to their respective job locations and commenced their charter. Operating costs to revenue for FY09 remained marginally low at 21.9% compared with 33% for FY08. Administrative expenses decreased 15.5% to US$3.3 million from US$3.9 million due to an on-going effort to reduce costs.

During the financial year the Group sold the remaining four 1980s built AHTS vessels. This together with the disposal of investment in an associated company contributed a one-off gain of US$11.5 million.

Fleet Activities

In September and November 2008, the Group took delivery of another two 12,240 BHP AHTS vessels which were promptly leased to our Australian client. The remaining two sister vessels currently under construction in Japan are scheduled for delivery in December 2009 and February 2010.

The Group sold the remaining four 1980s built AHTS vessels to third parties during the financial year. With the complete disposal of all 1980s built AHTS vessels and the delivery of six out of eight new 12,240 BHP AHTS vessels, the Group now owns and operates a modern fleet of AHTS vessels with an average age of about 3 years old as of January 2009.

The Group already has a strong presence in South East Asia and the Middle East. In 2007, the Group leased one 12,240 BHP AHTS vessel to our Australian client. By December 2008, we have three 12,240 BHP AHTS vessels operating in Australia. In March and May 2008, the Group extended its geographical reach to Latin America with the deployment of two 12,240 BHP AHTS vessels. The Group will continue with this strategy of extending its market reach.

Dividend

In March 2009, the Company paid an interim tax-exempt dividend of 0.5 SGD cents per ordinary share. In view of the uncertainty in the recovery of the global economy, the current subdued industry outlook and the substantial capital commitments of the Group, the directors are of the opinion that it is prudent to preserve cash. As such, the directors are proposing a final tax-exempt dividend of 1.5 SGD cents per ordinary share. This will bring the total, paid and proposed dividend to 2.0 SGD cents per ordinary share which will amount to approximately S$14.1 million (equivalent to US$9.87 million). The dividend payout for the Financial Year ended June 30, 2008 was at 2.0 SGD cents per ordinary share.

Outlook and Prospects

The offshore support vessel ("OSV") sector has moved from one extreme to the other, from a protracted boom period during the last 2 years to today's precarious conditions, with a weakened global economy.

Current weak demand and low oil prices, investment cutbacks by national and international oil companies, oversupply of vessels are growing concerns. This unbalanced supply-demand situation will put pressure on charter rates and vessel utilisation.

The Group will continue to cut cost, raise efficiency, be alert to risks, better manage cash flow, and seize new opportunities.

Appreciation

We would like to place on record our appreciation to Mr Peh Kwee Chim, Encik Shah Hakim Bin Zain and Encik Aminuddin Yusof Lana for their invaluable counsel and contributions as Directors. Mr Peh Kwee Chim and Encik Shah Hakim Bin Zain had retired at the last Annual General Meeting held on 24 October 2008. Encik Aminuddin Yusof Lana had resigned as Director on 31 July 2009.

Acknowledgement

On behalf of the board, I wish to extend our appreciation to our dedicated staff and management team for another outstanding year especially during such challenging times. I like to thank our shareholders for their support; our clients and business partners for their trust and commitment; and all our Board members for their invaluable guidance and insights.

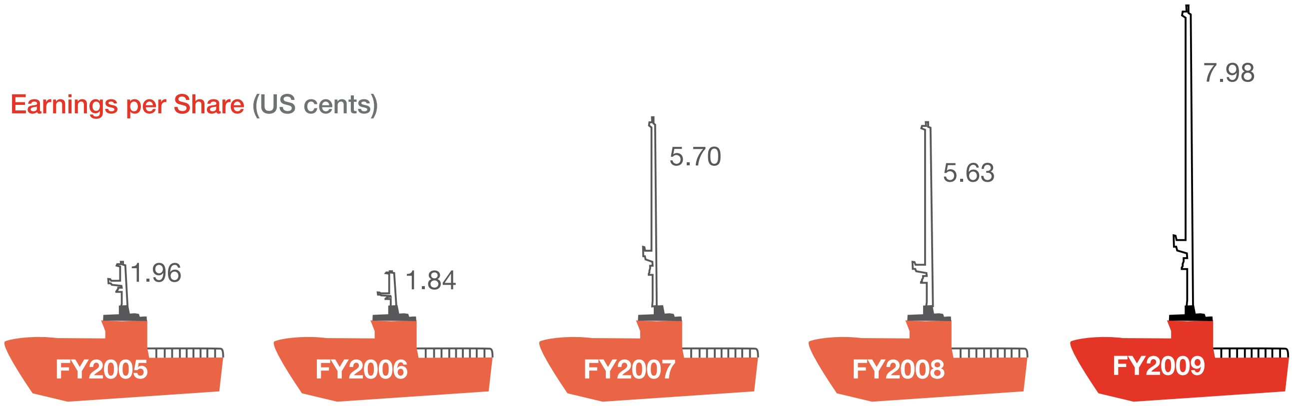
Tan Sri Asmat Bin Kamaludin
Non-Executive Chairman

18 August 2009

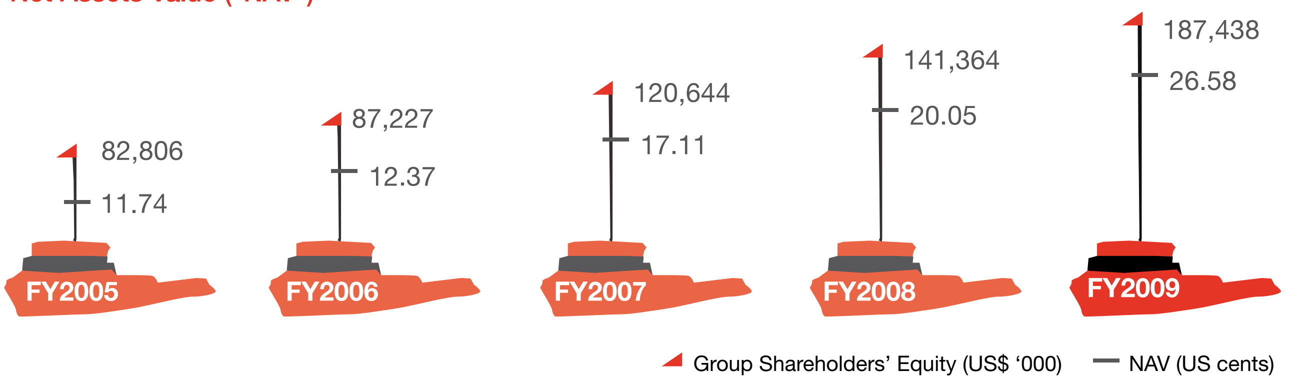
FIVE-YEAR GROUP FINANCIAL STATISTICS AND CHARTS

Income Statement	FY 2005 US$'000	FY 2006 US$'000	FY 2007 US$'000	FY 2008 US$'000	FY 2009 US$'000
REVENUE	28,603	35,316	45,676	43,131	68,794
Profit before income tax	13,868	12,956	40,686	39,884	56,263
Income tax	(48)	(5)	(513)	(205)	(24)
Profit for the year	13,820	12,951	40,173	39,679	56,239
Profit attributable to shareholders of the company	13,820	12,951	40,173	39,679	56,239
Balance Sheet					
CURRENT ASSETS	26,637	18,794	49,089	20,955	28,494
NON-CURRENT ASSETS					
Fixed assets	80,981	95,687	87,867	132,367	168,094
Club membership	-	-	17	17	17
Associated companies	1,401	3,416	6,659	5,756	6,184
Total non-current assets	82,382	99,103	94,543	138,140	174,295
Total assets	109,019	117,897	143,632	159,095	202,789
CURRENT LIABILITIES	9,788	17,800	14,177	13,027	13,728
NON-CURRENT LIABILITIES					
Deferred taxation	-	-	25	-	-
Other payables	1,425	1,870	1,786	1,704	1,623
Bank loans	15,000	11,000	7,000	3,000	-
Total non-current liabilities	16,425	12,870	8,811	4,704	1,623
Total liabilities	26,213	30,670	22,988	17,731	15,351
Shareholders' equity	82,806	87,227	120,644	141,364	187,438
Issued capital	20,497	55,379	55,379	55,379	55,379
Per Share Data					
Earnings Per Share (US cents):					
Basic	1.96	1.84	5.70	5.63	7.98
Fully Diluted	1.96	1.84	5.70	5.63	7.98
Dividends Per Share (SGD cents)	1.50	1.50	4.00	2.00	2.00
Net Assets Value Per Share (US cents)	11.74	12.37	17.11	20.05	26.58

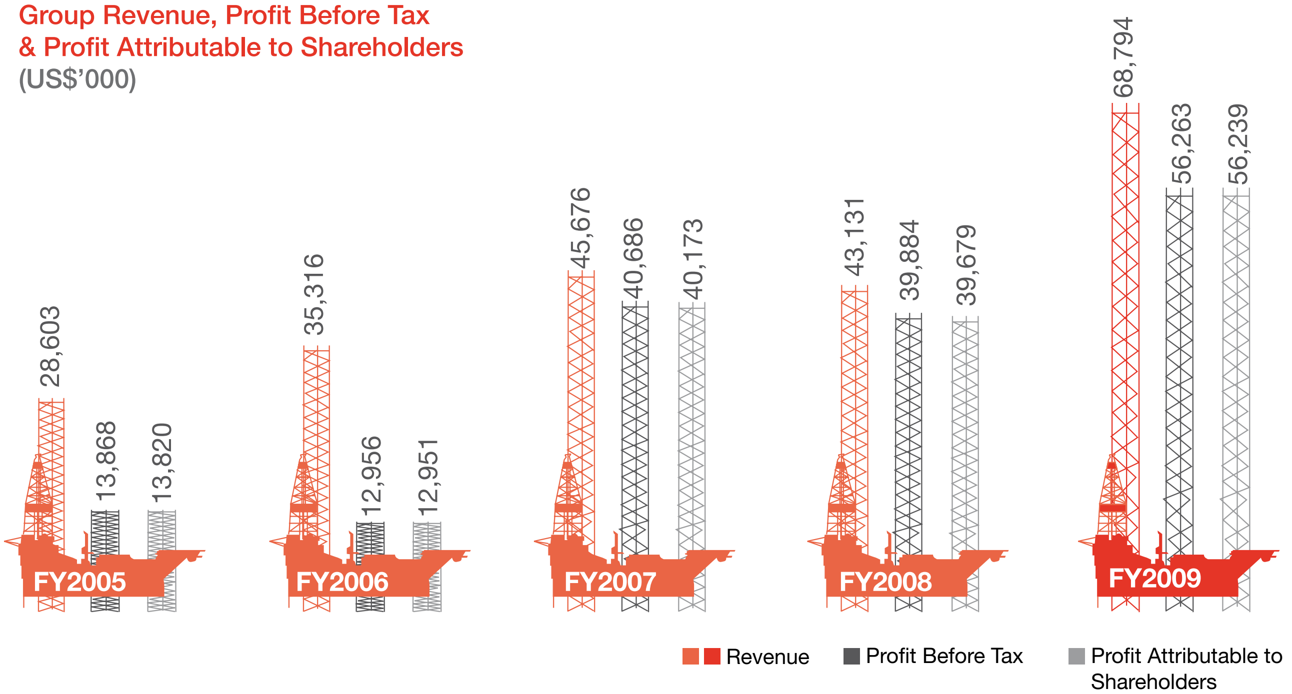
Earnings per Share (US cents)



Group Shareholders' Equity and
Net Assets Value ("NAV")



Group Revenue, Profit Before Tax
& Profit Attributable to Shareholders
(US$'000)

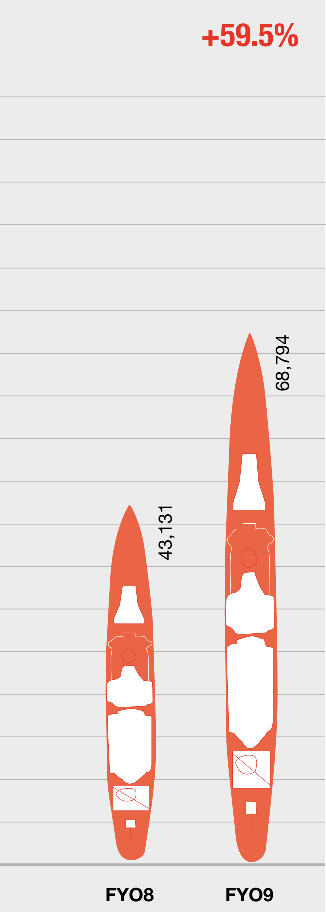


Focused on performance

REVENUE (US$'000)

FY08	FY09	Change
43,131	68,794	59.5%

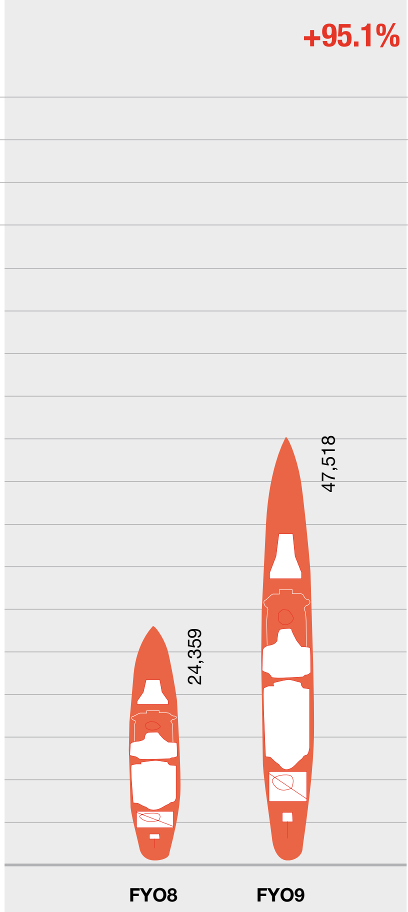
Revenue rose 59.5% to US$68.794 million in FY09 primarily due to the delivery of the four units of 12,240 bhp AHTS vessels between March 2008 to November 2008 which were immediatey deployed to their respective job locations and commenced their charter.



GROSS PROFIT AFTER DIRECT DEPRECIATION (US$'000)

FY08	FY09	Change
24,359	47,518	95.1%

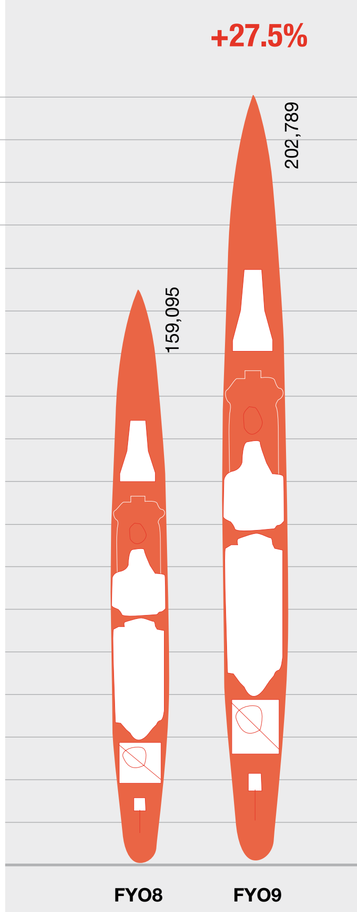
As a result of the higher revenue, gross profit after direct depreciation shot up 95.1% to US$47.518 million from US$24.359 million. However, cost of sale to revenue for FY09 remained marginally lower at 21.9% compared with 33% for FY08. Direct depreciation at US$6.225 million for FY09 was higher by 37.4% compared with US$4.53 million for FY08. This was due to the delivery of the four 12,240 bhp vessels between March 2008 to November 2008.



GROUP TOTAL ASSETS (US$'000)

FY08	FY09	Change
159,095	202,789	27.5%

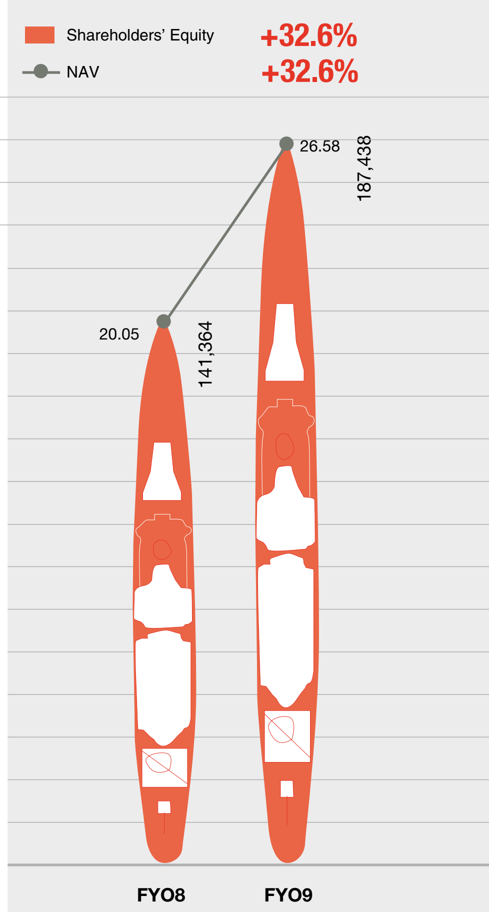
The Group's total assets rose 27.5% from US$159.095 million to US$202.789 million mainly due to the delivery of two newly-constructed 12,240 bhp AHTS vessels in September and November 2008.



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

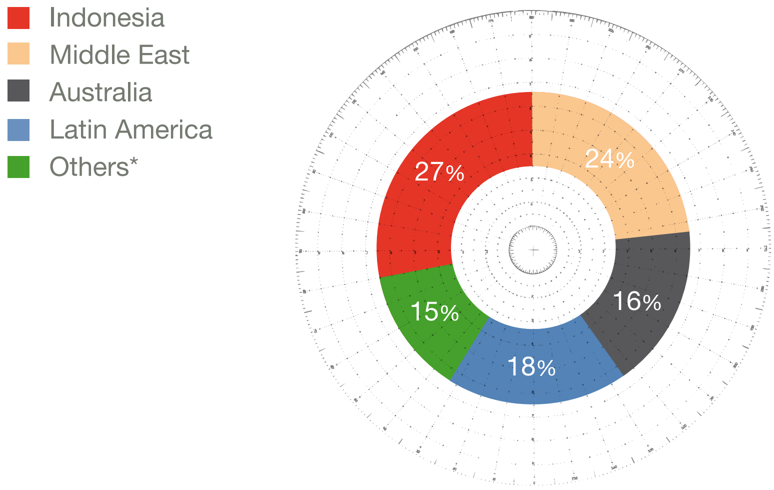
	FY08	FY09	Change
Shareholders' Equity (US$'000)	141,364	187,438	32.6%
NAV (US cents)	20.05	26.58	32.6%

Due to its good operating performance, the Group's total shareholders' funds rose 32.6% to US$187.438 million from US$141.364 million as at 30 June 2008. Consequently, net assets value (NAV) rose to 26.58 US cents from 20.05 US cents.

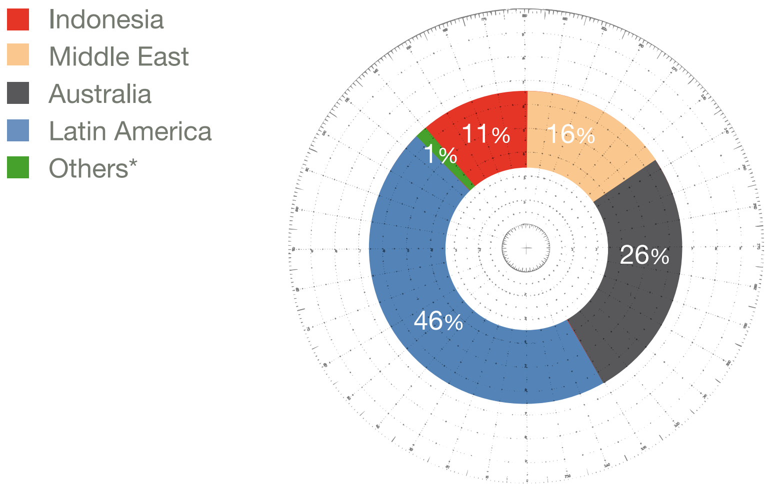


	INDONESIA	MIDDLE EAST	AUSTRALIA	LATIN AMERICA	OTHERS*	TOTAL
As at 30 June 2009 (FY09)	(US$'000)	(US$'000)	(US$'000)	(US$'000)	(US$'000)	(US$'000)
Revenue	7,381	10,859	17,996	31,683	875	68,794
Gross profit after direct depreciation	5,187	6,381	12,720	22,383	847	47,518
As at 30 June 2008 (FY08)						
Revenue	11,601	10,396	6,954	7,745	6,435	43,131
Gross profit after direct depreciation	5,247	5,885	4,698	4,757	3,772	24,359

FY08 REVENUE CONTRIBUTIONS BY GEOGRAPHICAL SEGMENTS



FY09 REVENUE CONTRIBUTIONS BY GEOGRAPHICAL SEGMENTS



*Others include Malaysia, Thailand and other Asia-Pacific countries.

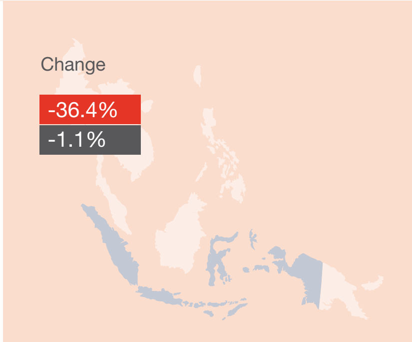
REVIEW OF OPERATIONS AND RESULTS
By Geographical Segments

Revenue

Gross Profit after Direct Depreciation

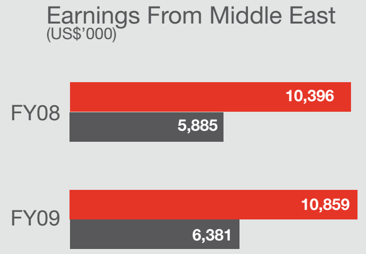
INDONESIA

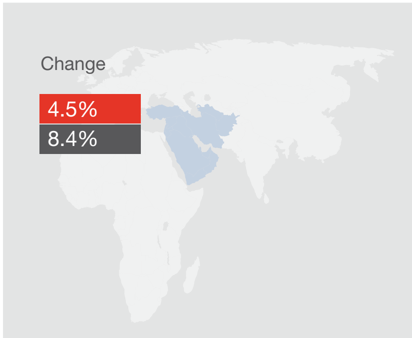
During FY09, the Group disposed four older vessels operating in this segment. This led to a 36.4% drop in revenue contribution for FY09 to US$7.381 million compared with US$11.601 million for FY08. However, gross profit after direct depreciation declined marginally by 1.1% to US$5.187 million from US$5.247 million. This was due to the docking of one vessel in FY08.



MIDDLE EAST

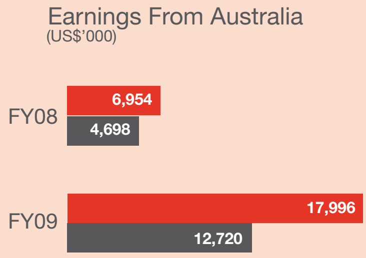
In the Middle East, for both FY09 and FY08, the fleet strength of four remains unchanged. Hence, both revenue and gross profit after direct depreciation for FY09 remain consistent with FY08.

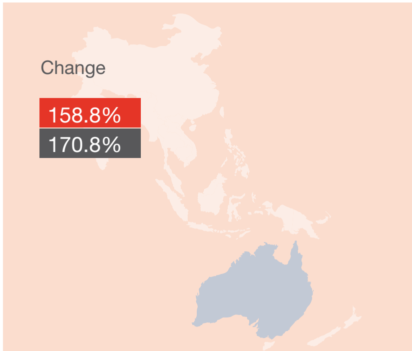




AUSTRALIA

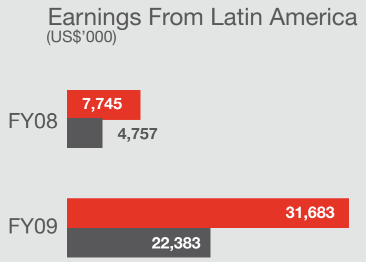
In September 2008 and December 2008, the Group deployed two recently delivered 12,240 bhp vessels to Australia. This brought the number of vessels operating here to three. Consequently, both revenue and gross profit after direct depreciation rose 158.8% from US$6.954 million to US$17.996 million and 170.8% from US$4.698 million to US$12.72 million respectively.

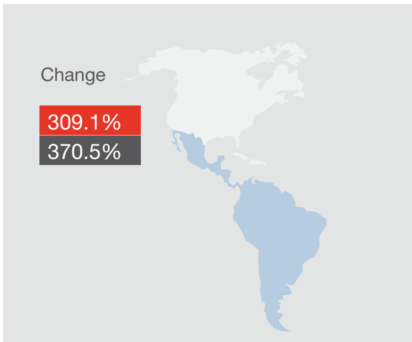




LATIN AMERICA

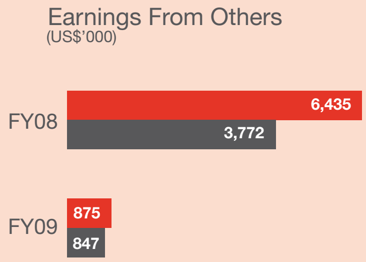
In line with the Group's strategy to venture into new markets, two 12,240 bhp vessels with deep-water capabilities were immediately deployed to Latin America upon delivery. The first vessel was mobilised in March 2008 followed by the second vessel in May 2008. Hence, the Group recorded a higher revenue of US$31.683 million from Latin America in the current financial year as both vessels have been operating in this segment for the full financial year. Together, they contributed 46.1% of the Group's revenue for the current FY09. As a result, gross profit after direct depreciation rose 370.5% from US$4.757 million for FY08 to US$22.383 million for FY09.

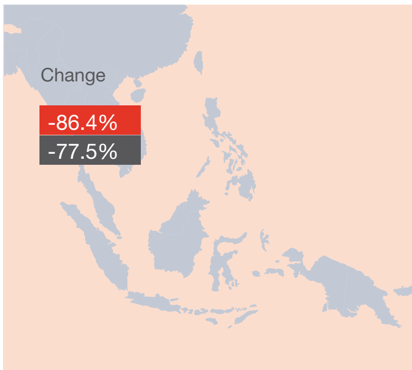




OTHERS

Other operating areas include Malaysia, Thailand and other Asia-Pacific countries. There were no other vessels deployed to Malaysia after a rechartered vessel completed its contract towards the end of September 2007. Operations in Thailand ceased towards the end of December 2007 when all the vessels operating in this segment were sold. In the current FY09, revenue is primarily derived from management fees, agency fees, interest income and other services rendered. As a result, both revenue and gross profit after direct depreciation fell 86.4% and 77.5% to US$0.875 million and US$0.847 million respectively for the current FY09.





Enhancing our Offerings

In September and November 2008, the Group took delivery of another two 12,240 BHP AHTS vessels which were promptly leased to our Australian client. The remaining two sister vessels currently under construction in Japan are scheduled for delivery in December 2009 and February 2010.

Exploiting new opportunities

The number of our deepwater capable vessels has grown to five and with another two more similar vessels to be added in December 2009 and February 2010 respectively; our deepwater capabilities will be enhanced even further, enabling us to take advantage of the new opportunities that lie ahead for the deepwater segment of the market.

Coral

Pearl

Turquoise

Amethyst

Tourmaline

Amber

Beryl*

Garnet

Topaz

Jasper

Zircon*

Temasek Attaka

Temasek Sepinggan

OUR VESSELS

*co-owned

Coral

Year Built	2008
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

Garnet

Year Built	2005
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	66.1 MT continuous / 71.5 MT maximum

Pearl

Year Built	2008
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

Topaz

Year Built	2005
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 maximum

Turquoise

Year Built	2008
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

Jasper

Year Built	2005
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	64 MT continuous / 66 MT maximum

Amethyst

Year Built	2008
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

Zircon*

Year Built	2004
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	66.7 MT continuous / 67.8 MT maximum

Tourmaline

Year Built	2006
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 1

Temasek Attaka

Year Built	2002
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	59.72 MT continuous

Amber

Year Built	2005
Dimension (L x B x D)	51.73 m x 13.5 m x 6.0 m
Main Propulsion	2 x Bergen, total 4,826 BHP
Bollard Pull	60 MT continuous / 65.3 MT maximum

Temasek Sepinggan

Year Built	2002
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

Beryl*

Year Built	2005
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

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

BOARD OF DIRECTORS

Tan Sri Asmat Bin Kamaludin

Dato' Kamaluddin Bin Abdullah

Tan Sri Asmat Bin Kamaludin is a **Non-Executive Director and the Chairman** of CH Offshore Ltd. He was appointed to the Board on 17 October 2005 and will be due for re-election at the coming Annual General Meeting. Tan Sri Asmat is also a member of the Nominating Committee.

Tan Sri Asmat has vast experience in various capacities in the public service. He represents Malaysia as Governor on the Governing Board of The Economic Research Institute for Asean and East Asia. He held the position of the Secretary-General of the Ministry of International Trade and Industry from 1992 to 2001. He has served as Economic Counsellor for Malaysia in Brussels and has worked with several international bodies such as ASEAN, World Trade Organisation and the Asia-Pacific Economic Co-operation, representing Malaysia in relevant negotiations and agreements. Tan Sri Asmat has also been actively involved in several national organisations such as Permodalan Nasional Berhad, Johor Corporation, the Small and Medium Scale Industries Corporation (SMIDEC) and the Malaysia External Trade Development Co-operation (MATRADE) while in the Malaysian Government service.

Tan Sri Asmat is currently the Chairman of Scomi Group Berhad. Other Malaysian public companies of which he is a director are UMW Holdings Berhad, YTL Cement Berhad, Permodalan Nasional Bhd, Malaysian Pacific Industries Berhad, Lion Industries Corporation Berhad, Panasonic Manufacturing Malaysia Berhad (formerly known as Matsushita Electric Company (Malaysia) Berhad), Symphony House Bhd, Trans-Asia Shipping Corporation Berhad, Compugates Holdings Berhad and Royal Bank of Scotland Berhad (formerly known as ABN AMRO Bank Berhad). He also serves on the Board of JACTIM Foundation.

Tan Sri Asmat holds a Bachelor of Arts (Honours) degree in Economics from the University of Malaya, and he also holds a Diploma in European Economic Integration from the University of Amsterdam.

Dato' Kamaluddin Bin Abdullah is a **Non-Executive Director** of CHO. He was appointed to the Board on 17 October 2005 and will be due for re-election at the coming Annual General Meeting. He is also a member of the Remuneration Committee.

Dato' Kamaluddin is a graduate of Bachelor of Arts (Hons) in Law from the University of Cambridge. He is also a member of the English Bar and a Barrister-at-Law of the Middle Temple.

Upon returning to Malaysia in 1990, Dato' Kamaluddin joined the Sime Darby Group, a major multi-national company, based in Malaysia. During his five-year term with the Group, he served in the tyre manufacturing, plantations and latex products divisions in various positions covering the areas of marketing, corporate affairs, human resources, administration and legal affairs.

After his stint in Sime Darby, Dato' Kamaluddin served as Group Executive Director of Dewina Berhad, which is a diversified food group listed on the Kuala Lumpur Stock Exchange from 1994 to 1999.

Dato' Kamaluddin is currently the substantial shareholder of Scomi Group Berhad, an oil and gas field services, transportation and engineering company listed on the KLSE. He is also the Director of Kamarene Capital, a private investment holding company.

Dato' Kamaluddin is also a trustee of Yayasan Budi Penyayang, a charity foundation to help the needy as well as to champion various causes pertaining to family, social, cultural and welfare development. He is also the founder and trustee of the Force of Nature Aid Foundation, whose objectives are to raise funds and awareness to help victims of natural disasters world-wide.

Mr Cheak Boon Heng

Mr Ong Koh Wah

Mdm Joanna Young Sau Kwan

Mr Cheak Boon Heng is a **Non-Executive Director** of CHO. He was appointed as an Executive Director of the Company on 21 January 1991, Executive Vice-Chairman from 1 July 2004 to 1 February 2005 and Executive Chairman from 1 February 2005 to 17 October 2005. He resigned as Executive Chairman on 17 October 2005 but continued as a Non-Executive Director. He was last re-elected on 24 October 2008. Mr Cheak is also a member of the Audit Committee. He has over 36 years of experience in the marine transportation, marine logistics and offshore support services industries.

Mr Cheak is currently a Director of Zicom Group Limited and Finbar Group Limited, both of which are listed on the Australian Securities Exchange. He is also a Director of Scomi Marine Bhd.

Mr Cheak holds a degree of Bachelor of Economics from the University of Western Australia.

Mr Ong Kok Wah is a **Non-Executive Director** of CHO. He was appointed as a Director of CHO in 1987 and as Chief Executive Officer in July 2004. He resigned as a Director of CHO on 17 October 2005, but continued as Chief Executive Officer of CHO. He was re-appointed as an Executive Director on 2 May 2006. On 1 January 2007, he resigned as Chief Executive Officer, but continued as an Executive Director. On 5 December 2007, he was re-designated as a Non-Executive Director. He will be due for re-election at the coming Annual General Meeting.

Mr Ong has over 40 years of working experience in the marine and offshore industry. He did Nautical Studies at the Singapore Polytechnic and holds a Second-Mate (FG) certificate. He started his career in the Merchant Navy working with Shell Eastern Fleet, Maple Hill Shipping and Guan Guan Shipping. In 1968, he joined the Port Authority of Singapore ("PSA"). In 1975, he left the PSA as a Controller of Shipping to take up a marine project management appointment with Sealand (IRAN) Shipping Co. in the Middle East. He joined the Chuan Hup Holdings Limited ("CHH") Group in 1976 and was a Director of CHH from 1976 to October 2005.

Mr Ong is an elected member of the American Bureau of Shipping's Southeast Asia Technical Committee and a member of the Det Norske Veritas Singapore Shipping Forum. He was a Council Member of the Singapore Shipping Association ("SSA") since its inception in 1985 until 1997, when he held the position of First Vice-President. In 2003 and 2005, he was again elected onto the SSA Council and held the position of Honorary Secretary until 2007, when he stepped down from the SSA Council. SSA in its June 2008 annual general meeting has bestowed an 'Honorary Membership' on Mr Ong. He has also been a director of the Board of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) since 1993.

Mdm Joanna Young Sau Kwan is a **Non-Executive, Independent Director** and was appointed to this position on 1 February 2005. She was last re-elected on 17 October 2007. She is also the Chairman of the Audit Committee and a Member of the Remuneration and Nominating Committees.

Mdm Young brings with her a wealth of experience in accounting, auditing and financial management. Mdm Young runs her own accounting firm. From 1969 to 1978, she gained extensive experience in the accounting profession during her employment with Evan Wong & Co and Turquand Youngs & Co. In 1978, she joined a garment manufacturing company taking charge of financial, administration and production duties before setting up her own practice in 1980. Mdm Young has been the Honorary Auditor of the Chinese Women's Association since 1972.

Mdm Young studied Accountancy in Sydney Technical College and obtained her Accountancy Certificate in 1968. She was admitted to membership of the Australian Society of Accountants and the Singapore Society of Accountants in 1969. She is a Fellow (Practising) Member of the Institute of Certified Public Accountants of Singapore and a Fellow Member of CPA Australia.

BOARD OF DIRECTORS

Mr Billy Lee Beng Cheng

Mdm Loong Chun Nee

Mr Billy Lee Beng Cheng is a **Non-Executive, Independent Director** and was appointed to this position on 13 February 2003. He was last re-elected on 17 October 2007. He is also the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee.

Mr Lee has extensive experience in the oil and gas and marine industries having spent more than 25 years in both industries' upstream and downstream segments. Mr Lee started his career in 1973 as a Project Engineer in a major oil-refinery in Singapore before moving on to head the Economic Development Board's Marine, Transportation and Offshore Oil Industry Division in 1975. Mr Lee later joined the Promet Group of companies in 1979 and was made the Managing Director (Energy Division) of both Promet Bhd Malaysia and Hong Kong listed Promet Petroleum Ltd in 1984 and subsequently a Main Board Member. In 1987, he joined Sembawang Holdings Pte Ltd and was appointed as its Director of Business Development for the Sembawang Group before being made the Managing Director and President of Sembawang Maritime Ltd (renamed SembCorp Logistics Ltd) in 1999. Mr Lee retired in 2000 to pursue his personal interests but remains active in the industry.

Mr Lee holds a degree of Bachelor of Science (First Class Honours) and a Master of Science (with distinction) from the University of Leeds, England. Mr Lee is also a member of the Singapore Institute of Directors, Singapore Institute of Management and a senior member of the Institution of Engineers, Singapore.

Mdm Loong Chun Nee was appointed as **Alternate Director to Dato' Kamaluddin Bin Abdullah** on 24 October 2008.

Mdm Loong holds a degree of Bachelor of Arts in Economic and Social Studies (majoring in Accounting) from the University of Manchester, England.

Mdm Loong was previously with the Renong Group of Companies for a total of 11 years covering companies such as Projek Lebuhraya Utara-Selatan Berhad (1988-1992), United Engineers (Malaysia) Berhad (1993-1994, 1997-1998), Renong Berhad (1995-1996), HBN Management Office and Renong Group of Companies (1997-1999). She left the Renong Group in late 1999 to join YBhg Tan Sri Dato' (Dr) Rozali Ismail as Financial Advisor under a financial consultancy company, Jendela Permai Sdn Bhd (2000-2004). She was appointed as Finance Director to the Board of Puncak Niaga Holdings Bhd from January 2005 – June 2005. She then joined Scomi Group Berhad as Senior Vice President - Corporate Finance & Chief Financial Officer of Scomi Marine Bhd since July 2005. Thereafter, she was transferred to Scomi Group Berhad as Group Chief Financial Officer in August 2006. In early 2008, she was re-designated as Group Chief Investment and Performance Officer.

Mdm Loong has vast experience in financial advisory matters specialising in the areas of corporate debt restructuring, corporate finance and project financing for privatisation projects. She was formerly a Director of CIMB-Principal Islamic Asset Management Sdn Bhd and is currently a Director of some of Scomi Group Berhad's subsidiaries.

Other Malaysian public company in which she is a Director are CIMB Principal Asset Management Berhad and KMCOB Capital Berhad.

Mr Koh Kok Leong is the **Chief Executive Officer** of CHO and was appointed to this position on 1 January 2007. As Chief Executive Officer, he is responsible for the day-to-day running of the business and for the overall performance of the CHO Group. Mr Koh joined Chuan Hup Agencies (Private) Limited in 1989 as an Assistant General Manager and was appointed General Manager in 2000. In May 2006, he was promoted to Chief Operating Officer of CHO, a position he held until his appointment as Chief Executive Officer. Mr Koh holds a Diploma in Marine Engineering and a Certificate of Competency as a First Class Marine Engineer.

Ms Teo Peck Bee is the **Chief Financial Officer** of CHO and was appointed to this position on 1 February 2009. She is responsible for all financial, accounting, administrative and taxation matters of the CHO Group. Prior to this, Ms Teo was the Deputy Chief Financial Officer of CHO since 1 July 2002. She was the Assistant Financial Controller of Chuan Hup Holdings Limited in 1996 and its Senior Accountant in 1994. Ms Teo holds a degree of Bachelor of Accountancy from the National University of Singapore.

FINANCIAL CALENDAR

Financial Year End	30 June 2009
Announcement of First Quarter Financial Results	24 October 2008
Announcement of Half-Year Financial Results	5 February 2009
Payment of Interim Dividend	31 March 2009
Announcement of Third Quarter Financial Results	7 May 2009
Announcement of Full-Year Financial Results	7 August 2009
Dispatch of Annual Report to Shareholders	29 September 2009
Annual General Meeting	16 October 2009
Book Closure to Register Members for Dividend Payment	26 November 2009
Proposed Payment of Final Dividend	11 December 2009

Board of Directors

Tan Sri Asmat Bin Kamaludin	*(Non-Executive Chairman)*
Mr Cheak Boon Heng	*(Non-Executive Director)*
Dato' Kamaluddin Bin Abdullah	*(Non-Executive Director)*
Mr Billy Lee Beng Cheng	*(Non-Executive, Independent Director)*
Mdm Joanna Young Sau Kwan	*(Non-Executive, Independent Director)*
Mr Ong Kok Wah	*(Non-Executive Director)*
Mdm Loong Chun Nee	*(Alternate Director to Dato' Kamaluddin Bin Abdullah)*

Audit Committee

Mdm Joanna Young Sau Kwan	*(Chairman)*
Mr Billy Lee Beng Cheng	
Mr Cheak Boon Heng	

Remuneration Committee

Mr Billy Lee Beng Cheng	*(Chairman)*
Mdm Joanna Young Sau Kwan	
Dato' Kamaluddin Bin Abdullah	

Nominating Committee

Mr Billy Lee Beng Cheng	*(Chairman)*
Mdm Joanna Young Sau Kwan	
Tan Sri Asmat Bin Kamaludin	

Company Secretary

Ms Valerie Tan May Wei

Registered Office

388 Jalan Ahmad Ibrahim
Singapore 629157
Telephone: (65) 6861 1711
Facsimile: (65) 6862 2336
Website: www.choffshore.com.sg
Email: investor@choffshore.com.sg

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street #11-00
PWC Building
Singapore 048424

Auditors

Deloitte & Touche LLP
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809

Partner-in-Charge: Mr Alan Nisbet
Appointed since the Financial Year ended June 30, 2008

INTRODUCTION

CH Offshore Ltd ("CHO") is committed to achieving high standards of corporate governance to ensure greater transparency and maximise long-term shareholder value.

This report describes CHO's main corporate governance practices with reference to the Singapore Code of Corporate Governance (the "Code").

BOARD MATTERS

The Board's Conduct of its Affairs
(Principle 1)

The Board oversees the business affairs of CHO and therefore every director is expected to act in good faith and always in the interests of the Company. The principal functions of the Board include the approval of the Company's strategic plans, the approval of major investments, divestments and fund-raising, overseeing processes for evaluating the adequacy of internal controls and risk management and being responsible for corporate governance practices. CHO has in place financial authorisation and approval limits for operating and capital expenditure, as well as acquisitions and disposal of investments. The Board and the Audit Committee also approve the CHO Group's financial results.

The Board meets on a regular basis. Where necessary, additional Board meetings are held to deliberate on urgent substantive matters. An aggregate of 4 Board meetings were held for the Financial Year ended June 30, 2009. Details of the attendance of Board members at Board meetings and meetings of the various Board Committees for the Financial Year ended June 30, 2009 are set out on page 23 of this Annual Report.

All new directors appointed to the Board are briefed on the business activities of the Group and its strategic directions, as well as their statutory and other duties and responsibilities as directors. Where appropriate, directors are sent for courses, conferences and seminars in relevant fields.

Board Composition and Balance
(Principle 2)

The Board currently comprises 6 directors, 2 of whom are non-executive independent directors and 4 of whom are non-executive directors. The non-executive independent directors are Mr Billy Lee Beng Cheng and Mdm Joanna Young Sau Kwan. The non-executive directors are Tan Sri Asmat Bin Kamaludin, Mr Cheak Boon Heng, Dato' Kamaluddin Bin Abdullah and Mr Ong Kok Wah.

The directors bring with them a broad range of expertise and experience in areas such as accounting and finance, law, business and management, industry knowledge and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views. Profiles of the directors and other relevant information are set out on pages 12 to 14 of this Annual Report.

Chairman and Chief Executive Officer
(Principle 3)

Different individuals assume the Chairman and the Chief Executive Officer functions in CHO. There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman, Tan Sri Asmat Bin Kamaludin, chairs the Board meetings and guides the Board on its discussion on significant issues. The Chief Executive Officer is responsible for the day-to-day management of the business and the overall performance of the Group. The Chairman and the Chief Executive Officer are not related.

Board Membership
(Principle 4)

The Nominating Committee comprises Mr Billy Lee Beng Cheng (Committee Chairman), Mdm Joanna Young Sau Kwan and Tan Sri Asmat Bin Kamaludin, the majority of whom, including the Chairman, are independent non-executive directors.

The Nominating Committee reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors to the Board, the Nominating Committee takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability.

In evaluating a director's contribution and performance for the purpose of re-nomination, the Nominating Committee takes into consideration a variety of factors such as attendance, preparedness, participation and candour.

Recommendations for appointments and re-appointments of directors and appointments of the members of the various Board Committees are made by the Nominating Committee and considered by the Board as a whole. At each Annual General Meeting ("AGM") of CHO, 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 CHO 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.

Board Performance
(Principle 5)

The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of CHO and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that CHO is ably led. The measure of a board's performance is also tested through its ability to lend support to management especially in times of crisis and to steer CHO in the right direction.

CHO is of the opinion that the financial indicators set out in the Code as guides for the evaluation of directors are more of a measure of management's performance and hence are less applicable to directors. In any case, such financial indicators provide a snapshot of a Company's performance, and do not fully measure the sustainable long term wealth and value creation of CHO.

The Board through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that directors appointed to the Board possess the background, experience, knowledge and skills critical to the Company's business and that each director with his special contributions brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Access to Information
(Principle 6)

Prior to each Board meeting, the Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision as well as ongoing reports relating to operational and financial performance of the Group. The Board also has separate and independent access to senior management and the Company Secretary at all times. The Board also has access to independent professional advice, where appropriate, at the expense of CHO.

REMUNERATION MATTERS

Remuneration Committee
(Principles 7, 8 and 9)

The Remuneration Committee comprises Mr Billy Lee Beng Cheng (Committee Chairman), Mdm Joanna Young Sau Kwan and Dato' Kamaluddin Bin Abdullah, all of whom are non-executive directors and the majority of whom, including the Chairman, are independent directors. The role of the Remuneration Committee is to review and approve the remuneration and the aggregate variable bonuses of the directors and the senior management of CHO.

While the Chief Executive Officer is in attendance at Remuneration Committee meetings, he does not attend discussions relating to the review of his performance and compensation.

The Remuneration Committee in establishing the framework of remuneration policies for its directors and senior executives is largely guided by the financial performance of the Company. In this respect, it believes that remuneration should be competitive and sufficient to attract, retain and motivate executive directors and senior executives to manage the Company well. Pay levels, benefits and incentives are structured to focus them to achieve corporate objectives.

The remuneration package generally comprises two components. One component is fixed in the form of a base salary that includes the 13th month based AWS. The other component is variable consisting of performance and incentive bonuses. The variable portion is largely dependent on the financial performance of the Company as the Remuneration Committee strongly supports and endorses the flexible wage system because it gives the Company more flexibility to ride through economic downturns. The Remuneration Committee has adopted set profitability levels to be achieved before performance bonuses are payable.

Non-executive directors are paid directors' fees which are subject to approval at AGMs.

The directors' remuneration in bands of US$250,000 is disclosed on page 20. The remuneration of the top four key executives who are not also directors of the Company is shown in bands of US$250,000.

DIRECTORS' REMUNERATION PAID OR ACCRUED FOR FINANCIAL YEAR ENDED JUNE 30, 2009

Directors of Company	Fixed Component (%)[1]	Variable Component (%)[2]	Directors' Fees (%)	Total Compensation (%)
Below US$250,000				
Tan Sri Asmat Bin Kamaludin	–	–	100	100
Mr Peh Kwee Chim[3]	–	–	100	100
Mr Cheak Boon Heng	–	–	100	100
Mr Ong Kok Wah	–	–	100	100
Dato' Kamaluddin Bin Abdullah	–	–	100	100
Mr Billy Lee Beng Cheng	–	–	100	100
Mdm Joanna Young Sau Kwan	–	–	100	100
Encik Aminuddin Yusof Lana[4]	–	–	100	100
Encik Shah Hakim Bin Zain[3]	–	–	100	100

Notes

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

(2) Variable component refers to variable bonus for the Financial Year ended June 30, 2009.

(3) Mr Peh Kwee Chim and Encik Shah Hakim Bin Zain retired as directors following the conclusion of the AGM held on October 24, 2008.

(4) Encik Aminuddin Yusof Lana resigned as director on July 31, 2009.

REMUNERATION OF THE TOP FOUR KEY EXECUTIVES WHO ARE NOT ALSO DIRECTORS OF THE COMPANY FOR FINANCIAL YEAR ENDED JUNE 30, 2009

Key Executives	Fixed Component (%)[1]	Variable Component (%)[2]	Benefits (%)[3]	Total Compensation (%)
US$500,000 to US$749,999				
Koh Kok Leong	40	58	2	100
Below US$250,000				
Abdul Razak Bin Abdul Rahman[4]	79	–	21	100
Kwan Chun Khuen	60	40	–	100
Teo Peck Bee	46	52	2	100

Notes

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

(2) Variable component refers to variable bonus for the Financial Year ended June 30, 2009.

(3) Benefits refer to the usage of cars and accommodation.

(4) Encik Abdul Razak Bin Abdul Rahman resigned as Chief Financial Officer on January 31, 2009.

ACCOUNTABILITY AND AUDIT

Accountability
(Principle 10)

The Board through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects.

CHO recognises the importance of providing the Board with a continual flow of relevant information on an accurate and timely basis in order that it may effectively discharge its duties. On a regular basis, Board members are provided with business and financial reports comparing actual performance with budget with highlights on key business indicators and major issues.

Audit Committee
(Principle 11)

The Audit Committee comprises Mdm Joanna Young Sau Kwan (Committee Chairman), Mr Billy Lee Beng Cheng and Mr Cheak Boon Heng, the majority of whom, including the Chairman, are non-executive and independent. Mdm Joanna Young Sau Kwan has accounting and related financial management expertise and experience. The Board considers Mr Billy Lee Beng Cheng and Mr Cheak Boon Heng as having sufficient financial knowledge and experience to discharge their responsibility as members of the Committee.

The Audit Committee meets at least four times a year to carry out its role of reviewing the financial reporting process, the systems of internal controls, management of financial risks and the audit process.

The Audit Committee's duties include:

(a) reviewing the scope and the results of audit work carried out by the external auditors, the cost effectiveness of the audit, the independence and objectivity of the external auditors, and the nature, extent and costs of non-audit services provided by the external auditors;

(b) reviewing the quarterly and annual financial statements and financial announcements required by SGX-ST for recommendation to the Board for approval, integrity of financial reporting of the Company including accounting principles;

(c) reviewing and assessing the adequacy and effectiveness of the Company's systems of internal controls;

(d) reviewing the effectiveness of the Company's internal audit functions;

(e) recommending to the Board the appointment, re-appointment and removal of the external auditors of the Company and approval of the remuneration and terms of engagement of the external auditors;

(f) meeting with the internal auditors and the external auditors, without the presence of the Company's Management, at least annually;

(g) reviewing the independence of the external auditors annually; and

(h) reviewing interested person transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate obtained at the last Annual General Meeting.

The Audit Committee has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of Management and full discretion to invite any director or executive officer to attend its meetings. The Audit Committee has adequate resources to enable it to discharge its responsibilities properly.

The Company has implemented a Whistle-Blowing 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 objectives for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

With the exception of MarineCo Limited, Gemini Sprint Sdn Bhd and Jubilant Meridian Sdn Bhd, all the subsidiaries and associated companies listed on pages 48 and 50 of this Annual Report are audited by Deloitte & Touche LLP. MarineCo Limited and Gemini Sprint Sdn Bhd were audited by Deloitte & Touche LLP for the financial year ended 31 December 2008. For the financial year ending 31 December 2009, MarineCo Limited and Gemini Sprint Sdn Bhd are audited by Messrs PricewaterhouseCoopers. Jubilant Meridian Sdn Bhd was audited by Gomez & Co. and disposed of during the year.

The Board and the Audit Committee are satisfied that the appointment of Messrs PricewaterhouseCoopers and Gomez & Co. would not compromise the standard and effectiveness of the audit of the Group.

The Company has adopted the SGX Best Practices Guide with respect to the dealings in securities for the guidance of directors and officers. CHO's directors and officers 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 officers are prohibited from dealing in CHO's shares on short-term considerations.

Internal Controls
(Principle 12)

Internal and external auditors conduct regular reviews of the system of internal controls and significant internal control weaknesses are brought to the attention of the Audit Committee and to Management for remedial action. The Audit Committee is of the opinion that there are adequate internal controls in the Company.

CHO recognises the importance of enterprise risk management process (ERM) and has set up a Risk Management Committee, which reports to the Board.

CHO has institutionalised its risk management practices under a formal ERM framework, with the assistance of external consultants. The framework allows the Company to have reliable mechanisms for gathering enterprise-wide information; identifying, analysing and monitoring risks to make risk-informed decisions. The Group also has in place a Business Continuity Management framework.

CHO has implemented a Group insurance program. The Group also has in place a system for financial monitoring and control.

Internal Audit
(Principle 13)

The internal audit function is outsourced to international public accounting firm, Moore Stephens. The internal auditors will report to the Chairman of the Audit Committee 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 Audit Committee 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 Audit Committee has reviewed the adequacy of the internal audit function and is satisfied that the Company's internal audit function is adequately resourced.

COMMUNICATION WITH SHAREHOLDERS
(Principles 14 and 15)

CHO believes in regular and timely communication with investors. The Company is open to meetings with investors and analysts.

CHO's website serves as a comprehensive and easy-to-use source of information for shareholders. It contains the Company's publicly disclosed financial information, annual reports, news releases and announcements.

CHO is in full support of the Code's principle to encourage shareholder participation. CHO's Articles of Association allow a member entitled to attend and vote to appoint a proxy to attend and vote instead of the member and also provide that a proxy need not be a member of CHO. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions.

Board members always endeavour to attend general meetings to address questions by shareholders. Management as well as the external auditors are present at AGMs to assist the Board in addressing queries from shareholders.

Interested Person Transactions

The Company has also put in place an internal procedure to track interested person transactions ("IPTs") of the Company. The Finance Department is in charge of keeping a register of the Company's IPTs. All IPTs are disclosed in the Company's Annual Report.

The aggregate value of interested person transactions entered into during the financial year under review is as follows:

Interested Person Transactions	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	(US$'000)
Chuan Hup Holdings Limited Group of Companies	220

Interested Person Transactions	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the financial period under review (excluding transactions less than S$100,000)
	(US$'000)
Scomi Group Berhad & associates and Scomi Marine Bhd & associates	1,658

The Company is seeking a renewal of the Shareholders' Mandate for Interested Person Transactions with Scomi Group Berhad and its associates and Scomi Marine Bhd and its associates at the forthcoming AGM.

CONCLUSION

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

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The attendance of each Director at Board meetings and Board Committee meetings during the Financial Year ended June 30, 2009 is as follows:

Board Meetings

		Board Meetings	
Director	Notes	No of Meetings Held	No of Meetings Attended
Tan Sri Asmat Bin Kamaludin		4	4
Mr Peh Kwee Chim	(1)	1	1
Mr Cheak Boon Heng		4	4
Dato' Kamaluddin Bin Abdullah	(2)	4	4
Mr Billy Lee Beng Cheng		4	4
Mdm Joanna Young Sau Kwan		4	4
Encik Aminuddin Yusof Lana	(3)	4	3
Encik Shah Hakim Bin Zain	(4)	1	1
Mr Ong Kok Wah		4	4

Board Committee Meetings

		Nominating Committee		Audit Committee		Remuneration Committee	
	Notes	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Tan Sri Asmat Bin Kamaludin		1	1	–	–	–	–
Dato' Kamaluddin Bin Abdullah		–	–	–	–	2	2
Mr Billy Lee Beng Cheng		1	1	4	4	2	2
Mdm Joanna Young Sau Kwan		1	1	4	4	2	2
Encik Aminuddin Yusof Lana	(3)	–	–	4	3	–	–

Notes:

(1) Mr Peh Kwee Chim retired following the conclusion of the AGM held on October 24, 2008.

(2) 1 out of the 4 Board Meetings was attended by Mdm Loong Chun Nee, Alternate Director to Dato' Kamaluddin Bin Abdullah.

(3) Encik Aminuddin Yusof Lana resigned as a director and a member of the Audit Committee on July 31, 2009.

(4) Encik Shah Hakim Bin Zain retired following the conclusion of the AGM held on October 24, 2008.

FINANCIAL CONTENTS

The directors present their report together with the audited financial statements of the company and the consolidated financial statements of the group for the financial year ended June 30, 2009.

1 DIRECTORS

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

Tan Sri Asmat Bin Kamaludin
Mr Cheak Boon Heng
Dato' Kamaluddin Bin Abdullah
Mr Billy Lee Beng Cheng
Mdm Joanna Young Sau Kwan
Mr Ong Kok Wah
Mdm Loong Chun Nee (Appointed as alternate director to Dato' Kamaluddin Bin Abdullah on October 24, 2008)

In accordance with article 89 of the articles of association, Tan Sri Asmat Bin Kamaludin, Dato' Kamaluddin Bin Abdullah and Mr Ong Kok Wah retire by rotation and being eligible, offer themselves for re-election.

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 to acquire benefits by means of the acquisition of shares in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES

The directors of the company holding office at the end of the financial year and their interests in the share capital of the company as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act are as follows:

	Shareholdings registered in the name of the director		
Name of director and company in which interests are held	At beginning of year	At end of year	At July 21, 2009
CH Offshore Ltd			
Ordinary shares			
Mr Cheak Boon Heng	2,000,000*	2,370,000*	2,370,000*
Mdm Joanna Young Sau Kwan	4,500	4,500	4,500
Mr Ong Kok Wah	1,701,400	1,846,400	1,846,400

* Includes shares registered in the name of nominees.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 OPTIONS TO TAKE UP UNISSUED SHARES

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

6 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.

7 UNISSUED SHARES UNDER OPTION

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

8 AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Singapore Exchange 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, 2009.

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

9 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Tan Sri Asmat Bin Kamaludin

Mr Ong Kok Wah

August 18, 2009

We have audited the accompanying financial statements of CH Offshore Ltd ("the company") and its subsidiaries ("the group") which comprise the balance sheets of the group and the company as at June 30, 2009, the profit and loss statements, and statements of changes in equity of the group and the company and the consolidated cash flow statement of the group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 59.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: 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 profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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.

Opinion

In our opinion,

a) the consolidated financial statements of the group and the balance sheet, profit and loss statement 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 state of affairs of the group and of the company as at June 30, 2009 and the results and changes in equity of the group and of the company and cash flows of the group for the year ended on that date; and

b) the accounting and other records required by the Act to be kept by the company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Alan Nisbet
Partner
Appointed since the financial
year ended June 30, 2008

Singapore
August 18, 2009

BALANCE SHEETS
As At June 30, 2009

		Group		Company	
		2009	2008	2009	2008
	Note	US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	19,026	15,466	18,425	14,976
Trade receivables	8	8,625	4,606	8,326	4,342
Other receivables and prepayments	9	843	726	9,750	498
		28,494	20,798	36,501	19,816
Non-current assets classified as held for sale	10	–	157	–	–
Total current assets		28,494	20,955	36,501	19,816
Non-current assets					
Subsidiary companies	11	–	–	8,751	8,751
Associated companies	12	6,184	5,756	4,728	4,728
Club membership	13	17	17	–	–
Fixed assets	14	168,094	132,367	128,164	116,738
Total non-current assets		174,295	138,140	141,643	130,217
Total assets		202,789	159,095	178,144	150,033
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans - current portion	15	3,000	4,000	3,000	4,000
Trade payables	16	10,407	7,862	18,724	14,217
Other payables	17	–	840	16,916	24,629
Other payables - deferred gain	18	82	82	–	–
Income tax payable		239	243	236	231
Total current liabilities		13,728	13,027	38,876	43,077
Non-current liabilities					
Other payables - deferred gain	18	1,623	1,704	–	–
Bank loans	15	–	3,000	–	3,000
Total non-current liabilities		1,623	4,704	–	3,000
Capital and reserves					
Issued capital	19	55,379	55,379	55,379	55,379
Translation reserve		–	67	–	–
Accumulated profits		132,059	85,918	83,889	48,577
Total equity		187,438	141,364	139,268	103,956
Total liabilities and equity		202,789	159,095	178,144	150,033

See accompanying notes to the financial statements.

		Group		Company	
		2009	2008	2009	2008
	Note	US$'000	US$'000	US$'000	US$'000
Revenue	21	68,794	43,131	57,895	34,953
Cost of sales	22	(15,051)	(14,242)	(12,964)	(11,303)
Gross profit before direct depreciation		53,743	28,889	44,931	23,650
Direct depreciation		(6,225)	(4,530)	(4,899)	(3,629)
Gross profit		47,518	24,359	40,032	20,021
Other income	23	11,484	18,960	7,312	15,960
Other expenses - indirect depreciation		(67)	(91)	(28)	(45)
Administrative expenses		(3,306)	(3,911)	(1,788)	(2,154)
Profit from operations		55,629	39,317	45,528	33,782
Finance cost		(97)	(16)	(97)	(16)
Profit before income tax and results of associated companies		55,532	39,301	45,431	33,766
Share of results of associated companies	12	731	583	–	–
Profit before income tax	24	56,263	39,884	45,431	33,766
Income tax	25	(24)	(205)	(21)	(224)
Profit for the year		56,239	39,679	45,410	33,542
Earnings per share:					
Basic and fully diluted (US cents)	26	7.98	5.63		

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year Ended June 30, 2009

	Issued capital	Translation reserve	Accumulated profits	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Balance at July 1, 2007	55,379	32	65,233	120,644
Translation difference	–	35	–	35
Profit for the year	–	–	39,679	39,679
Total recognised income and expense for the year	–	35	39,679	39,714
Final dividend (Note 20)	–	–	(16,533)	(16,533)
Interim dividend (Note 20)	–	–	(2,461)	(2,461)
Balance at June 30, 2008	55,379	67	85,918	141,364
Translation difference	–	(67)	–	(67)
Profit for the year	–	–	56,239	56,239
Total recognised income and expense for the year	–	(67)	56,239	56,172
Final dividend (Note 20)	–	–	(7,568)	(7,568)
Interim dividend (Note 20)	–	–	(2,530)	(2,530)
Balance at June 30, 2009	55,379	–	132,059	187,438

	Issued capital	Accumulated profits	Total
	US$'000	US$'000	US$'000
Company			
Balance at July 1, 2007	55,379	34,029	89,408
Profit for the year	–	33,542	33,542
Final dividend (Note 20)	–	(16,533)	(16,533)
Interim dividend (Note 20)	–	(2,461)	(2,461)
Balance at June 30, 2008	55,379	48,577	103,956
Profit for the year	–	45,410	45,410
Final dividend (Note 20)	–	(7,568)	(7,568)
Interim dividend (Note 20)	–	(2,530)	(2,530)
Balance at June 30, 2009	55,379	83,889	139,268

See accompanying notes to the financial statements.

	2009	2008
	US$'000	US$'000
Operating activities		
Profit before income tax and results of associated companies	55,532	39,301
Adjustments for:		
Depreciation	6,292	4,621
Interest income	(236)	(1,287)
Interest expense	81	–
Net foreign exchange gain	(5)	(555)
Gain on liquidation of an associated company	–	(619)
Gain on disposal of an associated company	(608)	–
Gain on disposal of fixed assets	(10,871)	(17,786)
Operating profit before working capital changes	50,185	23,675
Trade receivables	(4,019)	5,136
Other receivables and prepayments	(149)	756
Trade payables	2,563	809
Other payables	(390)	(1,669)
Cash generated from operations	48,190	28,707
Interest paid	(520)	(521)
Interest received	248	1,344
Income tax paid	(28)	(506)
Net cash from operating activities	47,890	29,024
Investing activities		
Proceeds on disposal of fixed assets	11,031	18,465
Purchases of fixed assets	(41,601)	(49,450)
Proceed on disposal of an associated company	312	–
Proceed from liquidation of an associated company	–	2,059
Net cash used in investing activities	(30,258)	(28,926)
Financing activities		
Proceeds from bank loans	17,000	–
Repayments of bank loans	(21,000)	(4,000)
Dividends paid	(10,098)	(18,994)
Net cash used in financing activities	(14,098)	(22,994)
Net increase (decrease) in cash and cash equivalents	3,534	(22,896)
Cash and cash equivalents at the beginning of the year	15,466	37,827
Effects of exchange rate changes on the balance of cash held in foreign currencies	26	535
Cash and cash equivalents at the end of the year	19,026	15,466

See accompanying notes to the financial statements.

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 registered office and principal place of business at 388 Jalan Ahmad Ibrahim, Singapore 629157. The financial statements are expressed in United States Dollars.

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 11 and 12 to the financial statements respectively.

The financial statements of the company and the consolidated financial statements of the group for the year ended June 30, 2009 were authorised for issue by the board of directors on August 18, 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after July 1, 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

FRS 1	-	*Presentation of Financial Statements (Revised)*
FRS 23	-	*Borrowing Costs (Revised)*
FRS 27	-	*Consolidated and Separate Financial Statements (Revised)*
FRS 108	-	*Operating Segments*

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

FRS 1 - *Presentation of Financial Statements (Revised)*

FRS 1 (Revised) will be effective for annual periods beginning on or after January 1, 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

FRS 23 – *Borrowing Costs (Revised)*

FRS 23 (Revised) will be effective for annual periods beginning on or after January 1, 2009 and eliminates the option available under the previous version of FRS 23 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. As the change in accounting policy is to be applied prospectively, there will be no impact on amounts reported for 2009.

FRS 27 – *Consolidated and Separate Financial Statements (Revised)*

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the details of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 108 – *Operating Segments*

FRS 108 will be effective for annual financial statements beginning on or after January 1, 2009 and supersedes FRS 14 – Segment Reporting. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, FRS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the identification of the group's reportable segments may change.

The management anticipates that the adoption of the other FRSs, INT FRSs and amendments to FRSs issued at the date of authorisation of these financial statements but only effective in future periods will not have a material impact on the financial statements of the group and company in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to June 30 each year. Control is achieved when the company has the power to govern the financial and operating policies of an invested enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group.

All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

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

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the group's balance sheet 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 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 other than those financial instruments "at fair value through profit and loss".

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

There is no financial asset classified as held for trading during the year and at balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described in Note 4.

Financial assets

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. 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 investment 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.

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.

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 and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Trade and other payables

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

Bank borrowings

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of the borrowings in accordance with 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.

Derivative financial instruments

The group's activities expose it primarily to the financial risks of changes in foreign exchange rates.

The group used derivative financial instruments to manage its exposure to foreign exchange rate risk. The derivative financial instruments include foreign exchange forward contracts and knock-out forward contract. Further details of derivative financial instruments are disclosed in Note 30 to the financial statements.

The use of financial derivatives is governed by the group policies. The group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

ASSOCIATED COMPANY - An associated company is one in which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associated companies are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associated company, less any impairment in the value of individual investments. Losses of an associated company in excess of 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 associated company) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the associated company.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associated company of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associated company.

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 do not enter into any finance leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FIXED ASSETS - Fixed assets are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Construction-in-progress consists of construction costs, related acquisition expenses and finance costs incurred during the period of construction. Finance costs that are directly attributable to the construction of an asset are capitalised as part of the cost of the asset.

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	-	4% to 17.15%
Furniture, fittings and equipment	-	10% to 33%
Motor vehicles	-	20%

Depreciation is not provided on construction-in-progress.

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

Dry dock costs incurred for a vessel which had undergone a Special Periodic Survey and which resulted in an extension of the useful life of the vessel are stated at cost and depreciated on a straight-line basis over the extended useful life of the vessel.

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 and loss.

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

IMPAIRMENT OF TANGIBLE ASSETS - At each balance sheet date, the group reviews the carrying amounts of its tangible 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.

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 that reflects current market assessments of the time value of money and the risks specific to the asset.

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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

CLUB MEMBERSHIP - Club membership is held on a long term basis, which is stated at purchase cost less accumulated impairment loss.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE - Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

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 balance sheet date, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Commission, management fee and agency fee earned from rendering of services is 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.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. 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.

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 balance sheet date.

REPAIRS AND MAINTENANCE OF VESSELS - The cost of 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 profit and loss statement 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 in the countries in which the company and its subsidiaries operate by the balance sheet date.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. 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 for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 by the balance sheet date. Deferred tax is charged or credited to profit or loss.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. 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 directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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 on the balance sheet date. 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 classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

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

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amount recognised in the financial statements apart from those involving estimations which are dealt with below. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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:

Depreciation

As described in Note 2, the group reviews the estimated useful lives and residual values 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.

The depreciation expense and carrying value of fixed assets are disclosed in Note 14.

Impairment of fixed assets

As described in Note 2, determining whether the fixed assets have suffered an impairment loss requires management to assess on an annual basis if there is any indication of impairment, when any indication exists, management is required to exercise their judgement in estimating the recoverable amount of the fixed assets determined on the basis of their fair value by reference to the market value of the fixed assets to be disposed less estimated selling cost.

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

Management also exercise their judgment in customer credit review and assess:

a) potential risk of cancellation of chartering contracts by existing customers; and

b) utilisation rate of vessels as compared with the preceding reporting period; and

c) likelihood of commercial term of long term charter being renegotiated to reduce locked in charter rates arising from the fall in overall market charter rates;

If the recoverable amount of the vessels determined on the basis of their fair values by reference to the market values of the vessels to be disposed less estimated selling cost is estimated to be less than their carrying amounts, the carrying amounts of the assets is to be reduced to its recoverable amount, an impairment loss is recognised immediately in profit or loss. During the financial year, management determined that there was no indication of impairment for fixed assets.

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 balance sheet date:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Financial Assets				
Derivative financial instruments	–	20	–	20
Trade and other receivables (including cash and cash equivalents)	27,716	20,129	35,836	19,363
Financial Liabilities				
Trade and other payables	5,579	6,628	31,737	36,817
Bank loans	3,000	7,000	3,000	7,000

(b) *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 the 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.

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

(b) *Financial risk management policies and objectives (cont'd)*

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, Malaysian Ringgit, Indonesia Rupiah, Philippines Peso and Australian Dollar.

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 forward foreign currency exchange contracts and knock-out forward contract to hedge foreign exchange risk. These financial instruments are utilised to provide a degree of certainty on cash flows. No such forward foreign currency exchange contracts and knock-out forward contract were entered during the current financial year. The group is prohibited from entering into speculative transactions.

The carrying amounts of foreign currencies denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2009	2008	2009	2008	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	246	691	2,789	4,891	125	340	2,697	4,729
Malaysian Ringgit	97	98	292	81	–	8	–	–
Indonesia Rupiah	24	35	93	124	–	8	84	114
Philippines Peso	–	–	255	216	–	–	–	–
Australian Dollar	–	–	114	–	–	–	114	–

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies 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 rates.

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

	Group Impact		Company Impact	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	254	640[a]	257	659[a]
Malaysian Ringgit	20	(2)	–	(1)
Indonesia Rupiah	7	9	8	11
Philippines Peso	26	22	–	–
Australian Dollar	11	–	11	–

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

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

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

	Group Impact		Company Impact	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	(254)	(778)[a]	(257)	(797)[a]
Malaysian Ringgit	(20)	2	–	1
Indonesia Rupiah	(7)	(9)	(8)	(11)
Philippines Peso	(26)	(22)	–	–
Australian Dollar	(11)	–	(11)	–

[a] Other than Singapore Dollar in 2008, this is exclusively attributable to the exposure from outstanding foreign currency denominated receivables and payables at year end.

(ii) Interest rate risk management

The group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These assets and liabilities are, however, mostly short term in nature and with the current interest rate level, any future variation in interest rates are not expected to have a material impact on net profit.

The interest rates of the interest bearing financial assets and liabilities, representing bank balances, fixed deposits and bank loans bearing fixed interest rates are disclosed in Notes 7 and 15 respectively.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the profit for the year ended June 30, 2009 would increase/decrease by approximately US$62,000 or US$60,000 respectively for the group and US$61,000 or US$58,000 respectively for the company (2008 : increase/decrease by approximately US$171,000 for the group and US$170,000 for the company). This is mainly attributable to the group's exposure to interest rates on its fixed deposits.

The group and company's borrowings are at fixed interest rates. Interests charged by the banks during the year are as follows:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Interest expense recognised in profit and loss	81	–	81	–
Interest expense capitalised in cost of vessels (Note 14)	421	507	333	507

(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 of the value of any collateral obtained.

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

(b) *Financial risk management policies and objectives (cont'd)*

(iv) 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 Indonesia, Middle East, Australia and Latin America 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.

One of the group's customers covers a significant portion of the trade receivables balances as at year end (Note 8).

(v) 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.

Liquidity risk analysis

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay.

	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	US$'000	US$'000	US$'000	US$'000
Group				
2009				
Trade and other payables	5,579	–	–	5,579
Bank loans	3,083	–	(83)	3,000
	8,662	–	(83)	8,579
2008				
Trade and other payables	6,628	–	–	6,628
Bank loans	4,302	3,083	(385)	7,000
	10,930	3,083	(385)	13,628
Company				
2009				
Trade and other payables	31,737	–	–	31,737
Bank loans	3,083	–	(83)	3,000
	34,820	–	(83)	34,737
2008				
Trade and other payables	36,817	–	–	36,817
Bank loans	4,302	3,083	(385)	7,000
	41,119	3,083	(385)	43,817

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

(b) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets.

	On demand or within 1 year	Total
	US$'000	US$'000
Group		
2009		
Trade and other receivables	8,690	8,690
Cash and cash equivalents	19,026	19,026
	27,716	27,716
2008		
Trade and other receivables	4,663	4,663
Cash and cash equivalents	15,466	15,466
	20,129	20,129
Company		
2009		
Trade and other receivables	17,411	17,411
Cash and cash equivalents	18,425	18,425
	35,836	35,836
2008		
Trade and other receivables	4,387	4,387
Cash and cash equivalents	14,976	14,976
	19,363	19,363

Derivative financial instruments

In 2008, the company had entered into derivative financial instrument contracts and this remained outstanding as at June 30, 2008. No such derivative financial instruments remained outstanding as at June 30, 2009.

(vi) 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, except for non-current bank loans, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The non-current bank loans bear interest at rates approximating market rates as at year end, and hence the carrying amount approximates its fair value. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of derivative financial instrument are determined in accordance with generally accepted pricing models.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

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

(c) *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 debt and equity balance. The group reviews and monitors the loan covenants at each reporting period. There is no breach of covenant as at balance sheet date.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Note 15 and equity attributable to equity holders of the company, comprising issued capital, reserve and accumulated profits.

The group's overall strategy remains unchanged from 2008.

5 ASSOCIATED COMPANIES AND RELATED COMPANIES TRANSACTIONS

Related companies in these financial statements refer to the company's subsidiaries.

An associated company is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Some of the group's transactions and arrangements are between members of the group and associated companies 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 unless otherwise stated.

Some transactions with related companies and associated companies, other than those disclosed elsewhere in the notes to profit and loss statement are as follows:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Management fee earned from an associated company	(168)	(168)	–	–
Supervision fees paid to a Subsidiary company	–	–	60	154
Agency fees paid to a Subsidiary company	–	–	441	–

6 RELATED PARTIES TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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.

6 RELATED PARTIES TRANSACTIONS (CONT'D)

Some related parties transactions with entities with common direct or indirect shareholders, other than those disclosed elsewhere in the notes to profit and loss statement are as follows:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned [(a)]	(6,370)	(12,526)	(6,076)	(10,466)
Management fee earned	(221)	(315)	–	–
Service income earned	–	(18)	–	–
Commission earned	–	(208)	–	–
Rental paid	159	138	39	30
Commission expense	–	16	–	16
Management fee paid	–	106	–	35
Sale of fixed asset	(9)	–	(9)	–

[(a)] This arises from charter contracts entered into by a related party, who acted as an agent with various third party charterers on behalf of the group and company. The related party earns an agency fee of 2% on the charter hire income for such services rendered, which is netted against revenue of the group and company.

Compensation of directors and key management personnel

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

	Group	
	2009	2008
	US$'000	US$'000
Short-term benefits	987	1,067
Post-employment benefits	11	15
	998	1,082

The remuneration of directors and 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	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Cash on hand and bank balances	738	806	579	491
Fixed deposits	18,288	14,660	17,846	14,485
Cash and cash equivalents at end of year	19,026	15,466	18,425	14,976

Cash on hand and bank balances comprise cash held by the group and short term bank deposits with an original maturity of approximately three months or less. The carrying amounts of these assets approximate their fair values.

The bank balances and fixed deposits bear interest at rates ranging from 0.06% to 8.5% (2008 : 0.75% to 8.50%) per annum.

7 CASH AND CASH EQUIVALENTS (CONT'D)

The group and company's cash and cash equivalents that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	2,714	4,819	2,647	4,694
Indonesia Rupiah	86	119	84	114
Philippines Peso	227	183	–	–
Malaysian Ringgit	228	42	–	–
Australian Dollar	114	–	114	–

8 TRADE RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Outside parties	6,887	2,044	6,839	1,964
Associated companies (Note 5 and 12)	252	138	–	–
Related parties (Note 6)	1,486	2,424	1,487	2,378
	8,625	4,606	8,326	4,342

The average credit terms granted to customers ranged from 30 to 45 days (2008 : 30 to 45 days) upon receipt of invoice. No interest is charged on the trade receivables for the first 30 to 90 days from the date of receipt of the invoice. Thereafter, interest will be charged at rates ranging from 2.6% to 21.9% (2008 : 12% to 21.9%) per annum on the outstanding balance. Trade receivables past due but not impaired is US$Nil (2008 : US$Nil) as at June 30, 2009.

The group deals with customers who are mainly creditworthy oil majors or their preferred service providers. Of the trade receivables balance at the end of the year, US$5,240,000 (2008 : US$2,378,000) is due from the group's largest customer, which represents 61% (2008 : 52%) of group's total trade receivables.

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 reporting date. Accordingly, the management believes that there is no credit provision required in allowance for doubtful debts.

The group and company's trade receivables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	26	43	6	7
Philippines Peso	19	24	–	–
Malaysian Ringgit	64	39	–	–

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Subsidiary companies (Note 5 and 11)	–	–	9,035	–
Prepayments	778	649	665	433
Others	65	77	50	65
	843	726	9,750	498

The company's other receivables due from subsidiaries are interest-free and repayable on demand. The company has not made any allowance as the management is of the view that these receivables are recoverable.

The group and company's other receivables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	49	29	44	28

10 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	Company
	US$'000	US$'000
Vessels		
Cost:		
Transfer from fixed assets and balance at June 30, 2008	8,128	5,384
Disposals	(8,128)	(5,384)
Balance at June 30, 2009	–	–
Accumulated depreciation:		
Transfer from fixed assets and balance at June 30, 2008	7,971	5,384
Depreciation	32	–
Disposals	(8,003)	(5,384)
Balance at June 30, 2009	–	–
Carrying amount:		
At June 30, 2009	–	–
At June 30, 2008	157	–

In 2008, the group has entered into Memorandum of Agreements with third party buyers for sales of four vessels. As a result, the four vessels were classified as non-current assets held for sale in accordance with FRS 105 as at June 30, 2008. The sales of vessels were completed during the current financial year.

11 SUBSIDIARY COMPANIES

	Company	
	2009	2008
	US$'000	US$'000
Unquoted equity shares, at cost	8,751	8,751

	Country of incorporation	Proportion of ownership interest and voting power held		Cost of investment		Principal activities
		2009	2008	2009	2008	
		%	%	US$'000	US$'000	
Held by the company						
Chuan Hup Agencies (Private) Limited	Singapore	100	100	48	48	Ship owning, chartering and management
Delaware Marine Pte Ltd	Singapore	100	100	837	837	Investment holding
Sea Glory Private Limited	Singapore	100	100	*	*	Investment holding
Garo Pte Ltd	Singapore	100	100	3,060	3,060	Ship owning, chartering and commission agency
Offshore Gold Shipping Pte Ltd	Singapore	100	100	2,304	2,304	Ship owning and chartering
Pembrooke Marine Pte Ltd	Singapore	100	100	2,502	2,502	Ship owning and chartering
				8,751	8,751	

* The cost of investment is S$100 (which is equivalent to US$58).

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

12 ASSOCIATED COMPANIES

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	278	304	278	278
Amounts receivable - non-trade (i)	4,450	4,450	4,450	4,450
Share of translation reserve	–	67	–	–
Share of results of associated companies (ii)	1,456	935	–	–
	6,184	5,756	4,728	4,728

(i) The amounts receivable are unsecured, interest-free and repayable upon disposal 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.

12 ASSOCIATED COMPANIES (CONT'D)

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

	Group 2009	Group 2008
	US$'000	US$'000
Share of results of associated companies after income tax	650	501
Amortisation of deferred gain from sale of vessels to an associated company (Note 18)	81	82
	731	583

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

	Group 2009	Group 2008
	US$'000	US$'000
At beginning of year	935	1,848
Current year share of results	650	501
Reversal of share of results on disposal/liquidation of an associated company	(129)	(1,414)
At end of year	1,456	935

Summarised financial information in respect of the group's associated companies is set out below:

	Group 2009	Group 2008
	US$'000	US$'000
Total assets	23,574	24,513
Total liabilities	(20,338)	(21,984)
Net assets	3,236	2,529
Group's share of associated companies' net assets	1,734	1,306
Revenue	7,370	7,396
Profit for the year	1,154	887
Group's share of associated companies' profit for the year	650	501

12 ASSOCIATED COMPANIES (CONT'D)

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 is US$82,000 (2008 : US$67,000).

	Country of incorporation	Proportion of ownership interest and voting power held		Cost of investment		Principal activities
		2009	2008	2009	2008	
		%	%	US$'000	US$'000	
Held by the company						
MarineCo Limited [a]	Malaysia	49	49	245	245	Ship owning and chartering
Gemini Sprint Sdn. Bhd. [a]	Malaysia	49	49	33	33	Ship chartering
Held by subsidiary company						
Held by Delaware Marine Pte Ltd:						
Jubilant Meridian Sdn. Bhd. [b]	Malaysia	–	49	–	26	Ship owning and chartering
				278	304	

(a) The audited financial statements are for the financial year ended December 31, 2008. Accordingly, unaudited management accounts for the financial period from January 1, 2009 to June 30, 2009 have been used for the purpose of equity accounting for MarineCo Limited and Gemini Sprint Sdn. Bhd.

(b) During the year, the associated company has been disposed of.

13 CLUB MEMBERSHIP

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Golf club membership, at cost	17	17	–	–

14 FIXED ASSETS

	Vessels	Furniture, fittings and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Cost:					
Balance at July 1, 2007	100,475	564	230	14,198	115,467
Additions	567	8	–	49,382	49,957
Transfer from construction-in-progress	40,135	–	–	(40,135)	–
Disposals	(12,758)	(17)	(127)	–	(12,902)
Reclassified as non-current assets held for sale	(8,128)	–	–	–	(8,128)
Balance at June 30, 2008	120,291	555	103	23,445	144,394
Additions	9	50	138	41,825	42,022
Transfer from construction-in-progress	51,185	–	–	(51,185)	–
Disposals	–	(53)	(103)	–	(156)
Balance at June 30, 2009	171,485	552	138	14,085	186,260
Accumulated depreciation:					
Balance at July 1, 2007	27,138	390	72	–	27,600
Depreciation	4,530	60	31	–	4,621
Disposals	(12,159)	(16)	(48)	–	(12,223)
Reclassified as non-current assets held for sale	(7,971)	–	–	–	(7,971)
Balance at June 30, 2008	11,538	434	55	–	12,027
Depreciation	6,193	45	22	–	6,260
Disposals	–	(53)	(68)	–	(121)
Balance at June 30, 2009	17,731	426	9	–	18,166
Carrying amount:					
Balance at June 30, 2009	153,754	126	129	14,085	168,094
Balance at June 30, 2008	108,753	121	48	23,445	132,367

14 FIXED ASSETS (CONT'D)

	Vessels	Furniture, fittings and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
Cost:					
Balance at July 1, 2007	77,615	108	230	14,198	92,151
Additions	568	–	–	49,382	49,950
Transfer from construction-in-progress	40,135	–	–	(40,135)	–
Disposals	(10,121)	(7)	(127)	–	(10,255)
Reclassified as non-current assets held for sale	(5,384)	–	–	–	(5,384)
Balance at June 30, 2008	102,813	101	103	23,445	126,462
Additions	8	12	138	24,046	24,204
Transfer from construction-in-progress	25,590	–	–	(25,590)	–
Transfer to a subsidiary company #	–	–	–	(7,816)	(7,816)
Disposals	–	(3)	(103)	–	(106)
Balance at June 30, 2009	128,411	110	138	14,085	142,744
Accumulated depreciation:					
Balance at July 1, 2007	20,865	76	72	–	21,013
Depreciation	3,629	14	31	–	3,674
Disposals	(9,525)	(6)	(48)	–	(9,579)
Reclassified as non-current assets held for sale	(5,384)	–	–	–	(5,384)
Balance at June 30, 2008	9,585	84	55	–	9,724
Depreciation	4,899	6	22	–	4,927
Disposals	–	(3)	(68)	–	(71)
Balance at June 30, 2009	14,484	87	9	–	14,580
Carrying amount:					
Balance at June 30, 2009	113,927	23	129	14,085	128,164
Balance at June 30, 2008	93,228	17	48	23,445	116,738

\# A vessel was transferred to a subsidiary company at cost upon completion during the financial year.

Interest expense on bank loans obtained for the construction of vessels was capitalised as part of the cost of construction-in-progress and amounted to US$421,000 (2008 : US$507,000) for the group and US$333,000 (2008 : US$507,000) for the company. Supervision fees paid to a subsidiary were capitalised and amounted to US$87,000 (2008 : US$154,000) for the group and US$60,000 (2008 : US$154,000) for the company.

15 BANK LOANS

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Bank loans - unsecured	3,000	7,000	3,000	7,000
Less: Amount due for settlement within 12 months	(3,000)	(4,000)	(3,000)	(4,000)
Amount due for settlement after 12 months	–	3,000	–	3,000

The long term bank loans are unsecured, repayable quarterly in 20 equal installments of US$1 million commencing March 2005 to March 2010. Bank loans of US$1.5 million and US$1.5 million (2008 : US$3.5 million and US$3.5 million) bear fixed interest rate of 5.015% and 5.83% per annum respectively.

The fair values of the bank loans approximate their carrying amounts.

During the financial year, the company obtained short term loans of US$17 million which bear fixed interest rates ranging from 3.40% to 4.35% per annum. These loans have been fully repaid before year end.

16 TRADE PAYABLES

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Outside parties	5,563	5,746	2,863	3,681
Provision for withholding taxes	4,828	2,074	3,903	2,029
Subsidiary companies (Note 5 and 11)	–	–	11,942	8,482
Associated company (Note 5 and 12)	–	13	–	13
Related parties (Note 6)	16	29	16	12
	10,407	7,862	18,724	14,217

The average credit terms granted by suppliers ranged from 30 to 90 days (2008 : 30 to 90 days). The group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Provision for withholding taxes represents foreign taxes imposed on the charter hire.

The group and company's trade payables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	246	691	125	340
Indonesia Rupiah	24	35	–	8
Malaysian Ringgit	97	98	–	8

17 OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Outside party	–	390	–	–
Subsidiary companies (Note 5 and 11)	–	–	16,916	24,629
Associated companies (Note 5 and 12)	–	450	–	–
	–	840	16,916	24,629

The group and company's other payables are denominated in the functional currency of the respective entities.

18 OTHER PAYABLES - DEFERRED GAIN

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Deferred gain	1,786	1,868	–	–
Amortisation during the year (Note 12)	(81)	(82)	–	–
	1,705	1,786	–	–
Current portion	(82)	(82)	–	–
Non-current portion	1,623	1,704	–	–

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

19 ISSUED CAPITAL

	Company			
	2009	2008	2009	2008
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid-up capital:				
At beginning and end of the year	705,091	705,091	55,379	55,379

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

20 DIVIDENDS

During the financial year ended June 30, 2008, the company:

a) paid a final dividend of S$0.035 per ordinary share of the company totalling S$24,678,168 (equivalent to US$16,533,678) for the financial year ended June 30, 2007.

b) declared and paid an interim dividend of S$0.005 per ordinary share of the company totalling S$3,525,453 (equivalent to US$2,461,049) for the financial year ended June 30, 2008.

During the financial year ended June 30, 2009, the company:

a) Paid a final dividend of S$0.015 per ordinary share of the company totalling S$10,576,358 (equivalent to US$7,568,597) for the financial year ended June 30, 2008.

b) declared and paid an interim dividend of S$0.005 per ordinary share of the company totalling S$3,525,453 (equivalent to US$2,530,263) for the financial year ended June 30, 2009.

Subsequent to the financial year ended June 30, 2009, the directors recommended a final dividend of S$0.015 per ordinary share of the company totalling S$10,576,358 (equivalent to US$7,344,692) for the financial year ended June 30, 2009. The dividends declared and paid by the company were one-tier tax exempt dividends.

21 REVENUE

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned	67,910	40,769	57,668	33,676
Rendering of services	88	185	–	–
Commission earned	158	395	–	–
Management and agency fees	390	491	–	–
Interest income	236	1,287	227	1,277
Others	12	4	–	–
	68,794	43,131	57,895	34,953

22 COST OF SALES

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Vessel operating expenses	11,035	12,065	10,058	9,569
Withholding taxes	3,805	1,805	2,906	1,734
Others	211	372	–	–
	15,051	14,242	12,964	11,303

The group considers taxes paid or payable to the foreign tax authorities on the charter hire in the countries where the vessel operates as direct costs to derive the revenue earned. These costs are regarded as operating costs and classified as Cost of Sales in the financial statements.

23 OTHER INCOME

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Gain on liquidation of an associated company	–	619	–	2,034
Gain on disposal of an associated company	608	–	–	–
Foreign exchange adjustment gain	5	555	5	555
Net gain on disposal of fixed assets				
- related party	9	–	9	–
- third parties	10,862	17,786	7,298	13,371
	11,484	18,960	7,312	15,960

24 PROFIT BEFORE INCOME TAX

In addition to charges and credits disclosed elsewhere in the notes to the profit and loss statement, this item includes the following charges:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Directors' remuneration [(a)]	–	94	–	94
Directors' fees	172	206	172	206
Staff Cost:				
Permanent staff (including directors' remuneration)	2,848	3,293	1,496	1,661
Contract based crew	3,078	2,677	2,337	1,811
	5,926	5,970	3,833	3,472
Cost of defined contribution plans included in staff costs	204	243	61	67
Fair value gain adjustment on derivative financial instruments	–	20	–	20
Net foreign exchange adjustment gain	5	555	5	555

(a) Directors' remuneration for the group and the company includes depreciation expense of a motor vehicle used by directors amounting to US$ Nil (2008 : US$10,663).

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Auditors' remuneration:				
Audit fee	50	48	24	22
Non-audit fee	2	3	–	–

25 INCOME TAX

a) Taxation charge comprises:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Current tax:				
Singapore	20	232	19	219
Foreign	2	3	2	2
Deferred tax	–	(25)	–	–
Under (Over) provision in respect of prior year	2	(5)	–	3
	24	205	21	224

b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2008 : 18%) to profit before income tax and results of associated companies as a result of the following differences:

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Income tax expense at statutory rate	9,565	7,074	7,723	6,078
Tax exempt income (1)	(9,606)	(7,084)	(7,704)	(5,869)
Non-deductible items	4	16	–	–
Deferred tax benefit not recognised	124	188	–	–
Overseas tax	2	3	2	2
Effect of change in tax rate	(11)	–	–	–
Under (Over) provision in respect of prior year	2	(5)	–	3
Others	(56)	13	–	10
Total income tax expense at effective tax rate	24	205	21	224

(1) This represents 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 and capital allowances estimated as follows:

	Group	
	2009	2008
	US$'000	US$'000
Unutilised tax loss carryforwards	498	1,183
Capital allowances	224	197
	722	1,380
Deferred tax benefit on above:		
Unrecorded	105	229
Recorded	17	19

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

26 EARNINGS PER SHARE

Earnings per share is calculated by dividing the group's net 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	
	2009	2008
	US$'000	US$'000
Profit attributable to shareholders	56,239	39,679
Number of weighted average ordinary shares used to compute earnings per share ('000)	705,091	705,091
Basic and fully diluted:		
Earnings per share (US cents)	7.98	5.63

Group basic earnings per share is the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at balance sheet date.

27 SEGMENTAL INFORMATION

Business Segments

The operations of the group are associated specifically with the support of offshore oil and gas industry which is also the only primary business segment of the group.

Geographical Segment

Segment revenue: Segment revenue is analysed based on the location of customers.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire fixed assets.

The group's operations are located in Indonesia, Middle East, Australia, Latin America and other Asia-Pacific countries.

The following is the revenue by location of customers and the total assets and capital expenditure analysed by the geographical area:

	Revenue	Total assets	Capital expenditure
	US$'000	US$'000	US$'000
2009			
Indonesia	7,381	20,393	–
Middle East	10,859	35,011	–
Australia	17,996	75,097	–
Latin America	31,683	51,383	–
Japan	–	14,086	41,825
Others [(a)]	875	6,819	197
	68,794	202,789	42,022
2008			
Indonesia	11,601	24,344	–
Middle East	10,396	37,388	–
Australia	6,954	22,222	–
Latin America	7,745	43,818	–
Japan	–	23,447	49,381
Others [(a)]	6,435	7,876	576
	43,131	159,095	49,957

[(a)] The revenue generated from other geographical location of customers individually contributed to less than 10% of the total revenue.

28 CONTINGENT LIABILITIES

	Group and Company	
	2009	2008
	US$'000	US$'000
Guarantees (unsecured)	8,517	9,528

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

	Group and Company	
	2009	2008
	US$'000	US$'000
Related party [(a)]	622	1,627
Associated company [(b)]	7,860	7,860
Third parties	35	41
	8,517	9,528

(a) To indemnify a related party for any losses or liabilities that may result from the bankers' guarantee it has obtained for the bidding and performances of projects on behalf of the company through standby letter of credit.

(b) To provide corporate guarantee to an associated company to obtain a bank loan. The fair value of the financial guarantee is assessed to be insignificant, accordingly no fair value gain or loss is recorded in profit and loss statement.

29 COMMITMENTS

a) Operating lease commitments with related party (Note 6)

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Minimum lease payments paid under operating leases included in profit and loss statement	159	138	39	30

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

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Within one year	153	163	37	36
In the second to fifth year inclusive	–	163	–	36
	153	326	37	72

Operating lease payments represent rentals payable by the group and the company for certain of its office premises. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

b) Capital commitments

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Amounts contracted for construction of vessels but not accrued	41,061	80,461	41,061	80,461

30 DERIVATIVE FINANCIAL INSTRUMENTS

The group utilises currency derivatives to hedge future transactions and cash flows. The group entered into forward foreign exchange contracts and knock-out forward contracts in the management of its exchange rate exposures in 2008. The derivative instruments purchased are primarily denominated in Singapore dollars which is the currency of the group's principal markets.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts and knock-out forward contract to which the group is committed are as follows:

	Group and Company	
	2009	2008
	US$'000	US$'000
Forward foreign exchange contracts	–	2,000

Knock-out forward contract

If the United States Dollar/Singapore Dollar exchange rate prevailing at balance sheet date is:

		Group and Company	
		2009	2008
		US$'000	US$'000
a.	higher than or equal to 1.32 and lower than 1.405	–	1,500
b.	higher than 1.405	–	3,000
c.	lower than 1.32, knock–out forward contract lapses	–	–

These arrangements were designed in the previous financial year to address exchange exposures for the current financial year.

In 2008, the fair value of the group's currency derivatives was estimated to be approximately US$20,000. The fair values are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching of the contracts US$20,000 assets, net.

The following table details the forward foreign currency contracts and knock-out forward contract outstanding as at balance sheet date.

Outstanding contracts	Non-functional foreign currency		Contract value	
	2009	2008	2009	2008
	S$'000	S$'000	US$'000	US$'000
Group and Company				
Forward foreign currency contracts				
Sell United States Dollars less than 3 months, at rate of 1.373	–	2,746	–	2,000
Knock-out forward contract				
Sell United States Dollars				
i) If United States Dollar/Singapore Dollar forward exchange rate prevailing at exercise date of the contract is higher than or equal to 1.32 and lower than 1.405: less than 1 year, at rate of 1.405	–	2,108	–	1,500
ii) If United States Dollar/Singapore Dollar forward exchange rate prevailing at exercise date of the contract is higher than 1.405: less than 1 year, at rate of 1.405	–	4,215	–	3,000

If United States Dollar/Singapore Dollar forward exchange rate prevailing at exercise date is lower than 1.32, knock-out forward contract lapses.

No such derivative instrument remained outstanding as at June 30, 2009.

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet, profit and loss statement and statement of changes in equity of the company set out on pages 28 to 59 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at June 30, 2009 and of the results and changes in equity of the group and of the company and cash flows of the group 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 as and when they fall due.

ON BEHALF OF THE DIRECTORS

Tan Sri Asmat Bin Kamaludin

Mr Ong Kok Wah

August 18, 2009

SHARE CAPITAL

Issued and Fully Paid Capital – S$95,251,166.00

BREAKDOWN OF SHAREHOLDINGS BY RANGE

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED SHARE CAPITAL
1 – 999	838	9.47	380,231	0.05
1,000 – 10,000	5,698	64.44	24,982,060	3.54
10,001 – 1,000,000	2,279	25.77	117,361,637	16.65
1,000,001 and above	28	0.32	562,366,586	79.76
TOTAL	8,843	100.00	705,090,514	100.00

TWENTY LARGEST SHAREHOLDERS

	SHAREHOLDER'S NAME	NO. OF SHARES	% OF HOLDINGS
1	OVERSEA CHINESE BANK NOMINEES PTE LTD	205,031,000	29.08
2	RAFFLES NOMINEES (PTE) LTD	168,398,026	23.88
3	HSBC (SINGAPORE) NOMINEES PTE LTD	36,857,000	5.23
4	MAYBAN NOMINEES (SINGAPORE) PTE LTD	22,610,000	3.21
5	PEH KWEE YONG	20,801,866	2.95
6	PEH KWEE CHIM	19,692,666	2.79
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	13,280,400	1.88
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	12,593,299	1.79
9	UOB KAY HIAN PTE LTD	10,258,000	1.45
10	DBS NOMINEES PTE LTD	7,892,810	1.12
11	MERRILL LYNCH (SINGAPORE) PTE LTD	6,893,000	0.98
12	CITIBANK NOMINEES SINGAPORE PTE LTD	4,784,850	0.68
13	DBSN SERVICES PTE LTD	3,594,700	0.51
14	OCBC SECURITIES PRIVATE LTD	3,348,700	0.47
15	LIM & TAN SECURITIES PTE LTD	3,032,000	0.43
16	OCBC NOMINEES SINGAPORE PTE LTD	2,842,070	0.40
17	KIM ENG SECURITIES PTE. LTD.	2,428,600	0.34
18	TEO JOO KIM	2,208,000	0.31
19	PRIMA PORTFOLIO PTE LTD	2,100,000	0.30
20	PHILLIP SECURITIES PTE LTD	1,912,198	0.27
	Total:	550,559,185	78.07

SHAREHOLDER INFORMATION
As At September 8, 2009

SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

SHAREHOLDER'S NAME	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
SCOMI MARINE SERVICES PTE. LTD. (formerly known as International Marine Services Pte. Ltd.)	–	–	205,000,000[a]	29.07
CHUAN HUP HOLDINGS LIMITED	167,197,026[b]	23.71	205,000,000[c]	29.07
SCOMI MARINE BHD (formerly known as Habib Corporation Berhad)	–	–	205,000,000[d]	29.07
SCOMI GROUP BERHAD	–	–	205,000,000[e]	29.07
PEH KWEE CHIM	39,692,666[f]	5.63	167,197,026[g]	23.71

Notes:

(a) Scomi Marine Services Pte. Ltd. has a deemed interest in 205,000,000 shares held in the name of Oversea Chinese Bank Nominees Pte Ltd, by virtue of Section 7(6)(d) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), as it is the beneficial owner of these shares.

(b) Held in the name of its nominee, Raffles Nominees (Pte) Ltd.

(c) Chuan Hup Holdings Limited has a deemed interest in 205,000,000 shares, by virtue of Section 7(4) of the Companies Act, as it holds 23.19% of the issued shares of Scomi Marine Bhd.

(d) Scomi Marine Bhd has a deemed interest in 205,000,000 shares by virtue of Section 7(4) of the Companies Act, as it is the sole member of Scomi Marine Services Pte. Ltd.

(e) Scomi Group Berhad has a deemed interest in 205,000,000 shares, by virtue of Section 7(4) of the Companies Act, as it holds 42.75% of the issued shares of Scomi Marine Bhd.

(f) Includes shares held in the name of nominees.

(g) Mr Peh Kwee Chim has a deemed interest in 167,197,026 shares by virtue of Section 7(4) of the Companies Act, as he holds 46.88% of the issued shares of Chuan Hup Holdings Limited.

(h) Based on information available to the Company as at September 8, 2009, approximately 38.03% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

September 29, 2009

To: The Shareholders of
CH Offshore Ltd

Dear Sir/Madam

RENEWAL OF THE IPT MANDATE

1. **Background.** At the Thirty-Second Annual General Meeting of the Company, Shareholders approved, *inter alia*, the renewal of a mandate (the "IPT Mandate") to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" (as that term is used in Chapter 9 of the Listing Manual) to enter into certain interested person transactions with the classes of interested persons (the "Interested Persons") as set out in the IPT Mandate.

   Particulars of the Mandate were set out in The Appendix to the Letter to Shareholders dated October 4, 2008 in the Company's 2008 Annual Report and Ordinary Resolution 7 as set out in the Notice of the 2008 Annual General Meeting ("AGM"). The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the Thirty-Third AGM, which is scheduled to be held on October 16, 2009.

2. **Renewal of the IPT Mandate.** The directors of the Company (the "Directors") propose that the IPT Mandate be renewed at the Thirty-Third AGM, to take effect until the Thirty-Fourth AGM of the Company. The particulars of the interested person transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged.

3. **The Appendix.** Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with the Interested Persons and other general information in relation to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.

4. **Statement of Audit Committee.** Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee of the Company, comprising Mdm Joanna Young Sau Kwan, Mr Billy Lee Beng Cheng and Mr Cheak Boon Heng, confirms that:

   (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the Thirty-Second AGM; and

   (b) the methods or procedures referred to in paragraph 4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5. **Directors' and Substantial Shareholders' Interests.**

   5.1 **Directors' Interests in Shares.** As at September 15, 2009, the latest practicable date prior to the printing of this Letter (the "Latest Practicable Date"), the interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings are set out below:

	Direct Interest	
Directors	No. of shares	%
Tan Sri Asmat Bin Kamaludin	–	–
Mr Cheak Boon Heng	2,370,000*	0.34
Dato' Kamaluddin Bin Abdullah	–	–
Mr Billy Lee Beng Cheng	–	–
Mdm Joanna Young Sau Kwan	4,500	nm
Mr Ong Kok Wah	1,846,400	0.26
Mdm Loong Chun Nee (Alternate Director to Dato' Kamaluddin Bin Abdullah)	–	–

Notes:

* Includes shares registered in the name of nominees.

nm Not meaningful

5.2 **Substantial Shareholders' Interests in Shares.** The interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of shares	%	No. of shares	%
Scomi Marine Services Pte. Ltd. (formerly known as International Marine Services Pte Ltd)	–	–	205,000,000	29.07
Chuan Hup Holdings Limited	167,197,026*	23.71	205,000,000**	29.07**
Scomi Marine Bhd (formerly known as Habib Corporation Berhad)	–	–	205,000,000	29.07
Scomi Group Berhad	–	–	205,000,000	29.07
Mr Peh Kwee Chim	39,692,666	5.63	167,197,026***	23.71***

Notes:

* Includes shares held in the name of nominees.

** Chuan Hup Holdings Limited has a deemed interest in 205,000,000 Shares by virtue of Section 7(4) of the Companies Act, as it holds 23.19% of the issued shares of Scomi Marine Bhd.

*** Mr Peh Kwee Chim has a deemed interest in 167,197,026 Shares by virtue of Section 7(4) of the Companies Act, as he has a total interest of 46.97% of the issued shares of Chuan Hup Holdings Limited.

Save as disclosed above, none of the Directors or the Substantial Shareholders of the Company have any direct or indirect interest in the IPT Mandate.

6. **Directors' Recommendation.** The Independent Directors (being Mr Billy Lee Beng Cheng and Mdm Joanna Young Sau Kwan are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 8 of the Appendix to this Letter) between companies in the EAR Group (as described in paragraph 1 of the Appendix to this Letter) and the Interested Persons (as described in paragraph 7 of the Appendix to this Letter) in the ordinary course of its business are in the best interests of the Company. For the reasons set out in paragraphs 4 and 6 of the Appendix to this Letter, the Independent Directors accordingly recommend that Shareholders vote in favour of Resolution 9, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the Thirty-Third AGM.

7. **Abstention from Voting.** Scomi Group Berhad and its associates and Scomi Marine Bhd and its associates will abstain from voting their Shares, if any, at the Thirty-Third AGM in respect of Resolution 9, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate.

8. **Directors' Responsibility Statement.** This Letter has been reviewed and approved by all the Directors (including those who have delegated detailed supervision of this Letter) and they collectively and individually accept full responsibility for the accuracy of the information contained in this Letter. The Directors also confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Letter are fair and accurate and that there are no material facts the omission of which would make any statement in this Letter misleading.

9. **Advice to Shareholders.** Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

10. **SGX-ST.** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Letter.

Yours faithfully

Tan Sri Asmat Bin Kamaludin
Non-Executive Chairman
CH Offshore Ltd

1. **Chapter 9 of the Listing Manual.** Chapter 9 of the listing manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") governs transactions by CH Offshore Ltd. (the "Company"), as well as transactions by other members of the EAR Group (as defined below), with the Interested Persons (as defined below). When Chapter 9 of the Listing Manual applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the same Interested Person during the financial year reaches, or exceeds, certain materiality thresholds, the Company is required to make an immediate announcement, or to make an immediate announcement and seek the approval of shareholders of the Company (the "Shareholders") for that transaction.

For the purposes of Chapter 9 of the Listing Manual:

(a) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions (as defined below) according to principles which are similar to the principles laid out in Chapter 9 of the Listing Manual;

(b) an "associate" in relation to an interested person who is a director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer, substantial shareholder or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family, substantial shareholder/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family, substantial shareholder/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30 per cent. or more, and, where a substantial shareholder or controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30 per cent. or more;

(c) a company is an "associated company" of another company if at least 20 per cent. but not more than 50 per cent. of its shares are held by the latter company;

(d) a "controlling shareholder" in relation to a company, means a person who holds directly or indirectly 15 per cent. or more of the nominal amount of all voting shares in the company, or who in fact exercises control over the company;

(e) "EAR Group" refers to:

    (i) the Company;

    (ii) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or

    (iii) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group (as defined in paragraph 2 below), or the Group and the Interested Person(s), has control over the associated company;

(f) an "Interested Person" refers to:

    (i) a director, chief executive officer or controlling shareholder of the Company; or

    (ii) an associate of any such director, chief executive officer or controlling shareholder;

(g) an "Interested Person Transaction" means a transaction between a member of the EAR Group and an Interested Person of the Company; and

(h) a "transaction" in relation to a transaction with an Interested Person under Chapter 9 of the Listing Manual, includes:

    (i) the provision and receipt of financial assistance;

    (ii) the acquisition, disposal or leasing of assets;

    (iii) the provision or receipt of services;

    (iv) the issuance or subscription of securities;

    (v) the granting of, or being granted, options; and

    (vi) the establishment of joint ventures or joint investments.

2. **Shareholders' Approval.** Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the Company at risk to the Interested Persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and Shareholders' approval would be required in respect of Interested Person Transactions if certain thresholds (which are based on the value of the transactions as compared with the latest audited net tangible assets ("NTA") of the Company and its subsidiaries (the "Group")) are reached or exceeded. In particular, Shareholders' approval is required for an Interested Person Transaction of a value equal to, or which exceeds:

   (a) five per cent. of the Group's latest audited NTA; or

   (b) five per cent. of the Group's latest audited NTA, when aggregated with other transactions entered into with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

   Based on the latest audited consolidated accounts of the Group for the Financial Year ended June 30, 2009, the consolidated NTA of the Group was approximately US$187.44 million. In relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated accounts of the Group for the Financial Year ending June 30, 2010 are published, five per cent. of the latest audited NTA of the Group would be approximately US$9.37 million.

3. **General Mandate.** Chapter 9 of the Listing Manual permits the Company, however, to seek a mandate from the Shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the Interested Persons.

4. **Rationale for the IPT Mandate.** It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group and the Interested Persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Interested Persons or the obtaining of goods and services from them.

   In view of the time-sensitive nature of commercial transactions, the obtaining of a mandate (the "IPT Mandate") pursuant to Chapter 9 of the Listing Manual will enable members of the EAR Group in the ordinary course of their businesses, to enter into the categories of Interested Person Transactions set out in paragraph 8 below with the specified classes of the Interested Persons set out in paragraph 7 below, provided such Interested Person Transactions are undertaken on an arm's length basis and on the EAR Group's normal commercial terms.

5. **Scope of the IPT Mandate.** The EAR Group engages in a wide range of activities which include the following principal activities for which the IPT Mandate is sought:

   (a) sale and purchase of vessels, chartering of vessels, agency agreements, project management services; and

   (b) ancillary services such as the provision of ship management services and management support services.

   The IPT Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

   Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

6. **Benefit to Shareholders.** The IPT Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided they are undertaken on an arm's length basis and on the EAR Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

   The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into Interested Person Transactions within the scope of the IPT Mandate. This will substantially reduce administrative time and expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives, without compromising corporate objectives and adversely affecting the business opportunities available to the EAR Group.

7. **Classes of Interested Persons.** The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 8 below) which are carried out with the following classes of Interested Persons:

   (a) Scomi Group Berhad and its associates; and

   (b) Scomi Marine Bhd ("Scomi") and its associates.

   Transactions with Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

8. **Categories of Interested Person Transactions**

The Interested Person Transactions with the Interested Persons (as described in paragraph 7 above) which will be covered by the IPT Mandate and the benefits to be derived therefrom are set out below:

(a) General Transactions

This category relates to general transactions ("General Transactions") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group comprising the following:

(i) the sale and purchase of vessels;

(ii) the provision and obtaining of charter of vessels;

(iii) the entering into of joint ventures, including joint ventures to co-own vessels;

(iv) the provision or obtaining of agency services including, but not limited to, port clearances, port formalities and immigration services;

(v) the provision or obtaining of project management services;

(vi) the provision or obtaining of ship management services; and

(vii) the provision or obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (vi) above.

The transactions set out in paragraphs (i) to (vii) above arise in the normal course of business of the Company and are necessary for the day-to-day operations of the Company.

(b) Management Support Services

The EAR Group may, from time to time, receive from or provide to its Interested Persons, management and administrative support services in the areas of finance, treasury, investment risk review, governmental relations, strategic development, management information systems, and human resources management and development ("Management Support Services").

(c) Joint Venture Transactions

MarineCo Limited ("MarineCo") and Gemini Sprint Sdn Bhd ("Gemini") are joint ventures between the Company and Scomi. Joint venture transactions ("JV Transactions") comprise the following transactions for the provision of financial resources by the EAR Group to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person:

(i) the extension of loans (including interest-free loans) to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person;

(ii) the capitalisation of loans extended to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person;

(iii) the subscription of shares in MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person; and

(iv) the provision of guarantees or letters of comfort to entities including banks and financial institutions that provide loans to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person.

The value of financial resources provided to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person by the Company, Scomi and/or any Interested Person pursuant to the transactions described in sub-paragraphs (i) to (iv) above shall be in such amounts as are in proportion to the Company's, Scomi's and/or any Interested Person's respective equity interests in MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person and will be made on identical terms and conditions (including terms relating to repayments and set-offs).

Financial resources provided to, or obtained by, MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person from the Company, Scomi and/or any Interested Person may be used for various purposes, including working capital.

9. **Review Procedures for Interested Person Transactions.** The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders:

9.1 General Transactions

(A) Review Procedures

In general, there are procedures established by the EAR Group to ensure that General Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place:

(a) Sale and Purchase of Vessels

When selling and purchasing vessels from Interested Persons, an independent valuation of the vessels to be purchased or sold shall be obtained. To determine the prevailing market rates or prices for such vessels, quotations or offers from unrelated third parties or brokers shall also be sought, where practicable or available;

(b) Provision of Services and Chartering of Vessels to Interested Persons

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(ii) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account; and

(c) Obtaining of Services or Chartering of Vessels from Interested Persons

(i) All contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and

(ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff (including the Chief Executive Officer, the Executive Director, the Chief Operating Officer and the Chief Financial Officer) of the relevant company in the EAR Group (with no interest, direct or indirect, in the Interested Person Transaction) will determine whether the price and terms offered by the Interested Person are fair and reasonable.

(B) Threshold Limits

In addition to the review procedures, the EAR Group will supplement its internal systems to ensure that General Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:

(i) a Category 1 transaction is one where the EAR Group's proportionate share in a transaction with an Interested Person is in excess of US$500,000, except that in the case of sale and purchase of vessels, the EAR Group's proportionate share in such a transaction with an Interested Person is one in excess of US$1 million; and

(ii) a Category 2 transaction is one where the EAR Group's proportionate share in a transaction with an Interested Person is above S$100,000 but below or equal to US$500,000, except that in the case of sale and purchase of vessels, the EAR Group's proportionate share in such a transaction with an Interested Person is one below or equal to US$1 million.

Category 1 transactions must be approved by the audit committee of the Company ("Audit Committee") prior to being contracted. Category 2 transactions need not have the prior approval of the Audit Committee but shall be reviewed on a quarterly basis by the Audit Committee. The Audit Committee may at its discretion obtain independent advice or valuations from external or professional sources. If a member of the Audit Committee has an interest in the Interested Person Transactions, he will abstain from making any recommendation and any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

9.2 Management Support Services

The EAR Group will satisfy itself that the costs for any Management Support Services provided by or to any Interested Person shall be on an arm's length basis and on normal commercial terms and in accordance with any formula for such cost recovery agreed with such Interested Person. Transactions exceeding the amount of US$500,000 must be approved by the Audit Committee, and transactions equal to or below US$500,000 shall be reviewed on a quarterly basis by the Audit Committee.

If a member of the Audit Committee has an interest in the Interested Person Transactions, he will abstain from making any recommendation and any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

9.3 JV Transactions

The following are the review procedures established by the EAR Group in respect of JV Transactions:

(i) all JV Transactions described in paragraph 8(c) above shall be conditional upon the Company providing financial resources to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person in an amount which is proportionate to its equity interest in MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person, and will be made on identical terms and conditions (including terms relating to repayments and set-offs); and

(ii) all JV Transactions, before being entered into, will be reviewed and approved by the Audit Committee.

10. **Register of Interested Person Transactions.** The Company will maintain a register of all transactions carried out with Interested Persons pursuant to the IPT Mandate and shall include all information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to, the identity of the Interested Person, the amount of the Interested Person Transaction, the basis of determining the transaction prices and supporting evidence and quotations obtained to support such basis.

The register of Interested Person Transactions shall be prepared, maintained and monitored by a personnel of the Company (who shall not be interested in any of the Interested Person Transactions) who is duly delegated to do so by the Audit Committee and reviewed by external auditors.

11. **Internal/External Auditors.** The Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions had been adhered to. Such compliance review will be performed on a half-yearly basis and a half-yearly report on such transactions will be forwarded to the Audit Committee. The Company's internal auditors shall assist the Audit Committee in the review and carry out such tests as they deem necessary on the Interested Person Transactions entered into pursuant to the proposed IPT Mandate. The external auditors shall review all Interested Person Transactions where the EAR Group's proportionate share in a transaction with an Interested Person is above US$500,000. The internal or external auditors, as the case may be, shall report directly to the Audit Committee.

12. **Review by the Audit Committee.** As mentioned under paragraph 11, the Audit Committee shall review these half-yearly internal audit reports on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. If during these half-yearly reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, to ensure that the mandated Interested Person Transactions will be conducted based on the EAR Group's normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders, it will in consultation with the board of directors of the Company take such actions as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons to ensure that Interested Person Transactions will be on an arm's length basis and on normal commercial terms.

13. **Validity Period of the IPT Mandate.** The IPT Mandate will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next Annual General Meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

14. **Disclosure of Interested Person Transactions pursuant to the IPT Mandate.** The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such reports.

    Disclosure will also be made in the Company's Annual Report of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year, and in the Annual Reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

CH OFFSHORE LTD

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

NOTICE IS HEREBY GIVEN that the Thirty-Third ANNUAL GENERAL MEETING of the Company will be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 16, 2009 at 10.30 a.m. to transact the following businesses:

Ordinary Business:

1. To receive and adopt the Audited Accounts for the Financial Year ended June 30, 2009 together with the reports of the Directors and the Auditors thereon. (Resolution 1)

2. To declare a final dividend of 1.5 SGD cents per ordinary share (tax exempt) for the Financial Year ended June 30, 2009. (Resolution 2)

3. To re-elect Tan Sri Asmat Bin Kamaludin who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 3)
[See Explanatory Note 1]

4. To re-elect Dato' Kamaluddin Bin Abdullah who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 4)
[See Explanatory Note 2]

5. To re-elect Mr Ong Kok Wah who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 5)

6. To approve the payment of fees of S$249,068 for Directors for the Financial Year ended June 30, 2009 (FY2008: S$279,918). (Resolution 6)

7. To re-appoint Deloitte & Touche LLP as Auditors and to authorise Directors to fix their remuneration. (Resolution 7)

Special Business:

8. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

That authority be and is hereby given to the Directors of the Company to: (Resolution 8)

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

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

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

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares; and

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

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

9. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution: (Resolution 9)

(a) That approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated September 29, 2009 (the "Letter') with any party who is of the class of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) That approval given in paragraph (a) above (the "IPT Mandate") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

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

NOTICE IS ALSO HEREBY GIVEN that the Transfer Book and Register of Members of the Company will be closed on November 26, 2009 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 8 Cross Street #11-00, PWC Building, Singapore 048424, up to 5.00 p.m. on November 25, 2009 will be registered to determine members' entitlements to the proposed dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on November 25, 2009 will be entitled to the proposed dividend. The proposed dividend, if approved at the Thirty-Third Annual General Meeting, will be paid on December 11, 2009.

Dated this 29th day of September 2009

By Order of the Board

Valerie Tan May Wei
Company Secretary

Notes:

1. A member of the Company who is entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.

2. The instrument appointing a proxy must be lodged at the registered office of the Company at 388 Jalan Ahmad Ibrahim, Singapore 629157, not less than 48 hours before the time appointed for the Annual General Meeting

Explanatory Notes:

1) Tan Sri Asmat Bin Kamaludin, if re-elected, will continue as a member of the Nominating Committee. Tan Sri Asmat is considered a non-independent director.

2) Dato' Kamaluddin Bin Abdullah, if re-elected, will continue as a member of the Remuneration Committee. Dato' Kamaluddin is considered a non-independent director.

For the convenience of shareholders, the Company will arrange for a bus to pick up shareholders attending the above meeting from SBS Bus Stop B23 Boon Lay Way (outside Lakeside MRT Station), on Friday, October 16, 2009. The bus will leave for CH Offshore Ltd at 9.45 a.m. sharp on that day.

This page has been intentionally left blank.

CH OFFSHORE LTD

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

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of CH Offshore Ltd, this Annual Report 2009 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We ____

of ____

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

NAME	ADDRESS	NRIC/ PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)
(a)			
and/or (delete as appropriate)			
(b)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote on my/our behalf and, if necessary, to demand a poll, at the Thirty-Third Annual General Meeting of the Company to be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 16, 2009 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any matter arising at the Annual General Meeting).

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business		
1	Adoption of Accounts and Reports		
2	Declaration of Final Dividend		
3	Re-election of Director – Tan Sri Asmat Bin Kamaludin		
4	Re-election of Director – Dato' Kamaluddin Bin Abdullah		
5	Re-election of Director – Mr Ong Kok Wah		
6	Payment of Fees to Directors		
7	Re-appointment of Deloitte & Touche LLP as Auditors		
	Special Business		
8	Approval of Proposed Share Issue Mandate		
9	Renewal of IPT Mandate		

Signed this ______________ day of __________________ 2009

Total Number of Shares held	

____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.

3. Where a member appoints two 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. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 388 Jalan Ahmad Ibrahim, Singapore 629157 not less than 48 hours before the time appointed for the Thirty-Third Annual General Meeting.

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

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Thirty-Third Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Thirty-Third Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CH OFFSHORE LTD Annual Report 2009

CH OFFSHORE LTD
Co. Reg. No. 197600666D
388 Jalan Ahmad Ibrahim
Singapore 629157
Tel: 65 6861 1711
Fax: 65 6862 2336
email: investor@choffshore.com.sg
website: www.choffshore.com.sg

cre8 Tel: 63278398