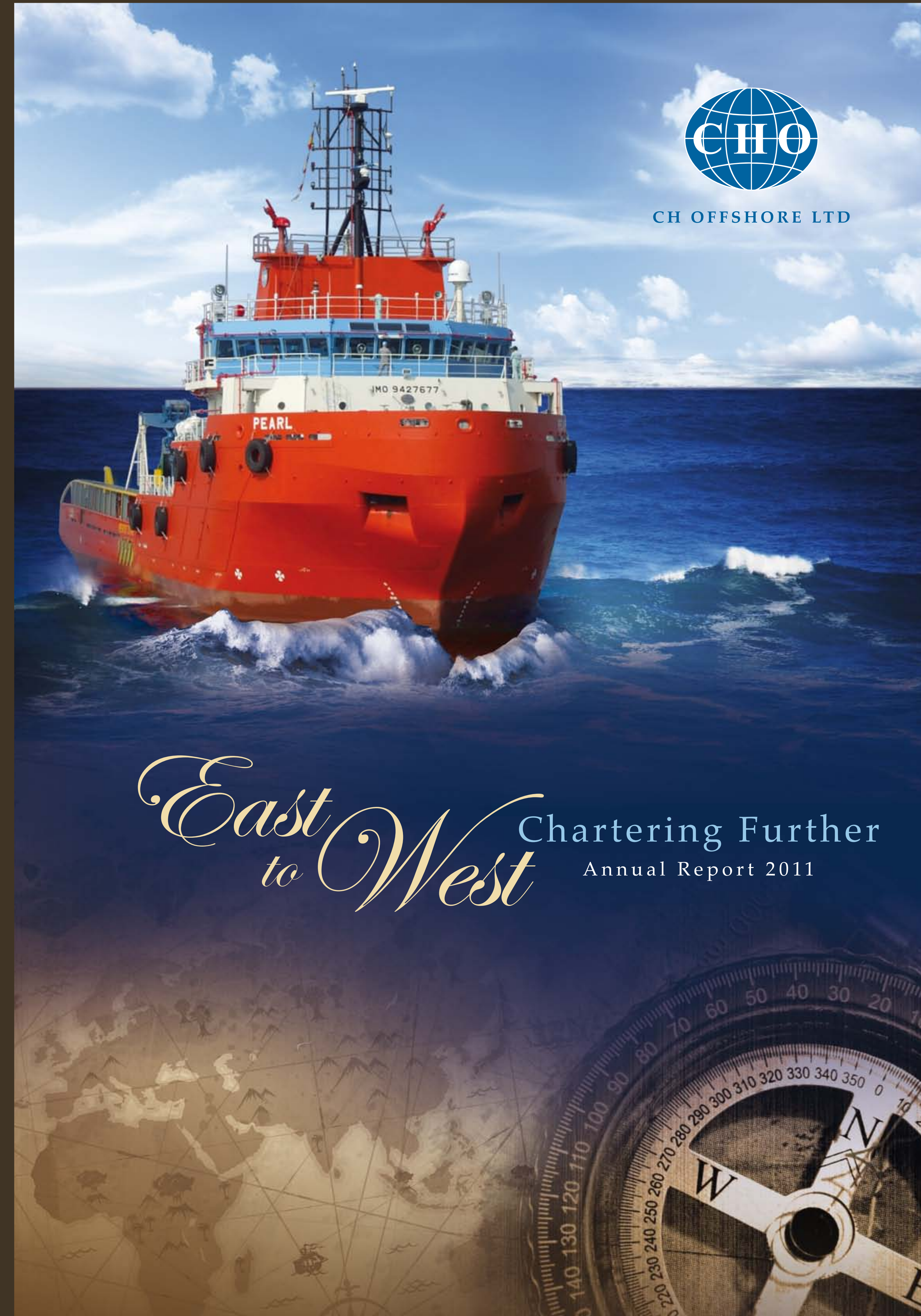
CH OFFSHORE LTD
Co. Reg. No. 197600666D

388 Jalan Ahmad Ibrahim
Singapore 629157
Tel: 65 6861 1711
Fax: 65 6862 2336

email: investor@choffshore.com.sg
website: www.choffshore.com.sg

CH OFFSHORE LTD Annual Report 2011



CONTENTS

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 which:

- 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

CORPORATE DATA

Board of Directors

Mr Tan Pong Tyea
Non-Executive Chairman

Mr Peh Kwee Chim
Non-Executive Director

Mr John Cheak Boon Heng
Non-Executive Director

Mr Neo Chin Lee
Non-Executive Director

Mr Billy Lee Beng Cheng
Non-Executive, Independent Director

Mdm Joanna Young Sau Kwan
Non-Executive, Independent Director

Mr Peh Siong Woon Terence
Alternate Director to Mr Peh Kwee Chim

Audit Committee

Mdm Joanna Young Sau Kwan
Chairman

Mr Billy Lee Beng Cheng

Mr Neo Chin Lee

Remuneration Committee

Mr Billy Lee Beng Cheng
Chairman

Mdm Joanna Young Sau Kwan

Mr John Cheak Boon Heng

Nominating Committee

Mr Billy Lee Beng Cheng
Chairman

Mdm Joanna Young Sau Kwan

Mr John Cheak Boon Heng

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

Auditors

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

Partner-in-Charge: Ms Ng Peck Hoon
Appointed since the
financial year ended June 30, 2011

Share Registrar

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

CORPORATE PROFILE

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' needs.

In the first half of 2002, Chuan Hup reorganised 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 provide 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 a 29.07% stake in CHO from Chuan Hup Holdings Limited. Habib subsequently changed its name to Scomi Marine Berhad, reflecting the change of ownership in the company.

On 28 April 2010, Scomi Marine Berhad sold its entire 29.07% stake in CHO, held through its subsidiary, Scomi Marine Services Pte Ltd, to Energian Pte Ltd, a wholly-owned subsidiary of Falcon Energy Group.

As at the end of financial year ended 30 June 2009, the CHO Group had disposed of all its 1980s-built vessels. During the financial year ended 30 June 2011, due to the "Azaz Cabotage" regulation, the vessels operating in Indonesia were required to be Indonesian-flagged. In line with its corporate strategy to maintain its presence in Indonesia, CHO sold 3 vessels during the financial year ended 30 June 2011 to PT Bahtera Nusantara Indonesia ("PT NUS"), in which it has a 49% stake. Currently, CHO operates a fleet of 15, 10 of which are wholly-owned AHTS vessels with an average age of 4 years old as of June 2011. The sale of three AHTS to PTNUS allows it to co-own and continue its chartering activities in Indonesia. It also co-owns two AHTS with Scomi Marine Berhad, enabling the Group to operate in Malaysia. The fleet includes seven 12,240 brake horse power (bhp) AHTS vessels.

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 Indonesia, Malaysia, the Philippines, Brunei, Thailand, Vietnam, Australia, the Middle East and 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.

Well-poised for *Further Expansion*

CHAIRMAN'S STATEMENT

Mr Tan Pong Tyea
Non-Executive Chairman

Introduction

We are navigating through many obstacles as keen competition abounds in the Offshore Support Vessels ("OSV") market. The oversupply situation continues to adversely affect charter rates and vessel utilisation. With prudent management of assets and cost cutting measures in place, the CH Offshore Group (the "Group") was able to remain profitable and to deliver profit after tax of US$33.6 million for the financial year ended 30 June 2011.

On behalf of the Board, I am pleased to present the Annual Report and the Audited Financial Statements of the Group for the financial year ended 30 June 2011 ("FY2011").

Financial Review

REVENUE reduced by 7.2% to US$58.6 million for FY2011 from US$63.1 million for FY2010. The lower revenue was mainly due to lower charter rates and the sale of three vessels to the Group's Indonesian associated company during FY2011.

Loss of revenue also came about as two vessels were due for their 1st Major Inspection and Overhaul in FY2011. Accordingly, these two vessels were docked and overhauls were completed during FY2011. In addition, one vessel completed its contract in May 2011 and was docked for upgrading works. For good time management as this vessel is due for its 1st Major Inspection and Overhaul in FY2012, it was decided to commence some preparatory works at the same time. The lower revenue was mitigated by higher contributions from two recently delivered vessels, which commenced operations in January 2010 and June 2010.

OPERATING COSTS to revenue for FY2011 at 27% was slightly higher than FY2010 at 24%. Administrative expenses for FY2011 have also increased by 9.2% to US$3.6 million (FY2010: US$3.3 million). The increase was primarily due to the appreciation of Singapore Dollars ("SGD") against United States Dollars ("USD") as the administrative expenses are denominated primarily in SGD. However, we have made great efforts to keep operating costs and administrative expenses low despite the unfavourable exchange rate.

DIRECT DEPRECIATION rose 21.6% to US$9.3 million from US$7.6 million due to the delivery of two vessels in November 2009 and March 2010. The increase was also as a result of the capitalisation and amortisation of Major Inspection and Overhaul costs of four vessels.

During FY2010, the Group changed its Accounting Policy for Costs relating to the Major Inspection and Overhaul of Vessels ("Costs") as it is mandatory for vessels to undergo major inspection and overhaul once in every five years. Prior to FY2010, such Costs were charged off to profit and loss as and when they were incurred. With effect from FY2010, such Costs were capitalised and amortised over five years.

OTHER INCOME. There was no sale of vessels in the previous financial year. During the current financial year, the Group sold three AHTS vessels to its Indonesian associated company. This resulted in a one-off realised gain of US$2.6 million for FY2011. On top of this, the Group also recorded foreign exchange gains of approximately US$0.5 million.

SHARE OF RESULTS OF ASSOCIATED COMPANIES. Share of results of associated companies increased 163.7% to US$1.4 million for FY2011 from US$0.5 million. These were derived from its three associated companies. The increase in profits was primarily from the Group's Indonesian associated company, PT Bahtera Nusantara Indonesia ("PTNUS") which commenced its business in July 2010 with the purchase of its first vessel. Subsequently, PTNUS purchased two more vessels in December 2010 and June 2011.

PROFIT AFTER INCOME TAX. The lower revenue and higher direct depreciation resulted in a profit after tax of US$33.6 million which was 10.1% lower than US$37.3 million for FY2010.

FINANCIAL POSITION for the Group remains robust, sustained by a strong operating performance for the current financial year ended 30 June 2011. Total shareholders' funds rose 9.9% to US$238.5 million from US$217.0 million. The Group's net assets value per share rose to 33.82 US cents from 30.77 US cents as at 30 June 2010. In addition, the Group enjoyed a healthy cash surplus from operating activities. As at 30 June 2011, the cash surplus from operations was US$40.7 million as compared with US$30.0 million as at 30 June 2010.

Cash and cash equivalents increased 135.8% to US$43.3 million as at 30 June 2011 from US$18.4

million as at 30 June 2010. This was due to proceeds from the sale of three vessels and improvement in the collection of debts during FY2011. Trade receivables declined 9.5% to US$20.1 million from US$22.2 million due to improved collection.

The sale of three vessels to the Group's Indonesian associated company during FY2011 resulted in a reduction in fixed assets to US$174.7 million from US$203.9 million, a 94.2% increase in its investment in associated companies to US$13.8 million from US$7.1 million and a 144.8% increase in its deferred gains to US$4.0 million as at 30 June 2011.

During the previous financial year, the Group entered into two separate loan agreements with the banks to borrow a total sum of US$27 million. Due to its surplus cash position, the Group redeemed the loans in October 2010 and February 2011.

Fleet Activities

The Group currently manages a modern fleet of 15 (fifteen) AHTS vessels, 10 (ten) of which are wholly-owned with an average age of about 4 years old as of 30 June 2011. The fleet includes 7 (seven) 12,240 bhp AHTS vessels built in Japan. The rest are in the 5,000 bhp category.

During FY2011, the Group entered into 4 separate agreements to sell 4 (four) vessels to its Indonesian associated company to maintain its chartering activities despite the "Azaz Cabotage" Regulation in Indonesia. In FY2011, the Group accomplished its objective with the sale of 3 (three) vessels to PTNUS. The sale of the first vessel was in July 2010, followed by a second vessel in December 2010 and most recently, the third vessel in June 2011.

The Group already has a strong presence in South East Asia, the Middle East, Australia and

Latin America. To maintain its current position, the Group will continue to remain strategically viable and will extend its geographical reach wherever opportunities beckon.

Dividend

In view of the surplus cash and the overall good operating performance, an interim dividend at 0.75 SGD cents per ordinary share was paid out for the half year ended 31 December 2010. This amounted to approximately S$5.3 million (equivalent to US$4.1 million).

The Group does not expect any substantial capital commitments for the new financial year 2012. However, the Group expects to continue to issue corporate guarantees to its associated companies in proportion to its shareholdings to enable them to obtain loans from the banks to finance the purchase of vessels. As a result, the Group expects to see an increase in its contingent liabilities going forward.

Taking into consideration the robust financial position and in the spirit of unlocking shareholder value, the directors are pleased to recommend a final tax-exempt dividend of 2.00 SGD cents per ordinary share which will amount to approximately S$14.1 million (equivalent to US$11.6 million). Together with the interim dividend payout of 0.75 SGD cents, shareholders will receive in total, dividend payout of 2.75 SGD cents per ordinary share. The total cash dividend will amount to approximately S$19.4 million (equivalent to US$15.7 million), representing close to 50% of the group profit after tax for the financial year ended 30 June 2011. This is 1.25 SGD cents per ordinary share or 83.3% more than the total dividend payout for the financial year ended 30 June 2010 of 1.5 SGD cents per ordinary share.

Outlook and Prospects

The overcapacity of offshore support vessels continues to put pressure on ship owners. The OSV market remains highly competitive; it will probably remain so in the near to midterm.

There are many challenges ahead and we expect FY2012 to be just as difficult for the OSV industry. However, we are prepared to face the challenges ahead. Due to our strong financial position, we have the capacity to gear up for fleet expansion and acquisition should the opportunities arise. To ensure our competitive edge is not compromised, the Group has already begun upgrading works on its young fleet with an average age of four years. Some of our vessels were either recently or are in the process of being fitted with Oil Recovery System Class 2 and Fire Fighting Class 2. We are optimistic that with prudent and forward-looking management, we will be able to steer through such challenging times and continue to remain profitable.

Acknowledgements

On behalf of the Board, I would like to thank Mr Billy Lee Beng Cheng, who has indicated that he will be retiring from the Board at our coming Annual General Meeting and will not be seeking re-election. He contributed valuable insights into the oil and gas market in his eight years on the Board. I would like to place on record our appreciation for his services to the CHO Board.

I would also like to commend management and staff for the good operating performance, the fruit of their hard work and dedication.

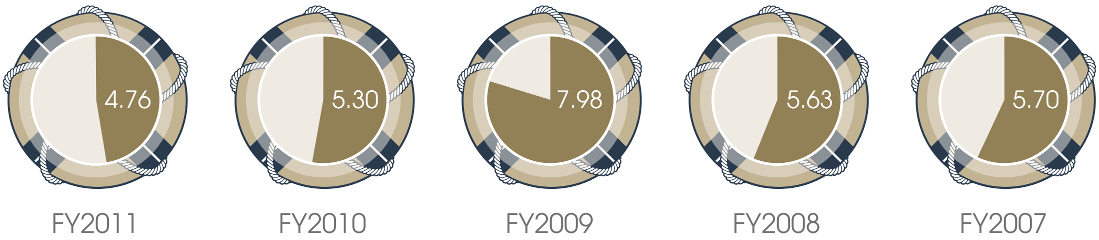
I would also like to thank our valued clients, business partners and shareholders for their continued support, and my fellow Board members for their invaluable contributions.

Tan Pong Tyea
Non-Executive Chairman
1 September 2011

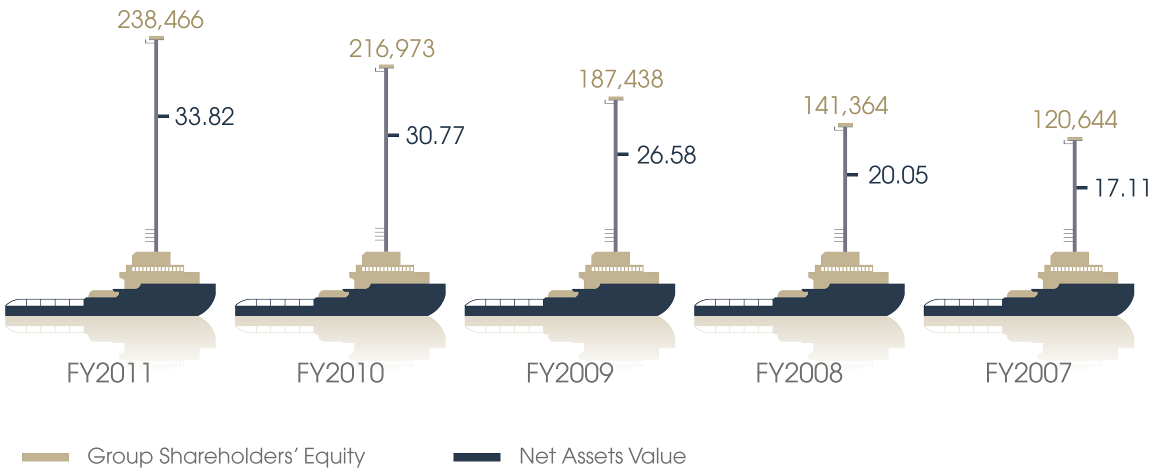
FIVE-YEAR GROUP FINANCIAL STATISTICS AND CHARTS

	FY 2007 US$'000	FY 2008 US$'000	FY 2009 US$'000	FY 2010 US$'000	FY 2011 US$'000
Statements Of Comprehensive Income					
REVENUE	45,676	43,131	68,794	63,117	58,554
Profit before income tax	40,686	39,884	56,263	37,362	33,434
Income tax (expense) benefit	(513)	(205)	(24)	(23)	151
Profit for the year	40,173	39,679	56,239	37,339	33,585
Profit attributable to shareholders of the company	40,173	39,679	56,239	37,339	33,585
Statements Of Financial Position					
CURRENT ASSETS	49,089	20,955	28,494	49,143	64,870
NON-CURRENT ASSETS					
Fixed assets	87,867	132,367	168,094	196,479	174,659
Club membership	17	17	17	17	17
Associated companies	6,659	5,756	6,184	7,124	13,837
Total non-current assets	94,543	138,140	174,295	203,620	188,513
Total assets	143,632	159,095	202,789	252,763	253,383
CURRENT LIABILITIES	14,177	13,027	13,728	19,499	11,174
NON-CURRENT LIABILITIES					
Deferred taxation	25	-	-	-	-
Other payables	1,786	1,704	1,623	1,541	3,743
Bank loans	7,000	3,000	-	14,750	-
Total non-current liabilities	8,811	4,704	1,623	16,291	3,743
Total liabilities	22,988	17,731	15,351	35,790	14,917
Shareholders' equity	120,644	141,364	187,438	216,973	238,466
Issued capital	55,379	55,379	55,379	55,379	55,379
Per Share Data					
Earnings Per Share (US cents):					
Basic	5.70	5.63	7.98	5.30	4.76
Fully Diluted	5.70	5.63	7.98	5.30	4.76
Dividends Per Share (SGD cents)	4.00	2.00	2.00	1.50	2.75
Net Assets Value Per Share (US cents)	17.11	20.05	26.58	30.77	33.82

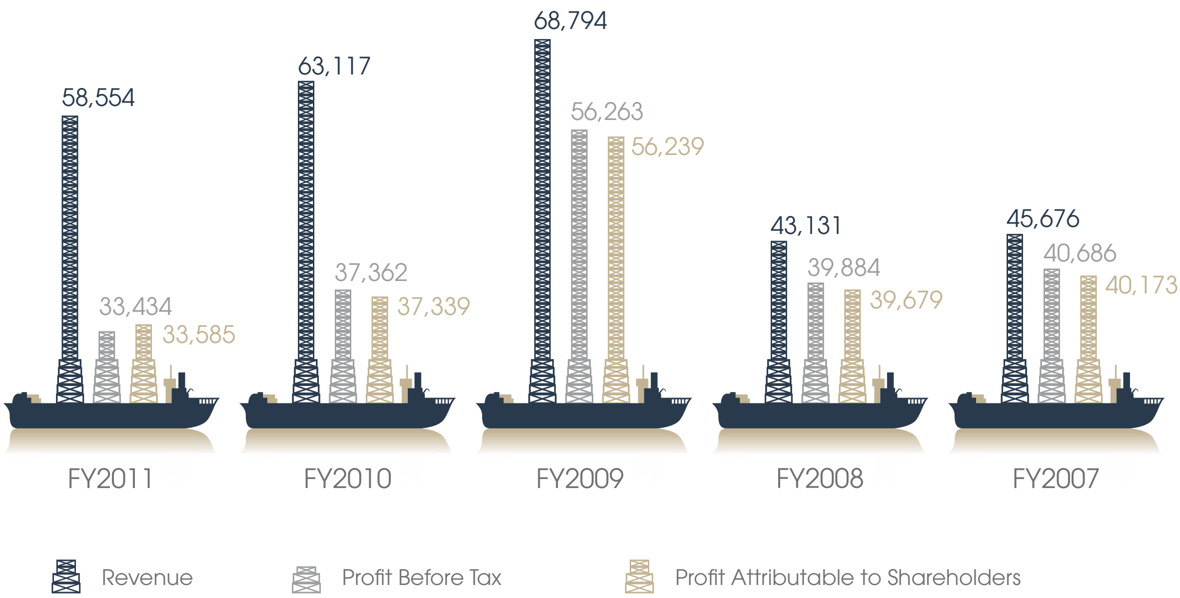
Earnings per Share (US cents)



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



Group Revenue, Profit Before Tax & Profit Attributable to Shareholders

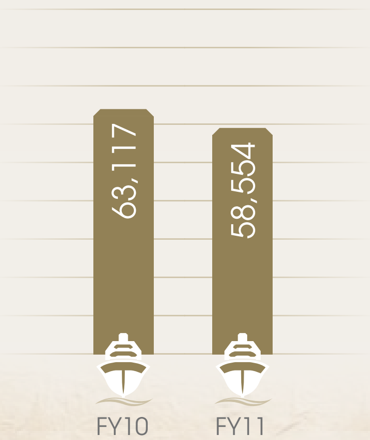


REVIEW OF OPERATIONS AND RESULTS

Revenue
(US$'000)

FY10	FY11	Change
63,117	58,554	-7.2%

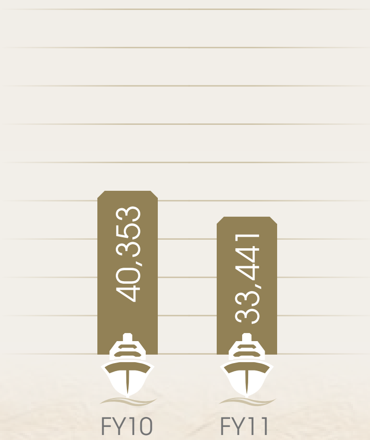
Revenue declined by 7.2% to US$58.554 million from US$63.117 million. During FY11, revenue was affected by lower charter rates for some of the vessels, docking of two vessels for 1st Major Inspection and Overhaul and the sale of three vessels to its Indonesian associated company in July 2010, December 2010 and June 2011.



Gross Profit After Direct Depreciation (US$'000)

FY10	FY11	Change
40,353	33,441	-17.1%

The combined effect of lower revenue together with higher operating costs and direct depreciation resulted in a 17.1% decline in gross profit after direct depreciation to US$33.441 million for FY11 from US$40.353 million for FY10.



Shareholders' Equity And Net Assets Value ("NAV")

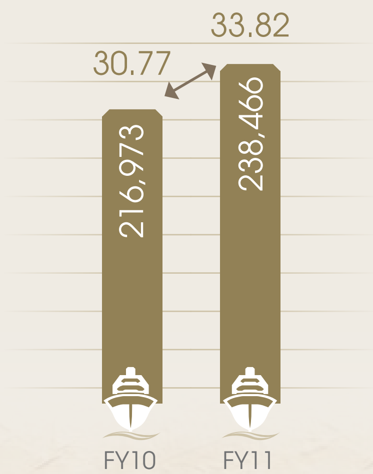
Shareholders' Equity (US$'000)

FY10	FY11	Change
216,973	238,466	9.9%

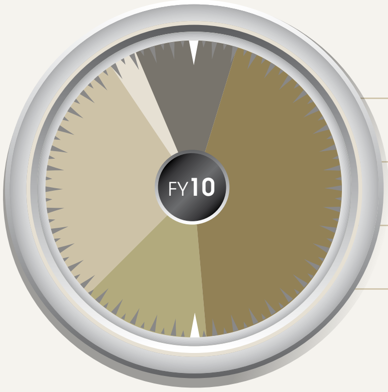
NAV (US cents)

FY10	FY11	Change
30.77	33.82	9.9%

Sustained by a strong operating performance, the Group's total shareholders' funds rose 9.9% to US$238.466 million from US$216.973 million, the Group's net assets value (NAV) per share rose to 33.82 US cents as compared with 30.77 US cents as at 30 June 2010.



Revenue Contributions
by geographical segments



11% Indonesia
44% Latin America
14% Middle East
28% Australia
3% Others*

Indonesia 9 %
Latin America 52 %
Middle East 10 %
Australia 19 %
Others* 10 %

* Others include Vietnam, Malaysia and other South East Asia countries.

By Geographical Segments

	INDONESIA (US$'000)	MIDDLE EAST (US$'000)	AUSTRALIA (US$'000)	LATIN AMERICA (US$'000)	OTHERS* (US$'000)	TOTAL (US$'000)
As at 30 June 2011 (FY11)						
Revenue	5,091	6,249	10,985	30,484	5,745	58,554
Gross profit after direct depreciation	3,036	2,248	8,049	18,162	1,946	33,441
As at 30 June 2010 (FY10)						
Revenue	7,144	8,552	17,896	27,798	1,727	63,117
Gross profit after direct depreciation	4,127	4,366	12,154	19,393	313	40,353

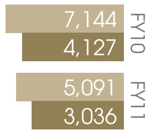
By Geographical Segments

Revenue | Gross Profit after Direct Depreciation

INDONESIA

During FY11, all three vessels operating in this segment were sold to our Indonesian associated company due to the Cabotage Rule in Indonesia. As a result, both revenue and gross profit after direct depreciation declined 28.7% and 26.4% to US$5.091 million and US$3.036 million for FY11 respectively.

Earnings From **Indonesia**
(US$'000)

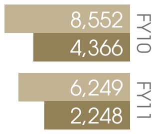


change **-28.7%** **-26.4%**

MIDDLE EAST

The drop in revenue was due to one vessel completed its contract in the middle of FY10 and also due to lower charter rates. As a result, both revenue and gross profit after direct depreciation decreased 26.9% and 48.5% respectively. Gross profit after direct depreciation was also affected by the higher amortisation costs as a result of all the three vessels have to undergo their first major inspection and overhaul. One was carried out during the previous FY10 and the other two were completed during the current FY11. Such overhaul expenses are amortised over a period of five years.

Earnings From **Middle East**
(US$'000)

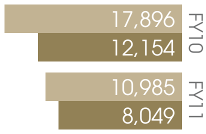


change **-26.9%** **-48.5%**

AUSTRALIA

Both revenue and gross profit after direct depreciation from this segment dipped 38.6% and 33.8% to US$10.985 million and US$8.049 million for FY11 from US$17.896 million and US$12.154 million for FY10 respectively. One vessel completed its contract in February 2010 and another vessel in May 2011.

Earnings From **Australia**
(US$'000)

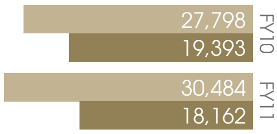


change **-38.6%** **-33.8%**

LATIN AMERICA

During FY11, another vessel was deployed to work in Latin America. Consequently, revenue rose by 9.7% to US$30.484 million for FY11 from US$27.798 million for FY10. However, gross profit after direct depreciation decreased by 6.3% to US$18.162 million from US$19.393 million due to one vessel completed its contract in Latin America.

Earnings From **Latin America**
(US$'000)

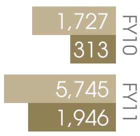


change **9.7%** **-6.3%**

OTHERS

Others comprised primarily chartering activities in Vietnam and South East Asia, management fees, agency fees, interest income and other services rendered. During FY10, three vessels were deployed to this geographical segment on spot jobs. However, for FY11, although there were only two vessels operating in this segment, utilisation for the vessels were higher. As a result, both revenue and gross profit after depreciation increased 232.7% and 521.7% to US$5.745 million and US$1.946 million respectively.

Earnings From **Others**
(US$'000)



change **232.7%** **521.7%**


A Fleet that
You Can Rely On
TOPAZ

OUR VESSELS

Chartering Services

Unwavering Commitment

To ensure our competitive edge is not compromised, the Group has already begun upgrading works on its young fleet.


PERIDOT


AQUAMARINE


CORAL


PEARL


TURQUOISE


AMETHYST


TOURMALINE


AMBER*


BERYL*


GARNET


TOPAZ


JASPER


ZIRCON*


TEMASEK ATTAKA*


TEMASEK SEPINGGAN*

2010

PERIDOT

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m
Main Propulsion
2 x Wartsila, total 12,240 BHP
Bollard Pull
152.2 MT continuous /
158.8 MT maximum
Dynamic Positioning System
Class 2

2009

AQUAMARINE

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m
Main Propulsion
2 x Wartsila, total 12,240 BHP
Bollard Pull
152.0 MT continuous /
157.7 MT maximum
Dynamic Positioning System
Class 2

2008

CORAL

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m
Main Propulsion
2 x Wartsila, total 12,240 BHP
Bollard Pull
157.2 MT continuous /
162.0 MT maximum
Dynamic Positioning System
Class 2

PEARL

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m
Main Propulsion
2 x Wartsila, total 12,240 BHP
Bollard Pull
151.8 MT continuous /
155.1 MT maximum
Dynamic Positioning System
Class 2

TURQUOISE

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m
Main Propulsion
2 x Wartsila, total 12,240 BHP
Bollard Pull
153.9 MT continuous /
157.7 MT maximum
Dynamic Positioning System
Class 2

AMETHYST

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m
Main Propulsion
2 x Wartsila, total 12,240 BHP
Bollard Pull
153.6 MT continuous /
159.2 MT maximum
Dynamic Positioning System
Class 2

2006

TOURMALINE

Dimension (L x B x D)
61.45 m x 16.4 m x 7.2 m
Main Propulsion
2 x Wartsila, total 12,240 BHP
Bollard Pull
150.6 MT continuous /
154.8 MT maximum
Dynamic Positioning System
Class 2

2005

AMBER*

Dimension (L x B x D)
51.79 m x 13.5 m x 6.0 m
Main Propulsion
2 x Bergen, total 4,826 BHP
Bollard Pull
60.4 MT continuous /
64.2 MT maximum

BERYL*

Dimension (L x B x D)
51.79 m x 13.5 m x 6.0 m
Main Propulsion
2 x Bergen, total 4,826 BHP
Bollard Pull
60 MT continuous /
62 MT maximum

GARNET

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m
Main Propulsion
2 x Wartsila, total 5,400 BHP
Bollard Pull
71.5 MT continuous

TOPAZ

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m
Main Propulsion
2 x Wartsila, total 5,400 BHP
Bollard Pull
72 MT continuous

2004

JASPER

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m
Main Propulsion
2 x Mak, total 5,000 BHP
Bollard Pull
63.1 MT continuous

ZIRCON*

Dimension (L x B x D)
56.39 m x 16.0 m x 5.5 m
Main Propulsion
2 x Mak, total 5,000 BHP
Bollard Pull
66.8 MT continuous

2002

TEMASEK ATTAKA*

Dimension (L x B x D)
52.15 m x 15.0 m x 5.5 m
Main Propulsion
2 x Wartsila, total 5,400 BHP
Bollard Pull
60 MT continuous

TEMASEK SEPINGGAN*

Dimension (L x B x D)
52.15 m x 15.0 m x 5.5 m
Main Propulsion
2 x Wartsila, total 5,400 BHP
Bollard Pull
64.6 MT continuous /
65.2 MT maximum
Dynamic Positioning System
Class 1

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

BOARD OF DIRECTORS

Mr Tan Pong Tyea

Non-Executive Chairman

Mr Tan Pong Tyea is the Non-Executive Chairman of CH Offshore Ltd ("CHO"). He was appointed to this position on 1 June 2010 and was last re-elected on 19 October 2010.

Mr Tan has more than 25 years of experience servicing the oil companies and major contractors throughout the region. He is the Executive Chairman and Chief Executive Officer of Falcon Energy Group. He is also the Managing Director of Oilfield Services Company Ltd ("OSCL").

Mr Tan was the founder of the OSCL Group, which originated in 1983 when he ventured into the offshore marine services industry, particularly the business of owning, managing, operating and chartering out offshore support vessels to customers in the oil and gas industry.

Mr Tan holds a Master in Management Studies from Durham University, United Kingdom.

Mr Peh Kwee Chim

Non-Executive Director

Mr Peh Kwee Chim is a Non-Executive Director of CHO. He was appointed to this position on 1 June 2010 and was last re-elected on 19 October 2010.

Mr Peh has more than 40 years of experience in the marine transportation, marine logistics and offshore support services industries. He is an Executive Director of Chuan Hup Holdings Limited ("Chuan Hup") and is a member of its Nominating Committee. He was one of the co-founders of Chuan Hup in 1970.

Mr Peh is also the Executive Chairman of PCI Limited ("PCI"). He has over 20 years of experience in the contract manufacturing industry and has been instrumental in building up the PCI Group. He is a member of the Nominating Committee of PCI. He is also a Director of Dredging International Asia Pacific Pte Ltd.

Mr Peh graduated from the University of Western Australia in 1969 with a Bachelor of Engineering (Mechanical) degree.

Mr John Cheak Boon Heng

Non-Executive Director

Mr John 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 will be due for re-election at the coming Annual General Meeting . Mr Cheak is also a member of the Remuneration and Nominating Committees. He has over 37 years of experience in the marine transportation, marine logistics and offshore support services industries.

Mr Cheak is currently a Director of Finbar Group Limited, which is listed on the Australian Securities Exchange.

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

Mr Neo Chin Lee

Non-Executive Director

Mr Neo Chin Lee is a Non-Executive Director of CHO. He was appointed to this position on 1 June 2010 and was last re-elected on 19 October 2010. He is a member of the Audit Committee.

Mr Neo has over 30 years of experience in the offshore marine industry. He is the Chief Operating Officer and an Executive Director of Falcon Energy Group, and is in charge of overseeing the business and operations of its Marine Division. He is also a Director cum Chief Executive Officer of Asetanian Marine Pte Ltd.

Mr Neo graduated in Nautical Studies from the Singapore Polytechnic and also holds a Higher Nautical Diploma from Liverpool Polytechnic, United Kingdom.

Mdm Joanna Young Sau Kwan

Non-Executive, Independent Director

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 19 October 2010. 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 is also a Non-Executive Independent Director of Chuan Hup Holdings Limited. She is the Chairman of its Audit Committee and a member of its Remuneration and Nominating Committees.

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. Mdm Young was admitted as a Accredited Tax Practitioner of the Singapore Institute of Accredited Tax Professionals in 2010.

Board of Directors

Mr Billy Lee Beng Cheng

Non-Executive, Independent Director

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 19 October 2010. 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.

Mr Peh Siong Woon Terence

Alternate Director to Mr Peh Kwee Chim

Mr Peh Siong Woon Terence is an Alternate Director to Mr Peh Kwee Chim. He was appointed to this position on 1 June 2010.

Mr Peh is the Chief Executive Officer and an Executive Director of Chuan Hup Holdings Limited ("Chuan Hup"). Mr Peh was the Deputy Financial Controller of Chuan Hup from July 2002 to October 2005. From July 2002 to September 2005, he was seconded to CHO as Chief Financial Officer. As Chief Financial Officer, he oversaw the financial affairs of CHO. From July 2000 to June 2002, Mr Peh was the Finance Manager at Chuan Hup and was responsible for its cash management, treasury functions, account payables and banking relations. Prior to his appointment with Chuan Hup, he was a Finance Manager at PCI Limited and was responsible for its cash management and treasury functions.

Mr Peh holds a degree of Bachelor of Commerce in Marketing from Curtin University of Technology, Australia and a Masters of Commerce in Finance from the University of New South Wales, Australia.

KEY MANAGEMENT

Mr Koh Kok Leong

Chief Executive Officer

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

Chief Financial Officer

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

30 June 2011	Financial Year End
3 November 2010	Announcement of First Quarter Financial Results
28 January 2011	Announcement of Half-Year Financial Results
24 March 2011	Payment of Interim Dividend
6 May 2011	Announcement of Third Quarter Financial Results
8 August 2011	Announcement of Full-Year Financial Results
4 October 2011	Dispatch of Annual Report to Shareholders
20 October 2011	Annual General Meeting
9 November 2011	Book Closure to Register Members for Dividend Payment
23 November 2011	Proposed Payment of Final Dividend

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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 2005 (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, 2011. Details of the attendance of Board members at Board meetings and meetings of the various Board Committees for the financial year ended June 30, 2011 are set out on page 28 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. In addition, Directors are briefed either during Board meetings or at specially convened sessions on changes to regulations and accounting standards which have an important bearing on the Company's or Directors' disclosure obligations. Where appropriate, Directors are sent for courses, conferences and seminars in relevant fields.

Board Composition and Guidance
(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 Mr Tan Pong Tyea, Mr Peh Kwee Chim, Mr John Cheak Boon Heng and Mr Neo Chin Lee. Mr Peh Siong Woon Terence is the alternate director to Mr Peh Kwee Chim.

The Directors bring with them a broad range of expertise and experience in areas such as accounting and finance, 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 16 to 18 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 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.

CORPORATE GOVERNANCE REPORT

Board Membership
(Principle 4)

The Nominating Committee comprises Mr Billy Lee Beng Cheng (Committee Chairman), Mdm Joanna Young Sau Kwan and Mr John Cheak Boon Heng, the majority of whom, including the Chairman, are Non-Executive Independent 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 of directors and 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 the company 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 Mr John Cheak Boon Heng, 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.

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. The primary objective is to align the interest of Management with that of the shareholders. In this respect, it believes that remuneration should be competitive and sufficient to attract, retain and motivate Executive Directors, if any, 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. 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 below. The remuneration of the top three key executives in the Group who are not also Directors of the Company is shown in bands of US$250,000. Their actual remuneration has not been disclosed for competitive reasons and to maintain confidentiality of staff remuneration matters.

REMUNERATION PAID OR ACCRUED TO CHO DIRECTORS FOR FINANCIAL YEAR ENDED JUNE 30, 2011

Directors of Company	Fixed Component (%) (1)	Variable Component (%) (2)	Directors' Fees (%)	Total Compensation (%)
Below US$250,000				
Mr Tan Pong Tyea	-	-	100	100
Mr Peh Kwee Chim	-	-	100	100
Mr John Cheak Boon Heng	-	-	100	100
Mr Billy Lee Beng Cheng	-	-	100	100
Mdm Joanna Young Sau Kwan	-	-	100	100
Mr Neo Chin Lee	-	-	100	100

Notes:
(1) Fixed component refers to base salary earned, including AWS and employer CPF.
(2) Variable component refers to variable bonus.

CORPORATE GOVERNANCE REPORT

REMUNERATION PAID OR ACCRUED TO THE TOP THREE KEY EXECUTIVES FOR FINANCIAL YEAR ENDED JUNE 30, 2011

Key Executives of Company	Fixed Component (%) (1)	Variable Component (%) (2)	Benefits (%) (3)	Total Compensation (%)
US$500,000 to below US$749,999				
Koh Kok Leong	43	54	3	100
Below US$250,000				
Teo Peck Bee	46	49	5	100
Kwan Chun Khuen	63	37	-	100

Notes:
(1) Fixed component refers to base salary earned, including AWS, allowance and employer CPF.
(2) Variable component refers to variable bonus.
(3) Benefits refer to the usage of cars.

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 Neo Chin Lee, 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 the other members 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 significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Group and quarterly and annual financial statements and financial announcements required by SGX-ST for recommendation to the Board for approval;

(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 and conflict of interest situations that may arise within the Group.

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.

All the subsidiaries listed on page 60 of this Annual Report are audited by Messrs Deloitte & Touche LLP, Singapore. The Company's associates, MarineCo Limited and Gemini Sprint Sdn Bhd, were audited by Messrs PricewaterhouseCoopers for the financial year ended December 31, 2010 and PT Bahtera Nusantara Indonesia was audited by Messrs Aryanto Amir Jusuf, Mawar & Saptoto for the financial year ended December 31, 2010. Accordingly, unaudited management accounts for the financial period from July 1, 2010 to June 30, 2011 were used for the purpose of equity accounting for MarineCo Limited, Gemini Sprint Sdn Bhd and PT Bahtera Nusantara Indonesia.

The Board and the Audit Committee are satisfied that the appointment of Messrs PricewaterhouseCoopers and Messrs Aryanto Amir Jusuf, Mawar & Saptoto would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Board confirms that Rule 716 of the SGX-ST Listing Manual has been complied with.

Whistleblowing Policy

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

Interested Person Transactions

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

CORPORATE GOVERNANCE 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/US$72,000)
	S$'000/US$'000
Chuan Hup Holdings Limited Group of Companies	308 / 222

Internal Controls
(Principle 12)

The Board has ultimate responsibility for the system of internal controls maintained by the Company to safeguard the shareholders' investments and the Company's assets and for reviewing their effectiveness. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation regulation and best practices, and the identification and containment of business risk.

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. 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, Messrs Moore Stephens LLP. 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.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS
(Principle 14)

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.

GREATER SHAREHOLDER PARTICIPATION
(Principle 15)

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 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.

SECURITIES DEALING

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.

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.

CORPORATE GOVERNANCE REPORT

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, 2011 is as follows:

Board Meetings

		Board Meetings	
Director	Note	No. of Meetings Held	No. of Meetings Attended
Mr Tan Pong Tyea		4	3
Mr John Cheak Boon Heng		4	4
Mr Billy Lee Beng Cheng		4	3
Mr Peh Kwee Chim	(1)	4	4
Mr Neo Chin Lee		4	4
Mdm Joanna Young Sau Kwan		4	4

Note:
1. Mr Peh Kwee Chim attended 2 out of the 4 Board Meetings held during the financial year. 2 of the Board Meetings were attended by Mr Peh Siong Woon Terence, Alternate Director to Mr Peh.

Board Committee Meetings

	Nominating Committee		Audit Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr John Cheak Boon Heng	1	1	-	-	2	2
Mr Billy Lee Beng Cheng	1	1	4	3	2	1
Mdm Joanna Young Sau Kwan	1	1	4	4	2	2
Mr Neo Chin Lee	-	-	4	4	-	-

REPORT OF THE DIRECTORS

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, 2011.

1 DIRECTORS

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

Mr Tan Pong Tyea
Mr Peh Kwee Chim
Mr John Cheak Boon Heng
Mr Neo Chin Lee
Mr Billy Lee Beng Cheng
Mdm Joanna Young Sau Kwan
Mr Peh Siong Woon Terence (Alternate director to Mr Peh Kwee Chim)

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, Cap. 50, are as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The company				
(Ordinary shares)				
Mr Tan Pong Tyea	-	-	205,000,000 #	205,000,000 #
Mr Peh Kwee Chim	41,874,666*	43,922,666*	167,197,026 #	167,197,026 #
Mr John Cheak Boon Heng	2,370,000*	2,839,000*	-	-
Mdm Joanna Young Sau Kwan	4,500	4,500	-	-
Mr Peh Siong Woon Terence	1,000,000	1,000,000	-	-

* Includes share registered in the name of nominees.

\# Mr Tan Pong Tyea and Mr Peh Kwee Chim have deemed interests in the shares by virtue of Section 7 of the Singapore Companies Act, Cap. 50.

The directors' interests in the shares of the company as at July 21, 2011 were the same as at June 30, 2011.

Mr Tan Pong Tyea and Mr Peh Kwee Chim have deemed interests in all the related corporations of the company by virtue of Section 7 of the Singapore Companies Act, Cap. 50.

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, Cap. 50, 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 carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Singapore Exchange Securities Trading Limited Listing Manual. The functions carried out are detailed in the company's Corporate Governance Report which is included in the Annual Report for the financial year ended June 30, 2011.

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

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

REPORT OF THE DIRECTORS

9 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....
Mr Peh Kwee Chim

....
Mr John Cheak Boon Heng

September 1, 2011

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the company set out on pages 34 to 72 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, 2011 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

....
Mr Peh Kwee Chim

....
Mr John Cheak Boon Heng

September 1, 2011

INDEPENDENT AUDITORS' REPORT

To The Members Of CH Offshore Ltd

Report on the Financial Statements
We have audited the accompanying financial statements of CH Offshore Ltd ("the company") and its subsidiaries ("the group") which comprise the statements of financial position of the group and the company as at June 30, 2011, the statements of comprehensive income, and statements of changes in equity of the group and the company and the consolidated statement of cash flows of the group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 72.

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

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

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

Opinion
In our opinion, the consolidated financial statements of the group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at June 30, 2011 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.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
September 1, 2011

STATEMENTS OF FINANCIAL POSITION

As At June 30, 2011

		Group		Company	
		2011	2010	2011	2010
	Note	US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	43,273	18,350	42,663	17,603
Trade receivables	8	20,076	22,183	20,102	22,936
Other receivables and prepayments	9	1,521	1,166	47,653	46,733
		64,870	41,699	110,418	87,272
Non-current assets classified as held for sale	10	-	7,444	-	7,444
Total current assets		64,870	49,143	110,418	94,716
Non-current assets					
Subsidiary companies	11	-	-	8,751	8,751
Associated companies	12	13,837	7,124	5,926	5,426
Club membership	13	17	17	-	-
Fixed assets	14	174,659	196,479	83,484	103,389
Total non-current assets		188,513	203,620	98,161	117,566
Total assets		253,383	252,763	208,579	212,282
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans - current portion	15	-	9,000	-	9,000
Trade payables	16	10,878	10,157	21,210	18,821
Other payables	17	-	-	9,298	8,772
Other payables - deferred gain	18	230	82	-	-
Income tax payable		66	260	63	257
Total current liabilities		11,174	19,499	30,571	36,850
Non-current liabilities					
Other payables - deferred gain	18	3,743	1,541	-	-
Bank loans	15	-	14,750	-	14,750
Total non-current liabilities		3,743	16,291	-	14,750
Capital and reserves					
Issued capital	19	55,379	55,379	55,379	55,379
Hedging reserve	20	-	(213)	-	-
Accumulated profits		183,087	161,807	122,629	105,303
Total equity		238,466	216,973	178,008	160,682
Total liabilities and equity		253,383	252,763	208,579	212,282

See accompanying notes to the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

Year Ended June 30, 2011

		Group		Company	
		2011	**2010**	**2011**	**2010**
	Note	US$'000	US$'000	US$'000	US$'000
Revenue	22	58,554	63,117	41,943	49,285
Cost of sales	23	(15,858)	(15,154)	(10,376)	(12,645)
Gross profit before direct depreciation		42,696	47,963	31,567	36,640
Direct depreciation		(9,255)	(7,610)	(4,732)	(5,340)
Gross profit		33,441	40,353	26,835	31,300
Other income	24	3,098	-	5,588	-
Other expenses - indirect depreciation		(69)	(74)	(35)	(35)
Administrative expenses		(3,591)	(3,287)	(2,048)	(2,071)
Profit from operations		32,879	36,992	30,340	29,194
Finance cost		(861)	(167)	(861)	(167)
Profit before income tax and results of associated companies		32,018	36,825	29,479	29,027
Share of results of associated companies	12	1,416	537	-	-
Profit before income tax		33,434	37,362	29,479	29,027
Income tax benefit (expense)	25	151	(23)	152	(22)
Profit for the year	26	33,585	37,339	29,631	29,005
Other comprehensive income (loss):					
Cash flow hedge	20	213	(213)	-	-
Other comprehensive income (loss) for the year		213	(213)	-	-
Total comprehensive income for the year		33,798	37,126	29,631	29,005
Earnings per share:					
Basic and fully diluted (US cents)	27	4.76	5.30		

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended June 30, 2011

	Issued capital US$'000	Hedging reserve US$'000	Accumulated profits US$'000	Total US$'000
Group				
Balance at July 1, 2009	55,379	-	132,059	187,438
Total comprehensive (loss) income for the year	-	(213)	37,339	37,126
Dividends (Note 21)	-	-	(7,591)	(7,591)
Balance at June 30, 2010	55,379	(213)	161,807	216,973
Total comprehensive income for the year	-	213	33,585	33,798
Dividends (Note 21)	-	-	(12,305)	(12,305)
Balance at June 30, 2011	55,379	-	183,087	238,466

	Issued capital US$'000	Accumulated profits US$'000	Total US$'000
Company			
Balance at July 1, 2009	55,379	83,889	139,268
Total comprehensive income for the year	-	29,005	29,005
Dividends (Note 21)	-	(7,591)	(7,591)
Balance at June 30, 2010	55,379	105,303	160,682
Total comprehensive income for the year	-	29,631	29,631
Dividends (Note 21)	-	(12,305)	(12,305)
Balance at June 30, 2011	55,379	122,629	178,008

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2011

	2011 US$'000	2010 US$'000
Operating activities		
Profit before income tax and results of associated companies	32,018	36,825
Adjustments for:		
Depreciation	9,324	7,684
Interest income	(262)	(245)
Interest expense	275	118
Net foreign exchange (gain) loss	(471)	54
Gain on disposal of fixed assets	(2,627)	-
Operating profit before working capital changes	38,257	44,436
Trade receivables	2,107	(13,558)
Other receivables and prepayments	(360)	(324)
Trade payables	828	(358)
Cash generated from operations	40,832	30,196
Interest paid	(402)	(432)
Interest received	267	246
Income tax paid	(43)	(2)
Net cash from operating activities	40,654	30,008
Investing activities		
Proceeds on disposal of fixed assets	29,247	-
Purchases of fixed assets	(4,156)	(43,085)
Investment in an associated company	(5,258)	(698)
Net cash from (used in) investing activities	19,833	(43,783)
Financing activities		
Proceeds from bank loans	-	27,000
Repayments of bank loans	(23,750)	(6,250)
Dividends paid	(12,305)	(7,591)
Net cash (used in) from financing activities	(36,055)	13,159
Net increase (decrease) in cash and cash equivalents	24,432	(616)
Cash and cash equivalents at beginning of the year	18,350	19,026
Effects of exchange rate changes on the balance of cash held in foreign currencies	491	(60)
Cash and cash equivalents at end of the year	43,273	18,350

See accompanying notes to the financial statements.

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 principal place of business and registered office 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, 2011 were authorised for issue by the board of directors on September 1, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the group 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, 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies 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 and amendments to FRS that are relevant to the group and the company were issued but not effective:

- *Improvements to Financial Reporting Standards (issued in October 2010)*
- *FRS 24 (Revised) - Related Party Disclosures*

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

Management anticipates that the adoption of the above FRSs and the amendments to FRSs that were issued but effective only in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption.

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 for each year. Control is achieved when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

- liabilities or equity instruments related to the replacement by the group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

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

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

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

The accounting policy for initial measurement of non-controlling interests is described above.

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

Effective interest method

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

Financial assets

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 end of the reporting period.

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. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

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, except for short-term receivables when the recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all financial assets, objective evidence of impairment could include:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method, except for short-term balances when the recognition of interest would be immaterial.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial liabilities

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

Derivative financial instruments and hedge accounting

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. 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 the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

The group designates certain hedging instruments, which includes derivatives such as interest rate swap in respect of interest rate risk, as cash flow hedge.

At the inception of the hedge relationship the group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group concludes and documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

ASSOCIATED COMPANIES - 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 statement of financial position 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.

The group as lessor

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

The group as lessee

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

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

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 5.525%
Drydocking expenditure	-	20%
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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

i) it is probable that future economic benefits associated with the asset will flow to the entity; and
ii) the cost of the asset to the entity can be measured reliably.

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

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

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

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

IMPAIRMENT OF TANGIBLE ASSETS - At the end of each reporting period, 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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 or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense 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 end of the reporting period.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profit or loss 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 by the end of the reporting period.

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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted by the end of the reporting period.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

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 recognised in other comprehensive income and accumulated in foreign currency translation reserve.

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.

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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

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

Depreciation expense and residual value

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 investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the value in use of the investments. The value-in-use calculation requires the entity to estimate the future net cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Management is of the view that there was no impairment in the value of investments in subsidiaries and associates during the year.

The carrying amount of the investments in subsidiaries and associates are disclosed in Notes 11 and 12 to the financial statements.

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, and when any indication exists, management is required to exercise their judgement in estimating the recoverable amount of the fixed assets.

Recoverability of trade receivables

The assessment of recoverability of trade receivables is based on the ongoing evaluation of collectability and ageing analysis of the outstanding debts and on management's estimate of the ultimate realisation of these trade receivables, including creditworthiness and the past collection history of each debtor. Management has evaluated the recovery of those receivables based on such estimates and is of the view that no allowance for doubtful trade receivables is required.

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

Management also exercises their judgment in assessing impairment of fixed assets by considering the following factors:

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

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 the higher of fair value less costs to sell and value in use is estimated to be less than their carrying amounts, the carrying amounts of the assets is to be reduced to its recoverable amount, and an impairment loss is recognised immediately in profit or loss. Based on the management assessment, there was no impairment for these vessels as the recoverable amount of the vessels are greater than their carrying amounts at the end of reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Financial Assets				
Trade and other receivables (including cash and cash equivalents)	63,609	40,589	109,721	86,359
Financial Liabilities				
Trade and other payables	7,264	6,529	26,908	24,622
Bank loans	-	23,750	-	23,750

(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 that management of financial risk is an important aspect in its drive towards creating shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

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

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

(i) <u>Foreign exchange risk management</u>

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, Australian Dollar, Euro and Sterling Pound.

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

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)

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

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

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2011	2010	2011	2010	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	1,051	533	5,414	8,459	46	78	5,189	8,203
Malaysian Ringgit	31	126	56	161	-	-	-	-
Indonesia Rupiah	13	24	76	133	2	4	56	101
Philippines Peso	-	-	388	341	-	-	-	-
Australian Dollar	-	-	119	1,940	-	-	119	1,940
Euro	24	232	1,032	-	1	-	1,032	-
Sterling Pound	237	-	262	-	7	-	262	4

Foreign currency sensitivity

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

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

	Group impact		Company impact	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	436	793	514	813
Malaysian Ringgit	3	4	-	-
Indonesia Rupiah	6	11	5	10
Philippines Peso	39	34	-	-
Australian Dollar	12	194	12	194
Euro	101	(23)	103	-
Sterling Pound	3	-	26	-

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, profit will increase (decrease) by:

	Group impact		Company impact	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	(436)	(793)	(514)	(813)
Malaysian Ringgit	(3)	(4)	-	-
Indonesia Rupiah	(6)	(11)	(5)	(10)
Philippines Peso	(39)	(34)	-	-
Australian Dollar	(12)	(194)	(12)	(194)
Euro	(101)	23	(103)	-
Sterling Pound	(3)	-	(26)	-

(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 other than those bank loans with fixed interest rate 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 group and company do not have any significant exposure to interest rate risk.

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

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Interest expense recognised in profit or loss	275	118	275	118
Interest expense capitalised in cost of vessels (Note 14)	-	428	-	-

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

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

(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.

(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 Latin America, Indonesia, Middle East and Australia 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.

As disclosed in Note 8, one of the group's customers covers a significant portion of the group's total credit exposure as at year end.

(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.

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)

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. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	US$'000	US$'000	US$'000	US$'000
Group				
2011				
Trade and other payables	7,264	-	-	7,264
2010				
Trade and other payables	6,529	-	-	6,529
Bank loans	9,723	15,244	(1,217)	23,750
	16,252	15,244	(1,217)	30,279
Company				
2011				
Trade and other payables	26,908	-	-	26,908
2010				
Trade and other payables	24,622	-	-	24,622
Bank loans	9,723	15,244	(1,217)	23,750
	34,345	15,244	(1,217)	48,372

Non-derivative financial assets

All the financial assets of the group and company are on demand or due within one year from the end of the reporting period. The management is of the opinion that liquidity risk is minimal due to the short term nature.

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

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

(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 portion of bank loans, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The non-current portion of 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.

(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. The group was in compliance with the loan covenants for the financial year ended June 30, 2010 and 2011.

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

The group's overall strategy remains unchanged since 2010.

5 ASSOCIATED COMPANIES AND SUBSIDIARIES TRANSACTIONS

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.

Some transactions with subsidiaries and associated companies, other than those disclosed elsewhere in the notes to the consolidated statements of comprehensive income are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Management fee earned from associated companies	(356)	(168)	-	-
Sales of fixed assets to an associated company	(2,627)	-	(5,151)	-
Agency fees paid to a subsidiary company	-	-	345	430

6 OTHER 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.

Some related parties transactions with entities with common direct or indirect shareholders, other than those disclosed elsewhere in the notes to the consolidated statements of comprehensive income are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned [a]	-	(5,354)	-	(5,354)
Management fee earned	-	(183)	-	-
Rental paid	160	155	43	47

(a) This arises from charter contracts entered into with a related party, who acted as an agent with various third party charterers on behalf of the group and company. The related party charged 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	
	2011	**2010**
	US$'000	US$'000
Short-term benefits	1,125	978
Post-employment benefits	11	11
	1,136	989

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	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Cash on hand	3	33	-	-
Cash at bank	28,347	4,474	28,078	4,136
Fixed deposits	14,923	13,843	14,585	13,467
	43,273	18,350	42,663	17,603

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits with an original maturity of approximately five months or less. The carrying amounts of these assets approximate their fair values, given the short maturity period.

The fixed deposits bear interest at rates ranging from 0.06% to 6.5% (2010 : 0.05% to 8.2%) per annum.

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	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	5,284	8,370	5,143	8,164
Indonesia Rupiah	56	101	56	101
Philippines Peso	366	299	-	-
Malaysian Ringgit	6	118	-	-
Australian Dollar	119	1,936	119	1,936
Euro	1,032	-	1,032	-
Sterling Pound	262	-	262	-

8 TRADE RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Outside parties	19,990	22,164	19,886	22,007
Associated companies (Notes 5 and 12)	86	19	5	-
Subsidiary companies (Notes 5 and 11)	-	-	211	929
	20,076	22,183	20,102	22,936

The average credit terms granted to customers ranged from 30 to 45 days (2010 : 30 to 45 days) upon receipt of invoice. No interest is charged on the overdue trade receivables. Total trade receivables past due but not impaired is US$11,424,000 (2010 : US$13,708,800) as at June 30, 2011 from a customer and the age of these receivables ranged from 30 to 150 days (2010 : 30 to 180 days).

8 TRADE RECEIVABLES (CONT'D)

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$16,283,000 (2010 : US$18,187,000) is due from the group's largest customer, which represents 81% (2010 : 82%) 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 end of the reporting period. There is no significant change in credit quality and the amounts are still considered recoverable. 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	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	85	49	7	4
Philippines Peso	22	33	-	-
Malaysian Ringgit	50	43	-	-

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Subsidiary companies (Notes 5 and 11)	-	-	46,820	45,782
Prepayments	1,261	1,110	697	913
Others	260	56	136	38
	1,521	1,166	47,653	46,733

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	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	45	40	39	35
Indonesia Rupiah	20	32	-	-

10 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group US$'000	Company US$'000
Vessels		
Cost:		
Balance at July 1, 2009	-	-
Transfer from fixed assets	11,204	11,204
Balance at June 30, 2010	11,204	11,204
Disposals	(11,204)	(11,204)
Balance at June 30, 2011	-	-
Accumulated depreciation:		
Balance at July 1, 2009	-	-
Transfer from fixed assets	3,760	3,760
Balance at June 30, 2010	3,760	3,760
Disposals	(3,760)	(3,760)
Balance at June 30, 2011	-	-
Carrying amount:		
At June 30, 2011	-	-
At June 30, 2010	7,444	7,444

During 2010, the group has entered into a Memorandum of Agreement with an associated company (Notes 5 and 12) for sale of a vessel. The sale of the vessel is expected to be completed in the next financial year, with transfer of legal title of the vessel which is to be sold, upon full settlement of sales consideration from the associated company. As a result, the vessel was classified as non-current asset held for sale in accordance with FRS 105 as at June 30, 2010.

The proceeds of the disposal is expected to exceed the net carrying amount of the vessel. Accordingly, no impairment loss has been recognised on the vessel held for sale.

During 2011, the disposal has been completed and the group recorded a gain on disposal of US$1,048,000. No vessel is classified as non-current asset held for sale in accordance with FRS 105 as at June 30, 2011.

11 SUBSIDIARY COMPANIES

	Company 2011 US$'000	Company 2010 US$'000
Unquoted equity shares, at cost	8,751	8,751

Held by the company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2011 %	Proportion of ownership interest and voting power held 2010 %	Cost of investment 2011 US$'000	Cost of investment 2010 US$'000	Principal activities
Chuan Hup Agencies (Private) Limited	Singapore	100	100	48	48	Ship management
Delaware Marine Pte Ltd	Singapore	100	100	837	837	Investment holding
Sea Glory Private Limited	Singapore	100	100	*	*	Ship owning and chartering
Garo Pte Ltd	Singapore	100	100	3,060	3,060	Ship owning and chartering
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
Venture Offshore Pte. Ltd.	Singapore	100	100	*	*	Investment holding
				8,751	8,751	

* The cost of investment is less than US$1,000.

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

12 ASSOCIATED COMPANIES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	1,675	278	278	278
Amounts receivable - non-trade [(i)]	9,009	5,148	5,648	5,148
Share of hedging reserve (Note 20)	-	(213)	-	-
Share of results of associated companies [(ii)]	3,153	1,911	-	-
	13,837	7,124	5,926	5,426

(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.

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

	Group	
	2011	2010
	US$'000	US$'000
Share of results of associated companies after income tax	1,242	455
Amortisation of deferred gain from sale of vessels to associated companies (Note 18)	174	82
	1,416	537

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

	Group	
	2011	2010
	US$'000	US$'000
At the beginning of year	1,911	1,456
Current year share of results	1,242	455
At the end of year	3,153	1,911

12 ASSOCIATED COMPANIES (CONT'D)

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

	Group 2011 US$'000	Group 2010 US$'000
Total assets	53,415	23,515
Total liabilities	(43,864)	(19,613)
Net assets	9,551	3,902
Group's share of associated companies' net assets	4,828	2,060
Revenue	12,306	7,071
Profit for the year	2,825	750
Group's share of associated companies' profit for the year	1,242	455

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$148,000 (2010 : US$148,000).

	Country of incorporation and operation	Proportion of ownership interest and voting power held		Cost of investment		Principal activities
		2011	2010	2011	2010	
		%	%	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 Venture Offshore Pte. Ltd.:						
PT Bahtera Nusantara Indonesia [a]	Indonesia	49	49	1,397	-	Ship owning and chartering
				1,675	278	

[a] The audited financial statements are for the financial year ended December 31, 2010. Accordingly, unaudited management accounts for the financial period from July 1, 2010 to June 30, 2011 were used for the purpose of equity accounting for MarineCo Limited, Gemini Sprint Sdn. Bhd. and PT Bahtera Nusantara Indonesia.

13 CLUB MEMBERSHIP

	Group 2011	Group 2010	Company 2011	Company 2010
	US$'000	US$'000	US$'000	US$'000
Golf club membership, at cost	17	17	-	-

14 FIXED ASSETS

	Vessels	Drydocking expenditure	Furniture, fittings and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
<u>Group</u>						
Cost:						
Balance at July 1, 2009	171,485	-	552	138	14,085	186,260
Additions	26	2,344	3	-	41,140	43,513
Transfer from construction-in-progress	55,225	-	-	-	(55,225)	-
Disposals	-	-	(9)	-	-	(9)
Reclassified as non-current assets held for sale	(11,204)	-	-	-	-	(11,204)
Balance at June 30, 2010	215,532	2,344	546	138	-	218,560
Additions	483	2,513	16	-	1,144	4,156
Disposals	(22,135)	(1,034)	(23)	-	-	(23,192)
Balance at June 30, 2011	193,880	3,823	539	138	1,144	199,524
Accumulated depreciation:						
Balance at July 1, 2009	17,731	-	426	9	-	18,166
Depreciation	7,412	198	45	29	-	7,684
Disposals	-	-	(9)	-	-	(9)
Reclassified as non-current assets held for sale	(3,760)	-	-	-	-	(3,760)
Balance at June 30, 2010	21,383	198	462	38	-	22,081
Depreciation	8,411	843	42	28	-	9,324
Disposals	(6,300)	(218)	(22)	-	-	(6,540)
Balance at June 30, 2011	23,494	823	482	66	-	24,865
Carrying amount:						
Balance at June 30, 2011	170,386	3,000	57	72	1,144	174,659
Balance at June 30, 2010	194,149	2,146	84	100	-	196,479

14 FIXED ASSETS (CONT'D)

	Vessels	Drydocking expenditure	Furniture, fittings and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Company						
Cost:						
Balance at July 1, 2009	128,411	-	110	138	14,085	142,744
Additions	26	2,100	3	-	41,140	43,269
Transfer to subsidiary companies #	-	-	-	-	(55,225)	(55,225)
Reclassified as non-current assets held for sale	(11,204)	-	-	-	-	(11,204)
Balance at June 30, 2010	117,233	2,100	113	138	-	119,584
Additions	141	226	2	-	1,144	1,513
Disposals	(22,135)	(1,034)	-	-	-	(23,169)
Balance at June 30, 2011	95,239	1,292	115	138	1,144	97,928
Accumulated depreciation:						
Balance at July 1, 2009	14,484	-	87	9	-	14,580
Depreciation	5,142	198	6	29	-	5,375
Reclassified as non-current assets held for sale	(3,760)	-	-	-	-	(3,760)
Balance at June 30, 2010	15,866	198	93	38	-	16,195
Depreciation	4,329	403	7	28	-	4,767
Disposals	(6,300)	(218)	-	-	-	(6,518)
Balance at June 30, 2011	13,895	383	100	66	-	14,444
Carrying amount:						
Balance at June 30, 2011	81,344	909	15	72	1,144	83,484
Balance at June 30, 2010	101,367	1,902	20	100	-	103,389

Vessels were transferred from construction-in-progress to subsidiary companies at cost upon completion in financial year ended June 30, 2010.

In 2010, 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$428,000 for the group and US$Nil for the company. Supervision fees paid to a subsidiary were capitalised and amounted to US$81,000 for the group and US$Nil for the company.

15 BANK LOANS

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Bank loans - unsecured	-	23,750	-	23,750
Less: Amount due for settlement within 12 months	-	(9,000)	-	(9,000)
Amount due for settlement after 12 months	-	14,750	-	14,750

In 2010, the company has obtained two long term loans of US$15 million and US$12 million. These two long term bank loans are unsecured, repayable quarterly in 12 equal installments of US$1.25 million commencing from February 2010 to February 2013 and US$1 million commencing from October 2009 to October 2012 respectively. Bank loans of US$15 million and US$12 million bear fixed interest rate of 3.14% and 4.00% per annum respectively.

These loans have been fully repaid during 2011.

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

The group and company's bank loans are denominated in United States Dollar.

16 TRADE PAYABLES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Outside parties	10,878	10,157	7,661	7,475
Subsidiary companies (Notes 5 and 11)	-	-	13,549	11,346
	10,878	10,157	21,210	18,821

The average credit terms granted by suppliers ranged from 30 to 90 days (2010 : 30 to 90 days). The group has financial risk management policies in place to ensure that all payables are within the credit time frame.

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

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	1,051	533	46	78
Indonesia Rupiah	13	24	2	4
Malaysian Ringgit	31	126	-	-
Euro	24	232	1	-
Sterling Pound	237	-	7	-

17 OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Subsidiary companies (Notes 5 and 11)	-	-	9,298	8,772

The amount due from subsidiary companies are unsecured, interest-free and repayable on demand.

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

18 OTHER PAYABLES - DEFERRED GAIN

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Deferred gain	1,623	1,705	-	-
Additions	2,524	-	-	-
Amortisation during the year (Note 12)	(174)	(82)	-	-
	3,973	1,623	-	-
Current portion	(230)	(82)	-	-
Non-current portion	3,743	1,541	-	-

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

19 ISSUED CAPITAL

	Company			
	2011	2010	2011	2010
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid-up capital:				
At the beginning and end of the year	705,091	705,091	55,379	55,379

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

20 HEDGING RESERVE

	Group	
	2011	2010
	US$'000	US$'000
Cash flow hedges:		
Losses arising during the year	-	(213)
Reclassification to profit or loss from equity on cash flow hedges	213	-
Other comprehensive income (loss) for the year	213	(213)

The hedging reserve recognised in the consolidated statements of comprehensive income represented the share of hedging reserve for the interest rate swaps entered by an associated company to hedge the interest rate risk arising from a bank loan.

The hedging reserve represented hedging gains and losses recognised on the effective portion of cash flow hedge. The cumulative deferred gain or loss on the hedge recognised in the consolidated statements of comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

21 DIVIDENDS

During the financial year ended June 30, 2010, the company paid a final dividend of S$0.015 per ordinary share of the company totalling S$10,576,358 (equivalent to US$7,591,080) for the financial year ended June 30, 2009.

During financial year ended June 30, 2011, 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$8,165,892) for the financial year ended June 30, 2010; and

(b) declared and paid an interim dividend of S$0.0075 per ordinary share of the company totalling S$5,288,179 (equivalent to US$4,138,843) for the financial year ended June 30, 2011.

Subsequent to the financial year ended June 30, 2011, the directors recommended a dividend of S$0.02 per ordinary share of the company totalling S$14,101,810 (equivalent to US$11,610,757) for the financial year ended June 30, 2011.

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

22 REVENUE

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned	57,780	62,308	41,687	49,047
Rendering of services	12	83	-	-
Commission earned	-	90	-	-
Management and agency fee	498	390	-	-
Others	264	246	256	238
	58,554	63,117	41,943	49,285

23 COST OF SALES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Vessel operating expenses	15,716	14,942	10,376	12,645
Others	142	212	-	-
	15,858	15,154	10,376	12,645

24 OTHER INCOME

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Foreign exchange adjustment gain	471	-	437	-
Net gain on disposal of fixed assets				
- associated company	2,627	-	5,151	-
	3,098	-	5,588	-

25 INCOME TAX BENEFIT (EXPENSE)

a) Taxation (credit) charge comprises:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Current tax:				
Singapore	22	21	22	21
Foreign	2	2	1	1
Overprovision in				
respect of prior years	(175)	-	(175)	-
	(151)	23	(152)	22

25 INCOME TAX BENEFIT (EXPENSE) (CONT'D)

b) The income tax (benefit) expense varied from the amount of income tax (benefit) expense determined by applying the Singapore income tax rate of 17% (2010 : 17%) to profit before income tax and results of associated companies as a result of the following differences:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Income tax expense at statutory rate	5,683	6,352	5,011	4,935
Tax exempt income [1]	(5,759)	(6,375)	(4,989)	(4,914)
Non-deductible items	54	-	-	-
Deferred tax benefit not recognised	44	44	-	-
Overseas tax	2	2	1	1
Overprovision in respect of prior years	(175)	-	(175)	-
Income tax (benefit) expense recognised in profit or loss	(151)	23	(152)	22

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

During the financial year, the company received notification from the Comptroller of Income Tax approving its application for Group Relief on the utilization of tax losses at income tax rate of 18% from its subsidiary of US$165,884 in respect of year ended June 30, 2008.

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

	Group	
	2011	2010
	US$'000	US$'000
Unutilised tax loss carryforwards	926	758
Capital allowances	250	185
	1,176	943
Deferred tax benefit on above:		
Unrecorded	193	149
Recorded	7	11

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 PROFIT FOR THE YEAR

In addition to charges and credits disclosed elsewhere in the notes to the statements of comprehensive income, this item includes the following charges (credits):

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Directors' fees	163	140	163	140
Staff cost:				
Permanent staff (including directors' fees)	3,008	2,812	1,712	1,721
Contract based crew	3,642	3,429	2,008	2,399
	6,650	6,241	3,720	4,120
Cost of defined contribution plans included in staff costs	211	200	84	86
Net foreign exchange adjustment (gain) loss	(471)	54	(437)	53
Auditors' remuneration:				
Non-audit fee	3	3	-	-

27 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	
	2011	2010
Profit attributable to shareholders (US$'000)	33,585	37,339
Number of ordinary shares used to compute earnings per share ('000)	705,091	705,091
Basic and fully diluted:		
Earnings per share (US cents)	4.76	5.30

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 end of the reporting period.

28 SEGMENTAL INFORMATION

The operations of the group are associated specifically with the support of offshore oil and gas industry which is the major operating segment of the group. The Chief Executive Officer ("CEO"), who is the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance, focused on the revenue generated based on where the vessels operate. Such information is reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance.

Geographical information

The group's customers are located in Latin America, Indonesia, Middle East, Australia and other South East Asia countries.

The revenue by geographical segments is based on where the vessels operate. Segment assets (non-current assets) excluding investment in associates and club membership are based on geographical locations of the assets. The accounting policies of the segment are the same as the group's accounting policies described in Note 2.

	Group	
	2011	2010
	US$'000	US$'000
Revenue		
Indonesia	5,091	7,144
Middle East	6,249	8,552
Australia	10,985	17,896
Latin America	30,484	27,798
Others [(a)]	5,745	1,727
	58,554	63,117
Non-current assets		
Indonesia	-	17,448
Middle East	23,192	22,706
Australia	22,952	41,047
Latin America	61,911	36,655
Vietnam	48,822	27,045
Singapore	17,782	51,578
	174,659	196,479

(a) The revenue generated from other geographical location where the vessels operate individually contributed to less than 10% of the total revenue.

Information about major customers

Included in revenue of US$58,554,000 (2010 : US$63,117,000) are revenues of approximately US$27,798,000 (2010 : US$27,798,000) which arose from the sales to the group's largest customer.

29 CONTINGENT LIABILITIES

	Group and Company	
	2011	2010
	US$'000	US$'000
Guarantees (unsecured)	13,270	5,366

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

	Group and Company	
	2011	2010
	US$'000	US$'000
Associated companies [(a)]	12,829	4,454
Third parties	441	912
	13,270	5,366

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

30 COMMITMENTS

The group as lessee

Operating lease commitments with related party (Note 6)

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Minimum lease payments paid under operating leases included in profit or loss	160	155	43	47

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

	Group and Company	
	2011	2010
	US$'000	US$'000
Within one year	152	159
In the second to fifth year inclusive	152	159
	304	318

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.

STATISTICS OF SHAREHOLDINGS

As at September 13, 2011

SHARE CAPITAL

Total Number of Issued Shares	:	705,090,514
Issued and Fully Paid-up Capital	:	S$95,251,166.00
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
Treasury Shares	:	Nil

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	795	9.04	359,871	0.05
1,000 - 10,000	5,586	63.50	25,053,314	3.55
10,001 - 1,000,000	2,387	27.13	121,067,194	17.17
1,000,001 and above	29	0.33	558,610,135	79.23
TOTAL	**8,797**	**100.00**	**705,090,514**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LTD	373,352,026	52.95
2	PEH KWEE CHIM	23,922,666	3.39
3	MAYBAN NOMINEES (SINGAPORE) PTE LTD	22,755,000	3.23
4	PEH KWEE YONG	20,801,866	2.95
5	DBS NOMINEES PTE LTD	15,386,710	2.18
6	CITIBANK NOMINEES SINGAPORE PTE LTD	14,802,284	2.10
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,182,599	1.59
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	10,234,800	1.45
9	UOB KAY HIAN PTE LTD	9,352,600	1.33
10	LIM & TAN SECURITIES PTE LTD	6,388,000	0.91
11	OCBC SECURITIES PRIVATE LTD	5,950,700	0.84
12	KIM ENG SECURITIES PTE. LTD.	5,368,472	0.76
13	MERRILL LYNCH (SINGAPORE) PTE LTD	5,189,000	0.74
14	DBSN SERVICES PTE LTD	5,166,192	0.73
15	HSBC (SINGAPORE) NOMINEES PTE LTD	5,080,200	0.72
16	OCBC NOMINEES SINGAPORE PTE LTD	2,935,670	0.42
17	TEO JOO KIM	2,208,000	0.31
18	HONG LEONG FINANCE NOMINEES PTE LTD	2,109,400	0.30
19	PRIMA PORTFOLIO PTE LTD	2,100,000	0.30
20	ONG KOK WAH	1,846,400	0.26
	Total:	**546,132,585**	**77.46**

STATISTICS OF SHAREHOLDINGS

As at September 13, 2011

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Energian Pte. Ltd.	205,000,000 [(a)]	29.07	-	-
Falcon Energy Group Limited	-	-	205,000,000 [(b)]	29.07
Tan Pong Tyea	-	-	205,000,000 [(c)]	29.07
Chuan Hup Holdings Limited	167,197,026 [(a)]	23.71	-	-
Peh Kwee Chim	43,922,666 [(d)]	6.23	167,197,026 [(e)]	23.71

Notes:

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

(b) Falcon Energy Group Limited has a deemed interest in 205,000,000 shares by virtue of Section 7(4) of the Singapore Companies Act, Cap.50.

(c) Mr Tan Pong Tyea has a deemed interest in 205,000,000 shares by virtue of Section 7(4) of the Singapore Companies Act, Cap.50.

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

(e) Mr Peh Kwee Chim has a deemed interest in 167,197,026 shares by virtue of Section 7(4) of the Singapore Companies Act, Cap.50.

(f) Based on information available to the Company as at September 13, 2011, approximately 37.49% 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.

NOTICE OF ANNUAL GENERAL MEETING

CH OFFSHORE LTD

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

NOTICE IS HEREBY GIVEN that the Thirty-Fifth ANNUAL GENERAL MEETING of the Company will be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 20, 2011 at 10.30 a.m. to transact the following businesses:

Ordinary Business:

1. To receive and adopt the Audited Financial Statements for the financial year ended June 30, 2011 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a final dividend of 2 SGD cents per ordinary share (tax exempt) for the financial year ended June 30, 2011. **(Resolution 2)**

3. To re-elect Mr John Cheak Boon Heng 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)

   Mr Billy Lee Beng Cheng is also retiring by rotation in accordance with Article 89 of the Company's Articles of Association, but is not offering himself for re-election. (See Explanatory Note 2)

4. To approve the payment of fees of S$195,000 for Directors for the financial year ended June 30, 2011 (FY2010: S$195,397). **(Resolution 4)**

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

Special Business:

6. 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 6)**

   (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,

NOTICE OF ANNUAL GENERAL MEETING

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 total number of issued shares (excluding treasury shares) in the 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 total number of issued shares (excluding treasury shares) in the 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 shares shall be based on the total number of issued shares (excluding treasury shares) in the 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 bonus issue or consolidation or subdivision of shares;

(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.

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on November 9, 2011 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 (or 80 Robinson Road, #02-00, Singapore 068898 after 31 October 2011 due to relocation of office), up to 5.00 p.m. on November 8, 2011 will be registered to determine members' entitlements to the proposed dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company at 5.00 p.m. on November 8, 2011 will be entitled to the proposed dividend. The proposed dividend, if approved at the Thirty-Fifth Annual General Meeting of the Company, will be paid on November 23, 2011.

Dated this 4th day of October 2011

By Order of the Board

Valerie Tan May Wei
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

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) Mr John Cheak Boon Heng, if re-elected, will continue as a member of the Remuneration and Nominating Committees. Mr Cheak is considered a non-independent director.

2) Mr Billy Lee Beng Cheng will also cease to serve as Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee.

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 Thursday, October 20, 2011. The bus will leave for CH Offshore Ltd at 9.45 a.m. sharp on that day.

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CH OFFSHORE LTD

(Incorporated in the Republic of Singapore)

(Co. Reg. No. 197600666D)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of CH Offshore Ltd, this Annual Report 2011 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.

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 for me/us on my/our behalf and, if necessary, to demand a poll, at the Thirty-Fifth Annual General Meeting of the Company to be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 20, 2011 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 Financial Statements and Reports		
2	Declaration of Final Dividend		
3	Re-election of Director – Mr John Cheak Boon Heng		
4	Payment of Fees to Directors		
5	Re-appointment of Messrs Deloitte & Touche LLP as Auditors		
	Special Business		
6	Approval of Proposed Share Issue Mandate		

Signed this __________ day of ________________ 2011

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 Singapore 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 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 Annual General Meeting, in accordance with Section 179 of the Singapore 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 Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.