CH OFFSHORE LTD

Journey Ahead

Annual Report **2013**

Contents

Journey to Industry's Confidence

We are glad to be regarded as one of the most trusted names in the oil and gas industry since our inception in 1976. With the trust and confidence of our customers across the globe, we are continuing our journey to provide excellent marine support services in order to sustain the confidence of the industry we serve.

Our Vision & Mission

Our Vision is to be one of the leading marine support service providers in 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
Mdm Joanna Young Sau Kwan
Non-Executive, Independent Director
Mr Goh Boon Kiat
Non-Executive, Independent Director
Mr Gan Wah Kwang
Non-Executive Director

Audit Committee

Mdm Joanna Young Sau Kwan
Chairman
Mr Goh Boon Kiat
Mr Gan Wah Kwang

Remuneration Committee

Mr Goh Boon Kiat
Chairman
Mdm Joanna Young Sau Kwan
Mr John Cheak Boon Heng

Nominating Committee

Mdm Joanna Young Sau Kwan
Chairman
Mr John Cheak Boon Heng
Mr Goh Boon Kiat

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 OUE Down Town 2
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.)
80 Robinson Road #02-00
Singapore 068898

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 of 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 Exchange Securities Trading Limited by introduction on 28 February 2003. In October 2005, Habib Corporation Berhad (Habib), a public listed company on the Bursa Malaysia, acquired

Corporate Profile

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 and 1 vessel during financial year ended 30 June 2012 to PT Bahtera Nusantara Indonesia ("PT NUS"), in which it has a 49% stake.

Currently, CHO operates a fleet of 15, 9 of which are wholly-owned AHTS vessels with an average age of 6 years old as of June 2013. The sale of four AHTS to PT NUS allows it to co-own and continue its chartering activities in Indonesia. It also co-owns 2 AHTS with Scomi Marine Berhad, enabling the Group to operate in Malaysia. The fleet includes 7 AHTS vessels of 12,240 brake horse power (bhp).

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, the Americas and Africa. 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.

With Compliments from PTSC Marine for your
excellent HSE performance *in providing supply vessel in 2012*

Meritorious Defence Partner Award 2013

for achieving full year
Goal Zero Day in 2012

a world-wide Contractor Member
of the International Marine Contractors Association

Journey to
Performance Excellence

We have consistently maintained our excellent performance over the years despite countless challenges, which is mainly attributed to efficiency of our fleet operations, growing range of services, technical expertise of our workforce and extensive experience in working with major O&G industry players.

Chairman's Statement

Mr Tan Pong Tyea
Non-Executive Chairman

The financial year ended 30 June 2013 ("FY13") marked the 10th year since CH Offshore Ltd (the "Company") became a public limited company on 28 February 2003. Over the last 10 years, the CH Offshore Group (the "Group") like all other organisations had to ride through global financial woes and economic downturns. Although the going was tough, the Group remained profitable over the years since 2003 till recently.

At the end of FY13, the Group had to make a full allowance for doubtful trade receivables of US$43.95 million as the debts had been long overdue and payment from the client was not forthcoming. Although the allowance of the doubtful trade receivables was made in full, we will continue to ensure no effort is spared to recover this outstanding debt. In the event that we are able to recover the balance, adjustments will be made to the allowance for doubtful trade receivables in the subsequent financial year.

As a result of the full allowance made for doubtful trade receivables, the Group made a loss after tax of US$7.108 million for FY13. This is the first time in 10 years the Group has suffered a loss since the Company became a public limited company. If not for this allowance made, FY13 would have been another profitable year for the Group. The financial position of the Group remained healthy as during FY13 cash of US$14.404 million was generated from operations and as at 30 June 2013, the Group's cash balance stood at US$65.655 million.

Without further ado, allow me to present to you the Annual Report and the Audited Financial Statements of the Group for the financial year ended 30 June 2013.

Financial Review

REVENUE declined 7.2% to US$47.819 million from US$51.514 million. During FY13, revenue was mainly affected by two vessels which completed their respective contracts in January 2013 and were subsequently docked for their first mandatory overhaul and upgrading works. As at 30 June 2013, all the vessels were fully utilised except for these two which were still undergoing upgrading works.

GROSS PROFIT AFTER DIRECT DEPRECIATION Operating costs decreased 46.7% to US$7.818 million from US$14.655 million for FY12 and direct depreciation declined 4.6% to US$7.476 million from US$7.834 million. The lower operating costs were primarily due to the reversal of accrued charter-related expenses. There was no obligation to settle these expenses unless the Company received payment for the corresponding receivables which

Chairman's Statement

the Company had made full allowance for doubtful debts at the end of FY13 as disclosed in the "Other Expenses" section below. Due to the lower operating costs, gross profit after direct depreciation increased 12.1% to US$32.525 million from US$29.025 million for FY12.

OTHER INCOME For the current financial year reported, there was no sale of vessel. For the previous financial year reported, the Group recorded Other Income of US$3.946 million which was mainly from the sale of a vessel to its associated company.

OTHER EXPENSES comprised mainly allowance for doubtful trade receivables of US$43.95 million. The Group had announced this outstanding debt in its First Half-Year and 3rd Quarter Announcements and that it was taking appropriate actions to recover the said debts. While efforts are still on-going to recover this debt, the Group deemed it prudent to make an allowance for doubtful trade receivables for FY13 as no further payments were received from the client since October 2012 and both the vessels completed their respective contracts in January 2013. The Group did not make an allowance in FY12, as the client did not dispute the invoices and had continued to make payment.

SHARE OF RESULTS OF ASSOCIATED COMPANIES
Share of results of associated companies increased 71.9% to US$7.414 million from US$4.314 million. These were derived from its three associated companies. The higher profit was primarily derived from its Indonesian associated company. The Indonesian fleet increased to four vessels from three due to the purchase of an additional vessel in March 2012.

(LOSS) PROFIT AFTER INCOME TAX. Due to the allowance for doubtful trade receivables of US$43.95 million at the end of the current financial year, all the profit generated during FY13 was wiped out and the Group recorded a loss after income tax of US$7.108 million. This was 121.3% lower than profit after income tax of US$33.433 million achieved in FY12.

FINANCIAL POSITION As at 30 June 2013, the Group's financial position remained strong backed by healthy cashflow. The Group recorded cash surplus from operations of US$14.404 million for FY13. However, due to the allowance for doubtful trade receivables of US$43.95 million, both shareholders' funds and the Group's net assets value (NAV) per share decreased to US$225.99 million from US$255.909 million and to 32.05 US cents from 36.29 US cents as at 30 June 2012 respectively. Similarly, trade receivables also dropped 79.7% to US$6.072 million from US$29.978 million as at 30 June 2012.

Cash and cash equivalents decreased 14.5% to US$65.655 million from US$76.77 million as at 30 June 2012. This was due to payment of final dividend of 2.00 SGD cents per ordinary share and a special dividend of 2.00 SGD cents per ordinary share totaling S$28.204 million (equivalent to US$22.963 million) in November 2012.

Investment in associated companies rose 31.2% to US$29.483 million from US$22.472 million as at 30 June 2012 due to strong operating performance which was equity-accounted for.

Other receivables and prepayments decreased 10% to US$1.013 million from US$1.125 million as at 30 June 2012. This was primarily due to decrease in purchase of bunker. Trade payables decreased 17% to US$9.725 million from US$11.72 million was mainly due to the reversal of accrued charter-related costs as disclosed above. There were no bank borrowings during FY13.

With prudent management, the Group continued to maintain a strong and healthy financial position as at 30 June 2013.

Fleet Activities

The Group currently manages a modern fleet of 15 AHTS vessels; 9 of which are wholly-owned with an average age of about 6 years old as of 30 June 2013. The fleet includes 7 AHTS vessels of 12,240 bhp built in Japan. The rest are in the 5,000 bhp category.

The Group provides marine support services to the oil and gas industry worldwide. We have clients in South East Asia, the Middle East, the Americas, Africa and Russia. The Group will continue to extend its geographical reach and make available its vessels wherever opportunities beckon.

Chairman's Statement

Dividend

Despite suffering a loss after tax of US$7.108 million for FY13, the directors have decided to recommend a first and final tax-exempt dividend of 1.50 SGD cents per ordinary share which will amount to approximately S$10.576 million (equivalent to US$8.374 million). To arrive at this decision, the directors have taken into consideration the strength of the Group's financial position as at 30 June 2013. The Group had accumulated profits of US$170.611 million and surplus cash generated from operations of US$14.404 million during FY13.

The Group had also set aside surplus cash to internally fund its capital commitments for the new financial year FY14 as well as to cover corporate guarantees issued. Corporate guarantees were issued in prior years in proportion to its shareholdings to enable its associates to obtain loans from the banks to finance the purchase of vessels. The strong financial position had placed the Group in good stead to reward its shareholders as well as to go forth to invest in new acquisition to grow its fleet.

For the financial year ended 30 June 2012, the Group paid out a final tax-exempt dividend of 2.00 SGD cents per ordinary share and an additional special tax-exempt 2.00 SGD cents per ordinary share. Together with the interim dividend payout of 0.75 SGD cents, shareholders received in total, dividend payout of 4.75 SGD cents per ordinary share for the financial year ended 30 June 2012.

The Group has been paying out dividends every year for the last 10 years since it was listed on the Singapore Exchange Securities Trading Limited by introduction on 28 February 2003. We are proud of this track record and will continue to work hard to achieve good results so that we can continue to reward our shareholders.

Outlook and Prospects

Going forward, the OSV market will continue to remain challenging and highly competitive for ship owners. However, with our track records of over 30 years in nearly all facets of offshore support services since 1976 and having built an excellent relationship with our clients, we are glad to be regarded as a trusted name in the offshore vessel support industry. With the confidence of our customers across the globe, we are continuing our journey to provide outstanding offshore support services in order to sustain the confidence of the industry we serve.

The Group is also in a good position to invest in the expansion of its fleet should the opportunities arise. As we continue to strive to be one of the most preferred offshore support services companies, we will ensure our competitive edge is not compromised. Our operations and maintenance team ensures our young fleet is well maintained and upgraded regularly. We are supported by an experienced team whom we can count on to strengthen our global presence.

Appreciation

We would like to place on record our appreciation to Mr Neo Chin Lee and Mr Peh Siong Woon Terence for their contributions and services to the CHO Board. Mr Neo Chin Lee resigned as Director and a member of the Audit Committee and Mr Peh Siong Woon Terence resigned as Alternate Director to Mr Peh Kwee Chim both on 16 August 2013.

Acknowledgement

On behalf of the Board, I would like to extend a warm welcome to Mr Gan Wah Kwang who joined us on 1 August 2013 as Alternate Director to Mr Neo Chin Lee and subsequently as Director on 16 August 2013. Mr Gan brings with him a wealth of knowledge and experience in accounting and financial management.

To the management and staff, I would like to encourage you to learn from past experience, focus on what is ahead and go forth to reap good results for FY14.

To our valuable clients, business partners and shareholders, I would like to thank you for your continued support, and to all our Board members for your invaluable insights and contributions.

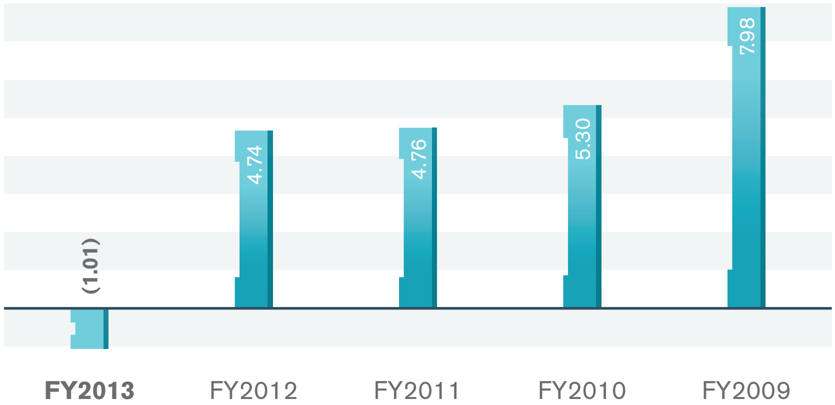
Tan Pong Tyea
Non-Executive Chairman
August 20, 2013

Five-Year Group Financial
Statistics And Charts

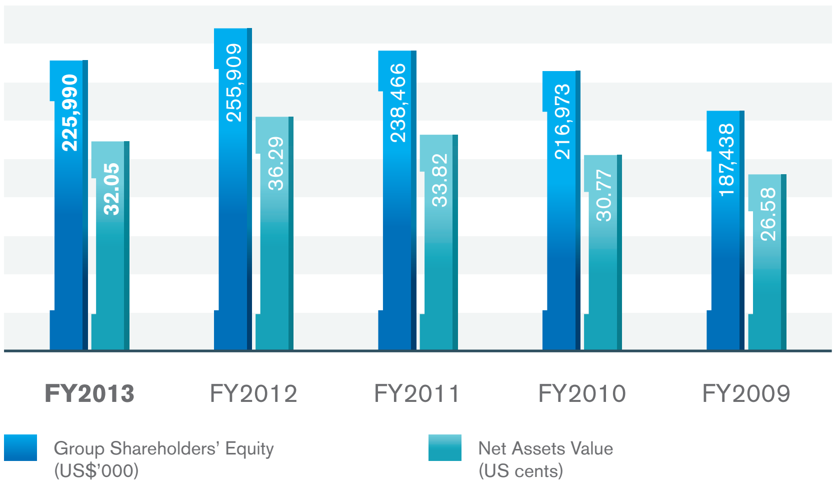
	FY 2013 US$'000	FY 2012 US$'000	FY 2011 US$'000	FY 2010 US$'000	FY 2009 US$'000
Statements Of Comprehensive Income					
REVENUE	47,819	51,514	58,554	63,117	68,794
(Loss) Profit before income tax	(7,080)	33,454	33,434	37,362	56,263
Income tax (expense) benefit	(28)	(21)	151	(23)	(24)
(Loss) Profit for the year	(7,108)	33,433	33,585	37,339	56,239
(Loss) Profit attributable to shareholders of the company	(7,108)	33,433	33,585	37,339	56,239
Statements Of Financial Position					
CURRENT ASSETS	72,740	107,873	64,870	49,143	28,494
NON-CURRENT ASSETS					
Fixed assets	143,626	147,820	174,659	196,479	168,094
Club membership	3	3	17	17	17
Associated companies	29,483	22,472	13,837	7,124	6,184
Total non-current assets	173,112	170,295	188,513	203,620	174,295
Total assets	245,852	278,168	253,383	252,763	202,789
CURRENT LIABILITIES	13,207	15,201	11,174	19,499	13,728
NON-CURRENT LIABILITIES					
Other payables	6,655	7,058	3,743	1,541	1,623
Bank loans	-	-	-	14,750	-
Total non-current liabilities	6,655	7,058	3,743	16,291	1,623
Total liabilities	19,862	22,259	14,917	35,790	15,351
Shareholders' equity	225,990	255,909	238,466	216,973	187,438
Issued capital	55,379	55,379	55,379	55,379	55,379
Per Share Data					
(Loss) Earnings Per Share (US cents):					
Basic	(1.01)	4.74	4.76	5.30	7.98
Fully Diluted	(1.01)	4.74	4.76	5.30	7.98
Dividends Per Share (SGD cents)	1.50	4.75	2.75	1.50	2.00
Net Assets Value Per Share (US cents)	32.05	36.29	33.82	30.77	26.58

Five-Year Group Financial Statistics And Charts

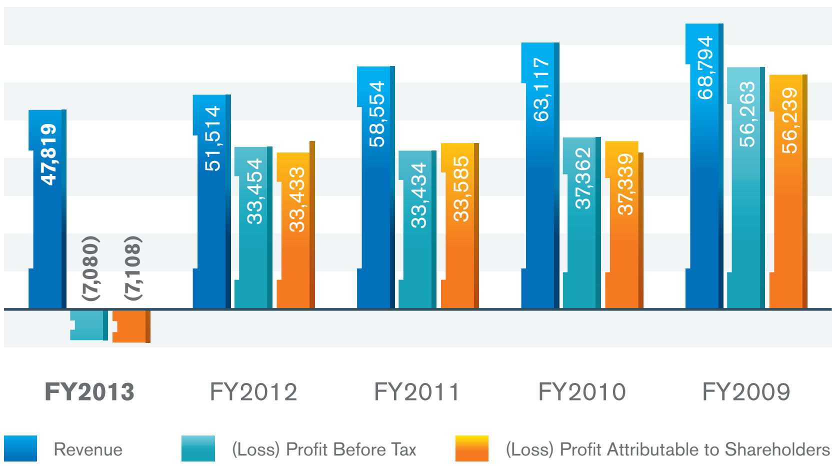
(Loss) Earnings per Share
(US cents)



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



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

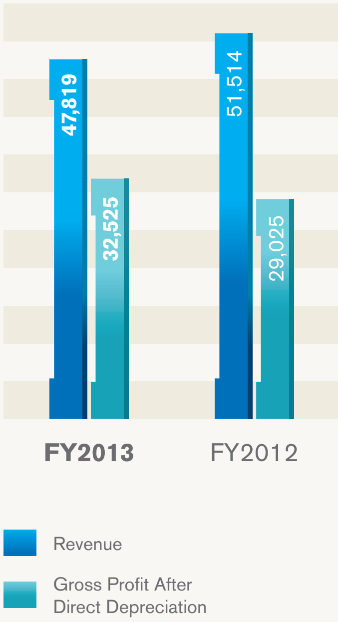


Review Of
Operations And Results

Revenue And Gross Profit After Direct Depreciation

(US$'000)

	FY 2013	FY 2012	Change
REVENUE	47,819	51,514	-7.2%
Gross Profit After Direct Depreciation	32,525	29,025	12.1%

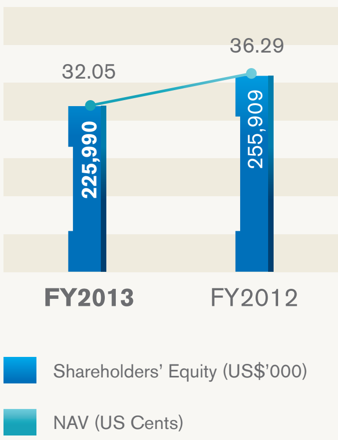


Revenue declined 7.2% to US$47.819 million from US$51.514 million. During FY13, revenue was mainly affected by two vessels which have completed their respective contracts in January 2013. Thereafter, they were docked for their first mandatory overhaul and upgrading works. As at 30 June 2013, all the vessels were fully utilised except for these two which were still undergoing repair and upgrading works.

Operating costs decreased 46.7% to US$7.818 million from US$14.655 million for FY12 and direct depreciation declined 4.6% to US$7.476 million from US$7.834 million. The lower operating costs were primarily due to the reversal of accrued charter-related costs. These accrued charter-related costs were reversed as there was no obligation to settle these expenses unless the Company received payment for the corresponding receivables which the Company had made allowance for impairment in full at the end of FY2013. Due to the lower operating costs, gross profit after direct depreciation increased 12.1% to US$32.525 million from US$29.025 million for FY12.

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

	FY 2013	FY 2012	Change
SHAREHOLDERS' EQUITY (US$'000)	225,990	255,909	-11.7%
NAV (US Cents)	32.05	36.29	-11.7%



As at 30 June 2013, the Group's financial position remained strong backed by healthy cashflow. The Group recorded cash surplus from operations of US$14.404 million for FY13. However, due to the allowance for doubtful trade receivables of US$43.95 million, both shareholders' funds and the Group's net assets value (NAV) per share decreased to US$225.99 million from US$255.909 million and to 32.05 US cents from 36.29 US cents as at 30 June 2012 respectively.

Board Of Directors

1. Mr Tan Pong Tyea
2. Mr Peh Kwee Chim
3. Mr John Cheak Boon Heng
4. Mdm Joanna Young Sau Kwan
5. Mr Goh Boon Kiat
6. Mr Gan Wah Kwang

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 11 October 2012.

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. He was last re-elected on 19 October 2010 and will be due for re-election at the coming Annual General Meeting ("AGM").

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.

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 was last re-elected on 20 October 2011 and will be due for re-appointment at the coming AGM, pursuant to Section 153(6) of the Singapore Companies Act, Cap 50. 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.

Board Of Directors

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 and will be due for re-election at the coming AGM. She is also the Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee.

Mdm Young brings with her a wealth of experience in accounting, auditing and financial management. Mdm Young is the senior partner of her 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 Member of the Institute of Singapore Chartered Accountants, a Fellow Member of CPA Australia and an Accredited Tax Practitioner of the Singapore Institute of Accredited Tax Professionals.

Mr Goh Boon Kiat

Non-Executive, Independent Director

Mr Goh Boon Kiat is a Non-Executive, Independent Director. He was appointed to this position on 28 October 2011 and was last re-elected on 11 October 2012. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

From 1971 to 2010, Mr Goh was associated with the Keppel Group. He held various management positions in Keppel's marine and offshore divisions, starting with Keppel Shipyard, an overseas assignment in the Philippines during the formation of Keppel Philippines, Keppel Fels, and Keppel Singmarine. Mr Goh also served on the boards of various companies in the Keppel Group as well as the boards of three public listed companies, namely Singmarine Industries Ltd, Penguin Boat International Ltd and Pacific Healthcare Holdings Ltd.

Mr Goh was a Colombo Plan scholar and graduated from the University of Newcastle-upon-Tyne with a Bachelor of Science degree in Naval Architecture (First Class Honours).

Mr Gan Wah Kwang

Non-Executive Director

Mr Gan Wah Kwang is a Non-Executive Director of CHO. He was appointed to this position on 16 August 2013. He will be due for re-election at the coming AGM. He is a member of the Audit Committee.

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

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

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.

Journey to Global Prominence

Our marine support services have bestowed us international prominence across the oil and gas industry. Our current global footprints inspire us to consistently propel all the means towards our further global growth primarily by taking advantage of emerging worldwide opportunities.

Our
Vessels

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

Embracing
Worldwide Opportunities

PTSC Ha Long
(ex-Aquamarine)

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

Coral*

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

Langery
(ex-Pearl)

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

Turquoise

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

Our Vessels

Amethyst

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

Tourmaline

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

Amber*

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

Beryl*

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

Garnet

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

Topaz

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

Jasper

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

Zircon*

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

Temasek Attaka*

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

Temasek Sepinggan*

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

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

Financial Calendar

June 30, 2013
Financial Year End

November 02, 2012
Announcement of First Quarter Financial Results

February 01, 2013
Announcement of Half-Year Financial Results

May 06, 2013
Announcement of Third Quarter Financial Results

August 05, 2013
Announcement of Full-Year Financial Results

October 02, 2013
Dispatch of Annual Report to Shareholders

October 18, 2013
Annual General Meeting

November 15, 2013
Book Closure to Register Members for
Payment of First and Final Dividend

November 27, 2013
Proposed Payment of First and Final Dividend

Corporate Governance Report

INTRODUCTION

CHO is committed to maintaining high standards of corporate governance to ensure greater transparency and maximise long-term shareholder value.

This report describes CHO's corporate governance practices for the financial year ended June 30, 2013 with specific reference to Singapore's Code of Corporate Governance 2005 (the "Code").[1]

BOARD MATTERS

The Board's Conduct of 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 5 Board meetings were held for the financial year ended June 30, 2013. Details of the attendance of Board members at Board meetings and meetings of the various Board Committees for the financial year ended June 30, 2013 are set out on page 29 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.

The Board is supported by Board Committees established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance.

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 Mdm Joanna Young Sau Kwan and Mr Goh Boon Kiat. The Non-Executive Directors are Mr Tan Pong Tyea, Mr Peh Kwee Chim, Mr John Cheak Boon Heng and Mr Gan Wah Kwang.

[1] *The Monetary Authority of Singapore had on 2 May 2012 issued a revised Code of Corporate Governance ("revised Code"), which will take effect with respect to Annual Reports of listed entities relating to financial years commencing from 1 November 2012. The revised Code will apply to the CHO 2014 Annual Report.*

Corporate Governance Report

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 14 and 15 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.

Board Membership
(Principle 4)

The Nominating Committee comprises Mdm Joanna Young Sau Kwan (Committee Chairman), Mr John Cheak Boon Heng and Mr Goh Boon Kiat, 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. Directors above 70 years of age are subject to annual re-appointment.

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)

The Directors are provided with Board papers in advance of each Board Meeting to enable them to be properly informed of matters to be discussed and/or approved, 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
(Principles 7, 8 and 9)

The Remuneration Committee comprises Mr Goh Boon Kiat (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 recommend for the Board's approval the general framework of remuneration for the Board and key management personnel of CHO. The Remuneration Committee also recommends the specific remuneration packages for each Director as well as for the key management personnel.

The Remuneration Committee in establishing the framework of remuneration 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 the key management personnel to manage the Company well. Pay levels, benefits and incentives are structured to focus them to achieve corporate objectives.

The remuneration packages of the key management personnel of the Group generally comprise 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 Group and individual performance. 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.

Corporate Governance Report

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 DIRECTORS FOR FINANCIAL YEAR ENDED JUNE 30, 2013

Directors of Company	Fixed Component (%)[1]	Variable Component (%)[2]	Directors' Fees (%)	Total Compensation (%)
Below US$250,000				
Mr Tan Pong Tyea	0	0	100	100
Mr Peh Kwee Chim	0	0	100	100
Mr John Cheak Boon Heng	0	0	100	100
Mr Neo Chin Lee[3]	0	0	100	100
Mdm Joanna Young Sau Kwan	0	0	100	100
Mr Goh Boon Kiat	0	0	100	100

Notes:

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

(2) Variable component refers to variable bonus.

(3) Mr Neo Chin Lee retired from the Board on August 16, 2013.

REMUNERATION PAID OR ACCRUED TO THE TOP THREE KEY EXECUTIVES FOR FINANCIAL YEAR ENDED JUNE 30, 2013

Key Executives of Company	Fixed Component (%)[1]	Variable Component (%)[2]	Benefits (%)[3]	Total Compensation (%)
US$250,000 to below US$499,999				
Koh Kok Leong	98	0	2	100
Below US$250,000				
Teo Peck Bee	94	0	6	100
Kwan Chun Khuen	85	15	0	100

Notes:

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

(2) Variable component refers to other variable payment, as there was no variable bonus paid.

(3) Benefits refer to the usage of cars.

Corporate Governance Report

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, position 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.

The Company has adopted an internal code based on SGX-ST's guideline to provide guidance to the Directors and employees of the Group in relation to the dealings in the Company's securities. CHO's Directors and employees are prohibited from dealing in CHO's shares for the period of two weeks prior to the announcement of quarterly results and a period of one month prior to the announcement of year-end results. In addition, Directors and employees are prohibited from dealing in CHO's shares on short-term considerations and/or while in possession of unpublished material price-sensitive information relating to CHO shares.

Audit Committee
(Principle 11)

Until August 16, 2013, the Audit Committee comprised Mdm Joanna Young Sau Kwan as the Chairman with Mr Goh Boon Kiat and Mr Neo Chin Lee as members. Mr Neo Chin Lee resigned as a Non-Executive Director of the Company on August 16, 2013 and subsequent to his resignation, he also ceased to be a member of the Audit Committee. Mr Gan Wah Kwang was appointed as a Non-Executive Director of the Company and a member of the Audit Committee on August 16, 2013.

The Audit Committee currently comprises Mdm Joanna Young Sau Kwan (Committee Chairman), Mr Goh Boon Kiat and Mr Gan Wah Kwang, the majority of whom, including the Chairman, are Non-Executive and Independent. Mdm Joanna Young Sau Kwan and Mr Gan Wah Kwang have accounting and related financial management expertise and experience. The Board considers Mr Goh Boon Kiat as having sufficient financial knowledge and experience to discharge his responsibility as a member of the Committee.

The Audit Committee meets at least four times a year. The Audit Committee's duties include:

(a) reviewing the quarterly and annual financial statements and financial announcements required by SGX-ST for recommendation to the Board for approval;

(b) discussing with the external auditors the audit plan, and the report on the audit of the year-end financial statements; reviewing the external auditors' management letter, if any, and Management's response thereto; reviewing the external auditors' objectivity and independence from Management and the Company; reviewing the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year; considering the appointment of the external auditors and the audit fee; making recommendations to the Board on the selection of the Company's external auditors;

(c) reviewing the scope of internal audit work and its audit programmes; reviewing the major findings during the year and Management's response thereto; and ensuring the adequacy of the independence and resource sufficiency of the internal audit function;

(d) reviewing the effectiveness of the Group's material controls, including financial compliance and risk management controls, to safeguard shareholders' investments and the Group's assets; and

(e) reviewing interested person transactions to ensure compliance with the SGX-ST Listing Manual.

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 been given adequate resources to enable it to discharge its functions. The Audit Committee meets with the internal and external auditors without the presence of non-audit Management, at least annually.

All the subsidiaries listed on page 62 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 March 31, 2013 and PT Bahtera Nusantara Indonesia was audited by Messrs Aryanto, Amir Jusuf, Mawar & Saptoto for the financial year ended December 31, 2012. Accordingly, unaudited management accounts for the financial period from April 1, 2013 to June 30, 2013 were used for the purpose of equity accounting for MarineCo Limited and Gemini Sprint Sdn Bhd and unaudited management accounts for the financial period from January 1, 2013 to June 30, 2013 were used for the purpose of equity accounting for 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 712 and Rule 716 of the SGX-ST Listing Manual have been complied with. The Audit Committee has nominated Messrs Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

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.

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$80,000)
	S$'000/US$'000
Chuan Hup Holdings Limited Group of Companies[(1)]	273 / 216

Note:

(1) Mr Peh Kwee Chim is a Non-Executive Director and controlling shareholder of the Company. He holds 51.23% of the issued shares in Chuan Hup Holdings Limited.

Corporate Governance Report

Internal Controls
(Principle 12)

The Audit Committee reviews the reports submitted by external and internal auditors, including the external auditors' management letter, if any, relating to the effectiveness of the Company's significant internal controls, including financial, operational and compliance controls, and management of risks of fraud and other irregularities.

The Audit Committee also reviews the effectiveness of the actions taken by Management on the recommendations made by the external and internal auditors in this respect.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and the Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls were adequate as at 30 June 2013 to address financial, operational and compliance risks, which the Group considers relevant and material to its operations.

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

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.

Internal Audit
(Principle 13)

The internal audit function is outsourced to MS Risk Management Pte Ltd, an associate of international public accounting firm, Messrs Moore Stephens LLP. The internal auditors will report to the Chairman of the 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

(Principles 14 and 15)

CHO believes in regular and timely communication with investors.

All financial results as well as price-sensitive information are released in a timely manner via SGXNET. CHO's website serves as a comprehensive and easy-to-use source of information for shareholders and the investment community. It contains the Company's publicly disclosed financial information, annual reports, news releases and announcements. Queries received via the website are also duly addressed.

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 mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Board members always endeavour to attend general meetings where shareholders are given opportunity to raise questions and clarify issues they may have, relating to the resolutions to be passed, with the Board. The Chairman of the various Board Committees or member of the Board Committees standing in for them, as well as the external auditor, would be present and available to answer questions at these meetings.

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, 2013 is as follows:

Board Meetings

Directors	Notes	Board Meetings – Regular: No. of Meetings Held	Board Meetings – Regular: No. of Meetings Attended	Board Meetings – Ad hoc: No. of Meetings Held	Board Meetings – Ad hoc: No. of Meetings Attended
Mr Tan Pong Tyea		4	3	1	1
Mr Peh Kwee Chim	(1)	4	4	1	1
Mr John Cheak Boon Heng		4	4	1	1
Mr Neo Chin Lee	(2)	4	2	1	1
Mdm Joanna Young Sau Kwan		4	4	1	1
Mr Goh Boon Kiat		4	4	1	1

Board Committee Meetings

Directors	Notes	Audit Committee: No. of meetings held	Audit Committee: No. of meetings attended	Remuneration Committee: No. of meetings held	Remuneration Committee: No. of meetings attended	Nominating Committee: No. of meetings held	Nominating Committee: No. of meetings attended
Mr John Cheak Boon Heng		-	-	2	2	1	1
Mdm Joanna Young Sau Kwan		4	4	2	2	1	1
Mr Neo Chin Lee	(2)	4	2	-	-	-	-
Mr Goh Boon Kiat		4	4	2	2	1	1

Notes:

(1) Mr Peh Kwee Chim attended 4 out of the 5 Board Meetings held during the financial year. 1 out of the 5 Board Meetings was attended by Mr Peh Siong Woon Terence, Alternate Director to Mr Peh Kwee Chim. Mr Peh Siong Woon Terence retired as Alternate Director to Mr Peh Kwee Chim on August 16, 2013.

(2) Mr Neo Chin Lee retired from the Board and as a member of the Audit Committee on August 16, 2013.

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, 2013.

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
Mdm Joanna Young Sau Kwan
Mr Goh Boon Kiat
Mr Gan Wah Kwang (Appointed on August 16, 2013)

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:

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

* 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, 2013 were the same as at June 30, 2013.

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, 2013.

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

August 20, 2013

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 35 to 73 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, 2013 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

August 20, 2013

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, 2013, 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 35 to 73.

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, 2013 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
Chartered Accountants

Singapore
August 20, 2013

Statements of Financial Position

As At June 30, 2013

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	7	65,655	76,770	64,768	75,538
Trade receivables	8	6,072	29,978	4,727	29,356
Other receivables and prepayments	9	1,013	1,125	41,542	49,034
Total current assets		72,740	107,873	111,037	153,928
Non-current assets					
Subsidiary companies	10	-	-	8,751	8,751
Associated companies	11	29,483	22,472	5,926	5,926
Club membership	12	3	3	3	3
Fixed assets	13	143,626	147,820	81,626	82,713
Total non-current assets		173,112	170,295	96,306	97,393
Total assets		245,852	278,168	207,343	251,321
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Trade payables	14	9,725	11,720	15,482	18,039
Other payables	15	3,000	3,000	54,079	49,975
Other payables - deferred gain	16	403	403	-	-
Income tax payable		79	78	79	78
Total current liabilities		13,207	15,201	69,640	68,092
Non-current liability					
Other payables - deferred gain	16	6,655	7,058	-	-
Capital and reserves					
Issued capital	17	55,379	55,379	55,379	55,379
Hedging reserve	18	-	(152)	-	(152)
Accumulated profits		170,611	200,682	82,324	128,002
Total equity		225,990	255,909	137,703	183,229
Total liabilities and equity		245,852	278,168	207,343	251,321

See accompanying notes to the financial statements.

Statements of Comprehensive Income

Year Ended June 30, 2013

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
Revenue	20	47,819	51,514	32,652	37,258
Cost of sales	21	(7,818)	(14,655)	(4,945)	(9,498)
Gross profit before direct depreciation		40,001	36,859	27,707	27,760
Others - direct depreciation		(7,476)	(7,834)	(4,368)	(4,044)
Gross profit		32,525	29,025	23,339	23,716
Other income	22	17	3,946	9	6
Other expenses		(43,996)	(51)	(43,982)	(32)
Administrative expenses		(3,040)	(3,780)	(2,053)	(2,463)
(Loss) Profit before income tax and results of associated companies		(14,494)	29,140	(22,687)	21,227
Share of results of associated companies	11	7,414	4,314	-	-
(Loss) Profit before income tax		(7,080)	33,454	(22,687)	21,227
Income tax expense	23	(28)	(21)	(28)	(16)
(Loss) Profit for the year	24	(7,108)	33,433	(22,715)	21,211
Other comprehensive income (loss) – items that may be reclassified subsequently to profit and loss:					
Cash flow hedge	18	152	(152)	152	(152)
Other comprehensive income (loss) for the year		152	(152)	152	(152)
Total comprehensive (loss) income for the year		(6,956)	33,281	(22,563)	21,059
(Loss) Earnings per share:					
Basic and fully diluted (US cents)	25	(1.01)	4.74		

See accompanying notes to the financial statements.

Statements of Changes in Equity

Year Ended June 30, 2013

	Issued capital US$'000	Hedging reserve US$'000	Accumulated profits US$'000	Total US$'000
Group				
Balance at July 1, 2011	55,379	-	183,087	238,466
Total comprehensive (loss) income for the year	-	(152)	33,433	33,281
Dividends (Note 19)	-	-	(15,838)	(15,838)
Balance at June 30, 2012	55,379	(152)	200,682	255,909
Total comprehensive income (loss) for the year	-	152	(7,108)	(6,956)
Dividends (Note 19)	-	-	(22,963)	(22,963)
Balance at June 30, 2013	55,379	-	170,611	225,990

	Issued capital US$'000	Hedging reserve US$'000	Accumulated profits US$'000	Total US$'000
Company				
Balance at July 1, 2011	55,379	-	122,629	178,008
Total comprehensive (loss) income for the year	-	(152)	21,211	21,059
Dividends (Note 19)	-	-	(15,838)	(15,838)
Balance at June 30, 2012	55,379	(152)	128,002	183,229
Total comprehensive income (loss) for the year	-	152	(22,715)	(22,563)
Dividends (Note 19)	-	-	(22,963)	(22,963)
Balance at June 30, 2013	55,379	-	82,324	137,703

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

Year Ended June 30, 2013

	2013 US$'000	2012 US$'000
Operating activities		
(Loss) Profit before income tax and results of associated companies	(14,494)	29,140
Adjustments for:		
Depreciation	7,522	7,885
Interest income	(607)	(479)
Net foreign exchange loss - unrealized	43	151
Net gain on disposal of fixed assets	-	(3,928)
Allowance for doubtful trade receivables	43,950	-
Operating profit before working capital changes	36,414	32,769
Trade receivables	(20,044)	(9,902)
Other receivables and prepayments	29	569
Trade payables	(1,995)	842
Other payables	-	3,000
Cash generated from operations	14,404	27,278
Interest received	690	306
Income tax paid	(27)	(9)
Net cash from operating activities	15,067	27,575
Investing activities		
Proceeds on disposal of fixed assets	-	30,000
Purchases of fixed assets	(3,328)	(3,343)
Investment in an associated company	-	(4,608)
Proceeds on disposal of a club membership	-	14
Net cash (used in) from investing activities	(3,328)	22,063
Financing activity		
Dividends paid, representing net cash used in financing activity	(22,963)	(15,838)
Net (decrease) increase in cash and cash equivalents	(11,224)	33,800
Cash and cash equivalents at beginning of the year	76,770	43,273
Effects of exchange rate changes on the balance of cash held in foreign currencies	109	(303)
Cash and cash equivalents at end of the year	65,655	76,770

See accompanying notes to the financial statements.

1 GENERAL

The company (Registration No. 197600666D) is listed on the Singapore Exchange Securities Trading Limited and is incorporated in the Republic of Singapore with its 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 10 and 11 to the financial statements respectively.

The consolidated financial statements of the group and statement of financial position, statement of comprehensive income and statement of changes in equity of the company for the year ended June 30, 2013 were authorised for issue by the board of directors on August 20, 2013.

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, 2012. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of 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:

- FRS 27 *(Revised) Separate Financial Statements*
- FRS 28 *(Revised) Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 except for the following:

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

When the group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014, and the group is currently estimating extent of additional disclosures needed.

FRS 113 *Fair Value Measurement*

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The disclosure requirements in FRS 113 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 107 *Financial Instruments: Disclosures* will be extended by FRS 113 to cover all assets and liabilities within its scope.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

The management anticipates that the application of FRS 113 may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 107 require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to FRS 107 are required for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

The management anticipates that the application of amendments to FRS 107 will result in more extensive disclosures on offsetting financial assets and financial liabilities. However, the management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have set-off on the statement of financial position.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

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

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

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

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

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

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

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

<u>Derecognition of financial assets</u>

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

<u>Classification as debt or equity</u>

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.

<u>Equity instruments</u>

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.

<u>Trade and other payables</u>

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

<u>Derecognition of financial liabilities</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 may use 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

<u>The group as lessor</u>

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.

<u>The group as lessee</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 6.10%
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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised 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.

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

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:

<u>Depreciation expense and residual value of fixed assets</u>

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 13.

<u>Impairment of investments in subsidiaries and associates</u>

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 10 and 11 to the financial statements.

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

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.

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's assessment, there was no impairment for these vessels as the recoverable amount of the vessels determined based on fair value less cost to sell are greater than their carrying amounts at the end of reporting period.

Recoverability of trade receivables

As at June 30, 2013, the Group recorded trade receivables from third parties of US$49,931,000 (2012: US$29,832,000).

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.

Taking into consideration that the outstanding receivable from a third party is long overdue and payment has not been forthcoming, management has made full allowance for doubtful trade receivables amounting to US$43,950,000 for the current financial year. The Group continues to take appropriate steps to recover the outstanding debt. In the event that the Group is able to recover any balance, adjustments will be made to the allowance for doubtful trade receivables in the subsequent financial year.

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

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	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Trade and other receivables (including cash and cash equivalents)	72,112	107,161	110,502	153,255
Financial liabilities				
Trade and other payables	9,206	10,267	66,042	63,564

(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) Foreign exchange risk management

The group is exposed to foreign currency risk on purchases that are denominated in a currency other than United States Dollars. The currencies giving rise to this risk are primarily Singapore Dollar, Malaysian Ringgit, Indonesia Rupiah, Philippines Peso, 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	
	2013	2012	2013	2012	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	273	212	3,950	10,652	98	43	3,687	10,381
Malaysian Ringgit	51	42	76	65	-	-	-	-
Indonesia Rupiah	2	-	59	86	1	-	59	86
Philippines Peso	-	-	524	514	-	-	-	-
Australian Dollar	-	6	44	54	-	-	44	54
Euro	15	11	-	440	2	3	-	440
Sterling Pound	33	15	4	4	5	8	4	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.

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

	Group impact		Company impact	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	368	1,044	359	1,034
Malaysian Ringgit	3	2	-	-
Indonesia Rupiah	6	9	6	9
Philippines Peso	52	51	-	-
Australian Dollar	4	5	4	5
Euro	(2)	43	-	44
Sterling Pound	(3)	(1)	-	-

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

	Group impact		Company impact	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	(368)	(1,044)	(359)	(1,034)
Malaysian Ringgit	(3)	(2)	-	-
Indonesia Rupiah	(6)	(9)	(6)	(9)
Philippines Peso	(52)	(51)	-	-
Australian Dollar	(4)	(5)	(4)	(5)
Euro	2	(43)	-	(44)
Sterling Pound	3	1	-	-

(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 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 and fixed deposits bearing fixed interest rates are disclosed in Note 7.

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

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

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

(ii) Interest rate risk management (cont'd)

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

(iii) Credit risk management

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

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk without taking into account 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, Vietnam and Middle East and is centralised on oil majors. It adopts a pro-active approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage the risk arising from the concentration of its credit exposure.

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)

All the financial assets and financial liabilities 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.

(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 approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

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

The group's overall strategy remains unchanged since 2012.

5 ASSOCIATED COMPANIES AND SUBSIDIARIES TRANSACTIONS

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	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Management fee earned from associated companies	(648)	(567)	-	-
Sales of fixed assets to an associated company	-	(30,000)	-	-
Agency fees paid to a subsidiary company	-	-	315	315

6 OTHER RELATED PARTIES TRANSACTIONS

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	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Rental paid	148	152	63	63

Compensation of directors and key management personnel

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

	Group	
	2013	2012
	US$'000	US$'000
Short-term benefits	588	1,101
Post-employment benefits	15	13
	603	1,114

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	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Cash on hand	8	8	-	-
Cash at bank	8,592	1,905	8,176	1,155
Fixed deposits	57,055	74,857	56,592	74,383
	65,655	76,770	64,768	75,538

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

7 CASH AND CASH EQUIVALENTS (CONT'D)

The fixed deposits bear interest at rates ranging from 0.01% to 3.57% (2012: 0.01% to 7%) 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	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Singapore Dollar	3,842	10,462	3,618	10,242
Indonesia Rupiah	59	86	59	86
Philippines Peso	464	491	-	-
Malaysian Ringgit	24	23	-	-
Australian Dollar	44	54	44	54
Euro	-	440	-	440

8 TRADE RECEIVABLES

	Group		Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Outside parties	49,931	29,832	47,722	28,350
Allowance for doubtful receivables				
– outside party	(43,950)	-	(43,950)	-
Associated companies (Notes 5 and 11)	91	146	-	-
Subsidiary companies (Notes 5 and 10)	-	-	955	1,006
	6,072	29,978	4,727	29,356

During the year, the average credit terms granted to customers ranged from 30 to 45 days (2012 : 30 to 45 days) upon receipt of invoice. No interest is charged on the overdue trade receivables.

During the year, the group and the company recognised an allowance for doubtful receivables of US$43,950,000. The group's and company's remaining trade receivables of US$6,072,000 and US$4,727,000 respectively as at June 30, 2013 are neither past due nor impaired. In 2012, the total trade receivables past due but not impaired was US$20,563,000 from a customer and the age of these receivables ranged from 30 to 270 days.

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$43,950,000 (2012: US$25,879,000) is due from the group's largest customer, which represents 88% (2012 : 86%) of group's total trade receivables.

8 TRADE RECEIVABLES (CONT'D)

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. Accordingly, management believes that there is no further credit provision required in excess of the allowance for the doubtful debts. The trade receivables that are neither past due nor impaired related to customers that the group has assessed to be creditworthy, based on the credit evaluation process performed by management.

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

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	39	53	6	7
Philippines Peso	51	13	-	-
Malaysian Ringgit	52	42	-	-

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Subsidiary companies (Notes 5 and 10)	-	-	40,636	47,969
Prepayments	628	712	535	673
Others	385	413	371	392
	1,013	1,125	41,542	49,034

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	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	69	137	63	132
Sterling Pound	4	4	4	4
Philippines Peso	9	10	-	-

10 SUBSIDIARY COMPANIES

	Company 2013 US$'000	Company 2012 US$'000
Unquoted equity shares, at cost	8,751	8,751

	Country of incorporation and operation	Proportion of ownership interest and voting power held 2013 %	Proportion of ownership interest and voting power held 2012 %	Cost of investment 2013 US$'000	Cost of investment 2012 US$'000	Principal activities
Held by the company						
Chuan Hup Agencies (Private) Limited	Singapore	100	100	48	48	Ship management
Delaware Marine Pte Ltd	Singapore	100	100	837	837	Dormant
Sea Glory Private Limited	Singapore	100	100	*	*	Ship owning and chartering
Garo Pte Ltd	Singapore	100	100	3,060	3,060	Dormant
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.

11 ASSOCIATED COMPANIES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	1,675	1,675	278	278
Amounts receivable - non-trade [(i)]	13,617	13,617	5,648	5,648
Share of results of associated companies [(ii)]	14,191	7,180	-	-
	29,483	22,472	5,926	5,926

(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	
	2013	2012
	US$'000	US$'000
Share of results of associated companies after income tax	7,011	4,027
Amortisation of deferred gain from sale of vessels to associated companies (Note 16)	403	287
	7,414	4,314

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

	Group	
	2013	2012
	US$'000	US$'000
At the beginning of year	7,180	3,153
Current year share of results	7,011	4,027
At the end of year	14,191	7,180

11 ASSOCIATED COMPANIES (CONT'D)

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

	Group 2013 US$'000	Group 2012 US$'000
Total assets	90,739	87,559
Total liabilities	(58,662)	(69,791)
Net assets	32,077	17,768
Group's share of associated companies' net assets	15,866	8,855
Revenue	28,792	20,276
Profit for the year	13,621	7,839
Group's share of associated companies' profit for the year	7,011	4,027

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 (2012 : US$148,000).

	Country of incorporation and operation	Proportion of ownership interest and voting power held		Cost of investment		Principal activities
		2013 %	2012 %	2013 US$'000	2012 US$'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	1,397	Ship owning and chartering
				1,675	1,675	

[a] The audited financial statements of the associated companies held by the company and that held by the subsidiary company are for the financial year ended March 31, 2013 and December 31, 2012 respectively. Accordingly, unaudited management accounts for the financial period from April 1, 2013 to June 30, 2013 were used for determining the full year's profit for the purpose of equity accounting for MarineCo Limited, Gemini Sprint Sdn. Bhd. and January 1, 2013 to June 30, 2013 were used for PT Bahtera Nusantara Indonesia.

12 CLUB MEMBERSHIP

	Group		Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Club membership, at cost	3	3	3	3

13 FIXED ASSETS

	Vessels US$'000	Drydocking expenditure US$'000	Furniture, fittings and equipment US$'000	Motor vehicles US$'000	Construction-in-progress US$'000	Total US$'000
Group						
Cost:						
Balance at July 1, 2011	193,880	3,823	539	138	1,144	199,524
Additions	25	1,953	13	-	1,352	3,343
Disposals	(25,620)	-	(138)	-	-	(25,758)
Transfer from construction-in-progress	2,496	-	-	-	(2,496)	-
Balance at June 30, 2012	170,781	5,776	414	138	-	177,109
Additions	84	3,136	4	-	104	3,328
Disposals	-	-	(8)	-	-	(8)
Balance at June 30, 2013	170,865	8,912	410	138	104	180,429
Accumulated depreciation:						
Balance at July 1, 2011	23,494	823	482	66	-	24,865
Depreciation	6,967	867	24	27	-	7,885
Disposals	(3,324)	-	(137)	-	-	(3,461)
Balance at June 30, 2012	27,137	1,690	369	93	-	29,289
Depreciation	6,203	1,273	19	27	-	7,522
Disposals	-	-	(8)	-	-	(8)
Balance at June 30, 2013	33,340	2,963	380	120	-	36,803
Carrying amount:						
Balance at June 30, 2013	137,525	5,949	30	18	104	143,626
Balance at June 30, 2012	143,644	4,086	45	45	-	147,820

13 FIXED ASSETS (CONT'D)

	Vessels US$'000	Drydocking expenditure US$'000	Furniture, fittings and equipment US$'000	Motor vehicles US$'000	Construction-in-progress US$'000	Total US$'000
Company						
Cost:						
Balance at July 1, 2011	95,239	1,292	115	138	1,144	97,928
Additions	-	1,953	2	-	1,352	3,307
Disposals	-	-	(56)	-	-	(56)
Transfer from construction-in-progress	2,496	-	-	-	(2,496)	-
Balance at June 30, 2012	97,735	3,245	61	138	-	101,179
Additions	84	3,136	-	-	93	3,313
Disposals	-	-	(2)	-	-	(2)
Balance at June 30, 2013	97,819	6,381	59	138	93	104,490
Accumulated depreciation:						
Balance at July 1, 2011	13,895	383	100	66	-	14,444
Depreciation	3,683	361	5	27	-	4,076
Disposals	-	-	(54)	-	-	(54)
Balance at June 30, 2012	17,578	744	51	93	-	18,466
Depreciation	3,601	767	5	27	-	4,400
Disposals	-	-	(2)	-	-	(2)
Balance at June 30, 2013	21,179	1,511	54	120	-	22,864
Carrying amount:						
Balance at June 30, 2013	76,640	4,870	5	18	93	81,626
Balance at June 30, 2012	80,157	2,501	10	45	-	82,713

14 TRADE PAYABLES

	Group		Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Outside parties	9,553	11,720	7,879	9,907
Associated companies (Notes 5 and 11)	172	-	-	-
Subsidiary companies (Notes 5 and 10)	-	-	7,603	8,132
	9,725	11,720	15,482	18,039

The average credit terms granted by suppliers ranged from 30 to 90 days (2012: 30 to 90 days). The group has financial risk management policies in place to ensure that all payables are within the credit time frame.

14 TRADE PAYABLES (CONT'D)

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

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	273	212	98	43
Indonesia Rupiah	2	-	1	-
Malaysian Ringgit	51	42	-	-
Euro	15	11	2	3
Australian Dollar	-	6	-	-
Sterling Pound	33	15	5	8

15 OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Outside party	3,000	3,000	3,000	3,000
Subsidiary companies (Notes 5 and 10)	-	-	51,079	46,975
	3,000	3,000	54,079	49,975

The amount due to 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.

16 OTHER PAYABLES - DEFERRED GAIN

	Group	
	2013	2012
	US$'000	US$'000
Deferred gain	7,461	3,973
Additions	-	3,775
Amortisation during the year (Note 11)	(403)	(287)
	7,058	7,461
Current portion	(403)	(403)
Non-current portion	6,655	7,058

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.

17 ISSUED CAPITAL

	Company			
	2013	2012	2013	2012
	'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.

18 HEDGING RESERVE

	Group and Company	
	2013	2012
	US$'000	US$'000
At July 1	(152)	-
Changes during the year in other comprehensive income	-	(152)
Reclassification to profit and loss on cash flow hedges	152	-
At June 30	-	(152)

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.

19 DIVIDENDS

During financial year ended June 30, 2012, the company:

(a) paid a final dividend of S$0.02 per ordinary share of the company totalling S$14,101,810 (equivalent to US$11,529,367) for the financial year ended June 30, 2011; 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$4,308,384) for the financial year ended June 30, 2012.

19 DIVIDENDS (CONT'D)

During financial year ended June 30, 2013, the company paid a final and special dividend of S$0.02 and S$0.02 respectively per ordinary share of the company totalling S$28,203,621 (equivalent to US$22,963,427) for the financial year ended June 30, 2012.

Subsequent to the financial year ended June 30, 2013, the directors recommended a final dividend of S$0.015 per ordinary share of the company totalling S$10,576,358 (equivalent to US$8,373,665) for the financial year ended June 30, 2013.

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

20 REVENUE

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned	46,407	50,447	32,050	36,804
Rendering of services	157	21	-	-
Management and agency fee	648	567	-	-
Others – interest income	607	479	602	454
	47,819	51,514	32,652	37,258

21 COST OF SALES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Vessel operating expenses	7,694	14,641	4,945	9,498
Others	124	14	-	-
	7,818	14,655	4,945	9,498

22 OTHER INCOME

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Net gain on disposal of fixed assets				
- associated company	-	3,928	-	-
Miscellaneous	17	18	9	6
	17	3,946	9	6

23 INCOME TAX EXPENSE

(a) Taxation charge comprises:

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Current tax:				
Singapore	57	56	57	56
Foreign	1	6	-	1
Overprovision in respect of prior years	(30)	(41)	(29)	(41)
	28	21	28	16

(b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2012: 17%) to (loss) profit before income tax and results of associated companies as a result of the following differences:

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Income tax (benefit) expense at statutory rate	(1,204)	5,687	(3,857)	3,609
Tax exempt income [1]	(2,078)	(5,480)	-	(3,553)
Non-deductible (taxable) items	3,418	(178)	3,914	-
Deferred tax benefit (utilised) not recognised	(79)	27	-	-
Overseas tax	1	6	-	1
Overprovision in respect of prior years	(30)	(41)	(29)	(41)
Income tax expense recognised in profit or loss	28	21	28	16

[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, a subsidiary received notification from Comptroller of Income tax approving the transfer of the tax losses from the subsidiary to the company at the income tax rate of 17% of US$42,304 for the financial year ended June 30, 2011.

23 INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2013	2012
	US$'000	US$'000
Unutilised tax loss carryforwards	667	1,145
Capital allowances	184	184
	851	1,329
Deferred tax benefit on above:		
Unrecorded	141	220
Recorded	4	6

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.

24 (LOSS) 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:

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Directors' fees	154	151	154	151
Staff cost:				
Permanent staff (including directors' fees)	2,039	2,992	1,279	1,958
Contract based crew	2,959	3,513	1,943	1,852
	4,998	6,505	3,222	3,810
Cost of defined contribution plans included in staff costs	165	239	74	114
Net foreign exchange adjustment loss	-	144	24	143
Audit fees:				
Paid to auditors of the company	60	60	32	31
Non-audit fees:				
Paid to auditors of the company	3	3	-	-
Allowance for doubtful trade receivables	43,950	-	43,950	-

25 (LOSS) EARNINGS PER SHARE

(Loss) Earnings per share is calculated by dividing the group's net (loss) 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	
	2013	**2012**
(Loss) Profit attributable to shareholders (US$'000)	(7,108)	33,433
Number of ordinary shares used to compute (loss) earnings per share ('000)	705,091	705,091
Basic and fully diluted: (Loss) Earnings per share (US cents)	(1.01)	4.74

Group basic (loss) earnings per share is the same as the fully diluted (loss) earnings per share as the group did not have any potential dilutive ordinary shares outstanding as at end of the reporting period.

26 SEGMENTAL INFORMATION

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

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

<u>Information about major customers</u>

Included in revenue of US$47,819,000 (2012: US$51,514,000) are revenues of approximately US$20,494,000 (2012: US$27,875,000) which arose from the sales to the group's largest customer.

27 CONTINGENT LIABILITIES AND GUARANTEES

	Group and Company	
	2013	**2012**
	US$'000	US$'000
Guarantees (unsecured)	14,642	20,182

27 CONTINGENT LIABILITIES AND GUARANTEES (CONT'D)

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

	Group and Company	
	2013	2012
	US$'000	US$'000
Associated companies [a]	14,382	19,922
Third parties	260	260
	14,642	20,182

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

28 COMMITMENTS

The group as lessee

Operating lease commitments with other related party (Note 6)

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Minimum lease payments paid under operating leases included in profit or loss	148	152	63	63

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	
	2013	2012
	US$'000	US$'000
Within one year	197	147
In the second to fifth year inclusive	99	-
	296	147

Operating lease payments represent rentals payable by the group and the company for certain of its office premises. Leases are negotiated for a term of 1.5 years and rentals are fixed for 1.5 years.

Statistics of Shareholdings

As at September 10, 2013

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	760	8.72	343,637	0.05
1,000 – 10,000	5,320	61.00	23,875,345	3.39
10,001 – 1,000,000	2,614	29.97	134,214,391	19.03
1,000,001 and above	27	0.31	546,657,141	77.53
TOTAL	**8,721**	**100.00**	**705,090,514**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LTD	373,972,626	53.04
2	PEH KWEE CHIM	43,922,666	6.23
3	PEH KWEE YONG	20,801,866	2.95
4	DBS NOMINEES PTE LTD	15,046,510	2.13
5	CITIBANK NOMINEES SINGAPORE PTE LTD	12,473,800	1.77
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,082,999	1.57
7	UOB KAY HIAN PTE LTD	9,668,000	1.37
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,202,800	1.31
9	LIM & TAN SECURITIES PTE LTD	7,748,000	1.10
10	OCBC SECURITIES PRIVATE LTD	6,498,600	0.92
11	HSBC (SINGAPORE) NOMINEES PTE LTD	4,684,000	0.66
12	MAYBANK KIM ENG SECURITIES PTE LTD	3,981,200	0.56
13	OCBC NOMINEES SINGAPORE PTE LTD	2,897,070	0.41
14	MAYBANK NOMINEES (SINGAPORE) PTE LTD	2,765,000	0.39
15	TEO JOO KIM	2,458,000	0.35
16	PHILLIP SECURITIES PTE LTD	2,363,954	0.34
17	CIMB SECURITIES (SINGAPORE) PTE LTD	2,157,000	0.31
18	PRIMA PORTFOLIO PTE LTD	2,100,000	0.30
19	ONG KOK WAH	1,846,400	0.26
20	NG HWEE KOON	1,770,000	0.25
	Total:	**537,440,491**	**76.22**

Statistics of Shareholdings

As at September 10, 2013

Substantial Shareholder	Direct Interest No. of Shares	Direct Interest %	Deemed Interest No. of Shares	Deemed Interest %
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	6.23	167,197,026[(d)]	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) 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.

(e) Based on information available to the Company as at September 10, 2013, 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

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

NOTICE IS HEREBY GIVEN that the Thirty-Seventh ANNUAL GENERAL MEETING of the Company will be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 18, 2013 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, 2013 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a one-tier tax-exempt first and final dividend of 1.5 SG cents per ordinary share for the financial year ended June 30, 2013. **(Resolution 2)**

3. To re-elect Mr Gan Wah Kwang who retires in accordance with Article 88 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **(Resolution 3)**
   [See Explanatory Note 1]

4. To re-elect Mr Peh Kwee Chim who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **(Resolution 4)**

5. To re-elect Mdm Joanna Young Sau Kwan who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers herself for re-election. **(Resolution 5)**
   [See Explanatory Note 2]

6. To re-appoint Mr John Cheak Boon Heng pursuant to Section 153(6) of the Singapore Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 6)**
   [See Explanatory Note 3]

7. To approve the payment of fees of S$195,000 for Directors for the financial year ended June 30, 2013 (FY2012: S$195,956). **(Resolution 7)**

8. To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise Directors to fix their remuneration. **(Resolution 8)**

Special Business:

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

   That pursuant to Section 161 of the Singapore Companies Act, Cap. 50, authority be and is hereby given to the Directors of the Company to: **(Resolution 9)**

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

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

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

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued 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 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 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 of
Annual General Meeting

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the first and final dividend being obtained at the Thirty-Seventh Annual General Meeting to be held on October 18, 2013, the Transfer Books and the Register of Members of the Company will be closed on November 15, 2013 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 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 p.m. on November 14, 2013 will be registered to determine shareholders' entitlements to the first and final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on November 14, 2013 will be entitled to the first and final dividend.

The first and final dividend, if so approved by shareholders, will be paid on November 27, 2013.

Dated this 2nd day of October 2013

By Order of the Board

Valerie Tan May Wei
Company Secretary

Explanatory Notes:

1) Mr Gan Wah Kwang, if re-elected, will continue as a member of the Audit Committee. Mr Gan is considered a non-independent director.

2) Mdm Joanna Young Sau Kwan, if re-elected, will continue as Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee. Mdm Young is considered an independent director.

3) 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.

For the convenience of shareholders, the Company will arrange for a bus to pick up shareholders attending the above meeting from SBS Bus Stop B23 Boon Lay Way (outside Lakeside MRT Station), on Friday, October 18, 2013. The bus will leave for CH Offshore Ltd at 9.45 a.m. sharp on that day.

CH OFFSHORE LTD

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

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, the Annual Report 2013 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR THEIR 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____ (Name)

____ (NRIC/Passport Number)

of ____ (Address)

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 Thirty-Seventh Annual General Meeting of the Company ("Annual General Meeting") as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting to be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 18, 2013 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 First and Final Dividend		
3	Re-election of Mr Gan Wah Kwang in accordance with Article 88		
4	Re-election of Mr Peh Kwee Chim in accordance with Article 89		
5	Re-election of Mdm Joanna Young Sau Kwan in accordance with Article 89		
6	Re-appointment of Mr John Cheak Boon Heng pursuant to Section 153(6) of the Singapore Companies Act, Cap. 50		
7	Approval of Directors' Fees for the financial year ended June 30, 2013		
8	Re-appointment of Messrs Deloitte & Touche LLP as Auditors		
	Special Business		
9	Approval of Proposed Share Issue Mandate		

Dated this ________ day of ________ 2013

Total Number of Shares Held	

____

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

IMPORTANT: PLEASE READ NOTES ON THE REVERSE SIDE

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The appointment of a proxy or proxies by this instrument shall not preclude a member from attending and voting in person at the Annual General Meeting. If a member attends the Annual General Meeting in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the Annual General Meeting.

2. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. This instrument of proxy or proxies must be signed by the appointor or his duly authorised attorney, or, if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney.

4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of Singapore Companies Act, Cap. 50, to attend and vote on its behalf.

5. This instrument appointing a proxy or proxies (together with the power of attorney if any, under which it is signed or a certified copy thereof) 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 holding the Annual General Meeting.

6. A member should insert the total number of shares held in this instrument of proxy. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Cap 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

7. The Company shall be entitled to reject this instrument of proxy or proxies if it is incomplete, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose shares are 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 at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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