



Samudera Shipping Line Ltd  
Annual Report 2014

# STAYING NIMBLE





The Samudera brand is built on the efforts of our people, the strength of our business and a long history of efficient cargo transportation.

Our track record is built upon our nimbleness as we navigate the challenges faced by the shipping industry. This has enabled us to emerge stronger through every difficult situation.

Moving forward, we will continue to capitalise on opportunities in Asia while staying responsive towards changes in the market conditions.

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Over the years, through professional and competent services to its valued customers, Samudera Shipping Line Ltd has been able to develop a well-respected and well-recognised “Samudera” brand name. Through a combined application of management prudence and growth through diversification, the Group has been able to provide quality services to its customers and value to its shareholders.

Incorporated in Singapore in 1993, Samudera is engaged in the transportation of containerised cargo, gas, liquid and bulk cargo in Southeast Asia, the Indian Subcontinent, and the Far East region. The Group’s activities comprise two key business segments, namely, (i) container shipping and (ii) bulk and tanker shipping.

Leveraging its extensive network in the region, Samudera provides reliable feeder services between its Singapore “hub” port and other “spoke” ports in Asia, as well as inter-region and intra-region container shipping services to diverse end-users such as manufacturers, buyers, exporters and importers. It serves a wide spectrum of shipping customers from its headquarters in Singapore, and via representative and agency offices located in various cities in Indonesia, Cambodia, China, Thailand, Vietnam, Malaysia, Myanmar, India, Sri Lanka, Bangladesh and Pakistan.

As part of the Samudera Indonesia Group in Indonesia, Samudera taps the marine and land transportation support capabilities of its parent company, a synergy that allows the Group to provide value-added services to its customers.



In the bulk and tanker shipping business, Samudera’s fleet of bulk carriers, tankers and offshore support vessels serves both the international and Indonesia domestic market in the cargo transportation of dry bulk, liquid, gas and offshore projects. The vessels are usually deployed on time-chartered bases, contracts of affreightment, or on single voyage bases. The Group serves the offshore oil and gas industry with support vessels that are capable of handling challenging environments.

The Group also offers ship manning, vessel operation and maintenance management

services for its customers in this business segment.

As at 1 March 2015, Samudera’s fleet, which comprises vessels owned by the Group as well as those on operating leases, currently stands at 46 vessels, consisting of 28 container vessels, 2 oil tankers, 7 chemical tankers, 2 gas tankers, 5 marine off shore support vessels and 2 dry bulk carriers. The Group continues to renew its fleet by disposing, acquiring and leasing vessels where appropriate.

Samudera is listed on the Singapore Exchange Mainboard.

## Our Vision

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### Global connectivity to meet people's needs

Our vision, "Global connectivity to meet people's needs", describes the Company's guiding principle, in terms of providing customers access to pivotal service routes from smaller centres to larger hubs and then to other destinations in the world.

## Our Mission

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### Providing high quality services in goods transportation and logistics

In Samudera, employees focus not just on the results of the transaction, but on all aspects of serving the customers and making the whole process one of quality in both areas of transportation and logistics.

## Our Values

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To realise our mission, we uphold five principle values centred on customers, people, integrity, innovation and partnership & community.

# WE...



Deliver the best  
for customers



Value  
people



as at 1 March 2015



**Southeast Asia:** We have 5 services covering Indonesia main ports at Jakarta, Surabaya, Semarang, Belawan, and Palembang with sailing frequencies ranging from 1 to 5 sailings per week. There are 12 services serving Penang and Port Klang in Malaysia, Bangkok and Songkhla in Thailand, North and South Vietnam, Yangon, Sihanoukville and Manila with 1 to 4 sailing frequencies per week.

**Indian Subcontinent:** We have 6 services covering India, Chittagong, Colombo and Karachi with sailing frequencies ranging from 1 to 3 sailings per week .

**Far East:** There are 2 services with a weekly sailing frequency serving Korea, North and South China ports; with direct calls from Kwangyang, Busan, Ningbo, Shanghai and Shekou, to Singapore, Malaysia and India.

**NVOCC:** In addition to the ports served by these services, where we deploy vessels, we also serve other ports on Non-Vessel Operating Common Carrier (NVOCC) basis.



Do our work  
with integrity



Encourage  
innovation



Respect partnership  
& community



US cents

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**46.6**

Net Tangible Assets Per Share





# ENHANCING POTENTIAL

## Responding To Market Changes

Over the years, Samudera has built up its business reputation with integrity, competence and professionalism. Our brand is now strongly recognisable all across Asia. We remain competitive by actively reviewing our fleet and service network to optimise vessel utilisation and improve cost efficiency.



Dear shareholders,

**A**mid a tough operating environment of overcapacity, high oil prices and economic uncertainties,

Samudera Shipping Line ("Samudera") has worked hard in the past few years to consolidate our market position. On behalf of the Board of Directors, I am pleased to share with you the key updates of the Group for the financial year ended 31 December 2014 ("FY14") and to report that our strategy to unburden ourselves of poor performing assets and services while improving vessel utilisation has yielded good results. With a lighter cost base, we have been able to improve the Group's profitability.

As a result of Samudera's rationalisation exercise, we recorded a 6.9% decrease in revenue to USD364.2 million in FY14 from USD391.2 million in the financial year ended 31 December 2013 ("FY13"). This was due mainly to a decline in container volume handled and the number of bulk carriers and tankers operated. Overall, the

reduction in services was a result of the Group's decisive move to cut down poor performing services.

Along with lower container volume handled, the decline in bunker prices in the latter half of the year and lower charter-in rates, helped to reduce cost of sales by 13.0% to USD332.5 million from USD382.0 million in FY13. Consequently, we recorded an increase in gross profit to USD31.7 million, compared to USD9.2 million in FY13. Net profit after tax reached USD14.5 million, marking a decisive turnaround from the net loss of USD2.1 million recorded in FY13.

The improvement in our full-year performance was predominantly driven by our nimbleness, which enabled us to adapt and respond quickly to changes in market conditions. Out of our 28 container vessels with capacities ranging from 241 TEUs to 4,586 TEUs, 15 were chartered-in. This has given us the flexibility to shed excess capacity as the charter contracts expire and exit unprofitable routes. On top of that the Company has lowered its charter-in cost, following the expiry of long term chartered-in vessels contracted at high charter-in rates. We have also been able to charter in more vessels on an ad hoc basis at attractive rates as needed to cater to short-term demand. Having streamlined our fleet and services, we improved the vessel utilisation by collaborating with other industry players to swap cargo slots to improve load factors and maintain network connectivity for our customers.

The profitability of the bulk & tanker segment also improved year-on-year, despite a smaller fleet following the disposal



## I am grateful to our employees and management team who have stood united to traverse the challenges and deliver the performance turnaround in FY14.

of poor performing and older vessels. This reflects our active effort to manage the charter-out contracts of our vessels to ensure full utilisation of our fleet and maximizing returns in the face of prevailing competition. Our ship management and operation services have also contributed positively in FY14.

Overall, the Group's assets have been utilised more optimally following the consolidation and rationalisation process. Our fleet and scale of operations is smaller compared to FY13, but this prudent exercise has enabled us to navigate better on a rather tough course.

In view of our financial performance, the Board is pleased to propose a tax-exempt final dividend of 0.8750 Singapore cents per ordinary share and a tax-exempt special dividend of 0.8750 Singapore cents per ordinary share. This works out to a total payout for FY14 of 1.750 Singapore cents. The dividends are subject to shareholders' approval at the upcoming Annual General Meeting and, if approved, are expected to be paid out in May 2015.

Going forward, we expect global demand for cargo to remain uncertain. Freight rates, which have been low in the past year, could continue to face pressure in view of the idle capacity in the industry. Competition for container cargo remains stiff as mainline carriers continue to deploy their excess capacity on feeder routes. However, our current fleet of smaller vessels

is better suited to the relatively limited port infrastructure of developing economies in the region, including Indonesia. This creates opportunities for us to provide feeder services to these ports. Our focus in 2015 is to identify and capitalise on more opportunities in the region, including India, Indonesia and other ports in Asia which promises better growth potential in the near to medium term. In this regard, we will continue to review our fleet composition in tandem with our service network and to optimise our vessel utilisation.

Our bulk and tanker fleet continues to be gainfully employed mainly on time charter contracts and contracts of affreightment. We will continue to focus on optimising the operational efficiency of this business. While charter rates for our tankers are expected to be relatively stable, the oversupply of bulk carriers amid low cargo volumes will continue to exert downward pressure on the rates for these vessels.

The strength of the Samudera brand and reputation in Indonesia has drawn many loyal customers to the Samudera Group over the years. This is an advantage for us as we work towards maintaining a strong footing in this market. Indonesia is potentially one of the highest growing economies in the region, and we will continue to leverage on our close ties with our parent company, PT Samudera Indonesia, to capitalise on opportunities that present themselves there.

### A Word of Appreciation

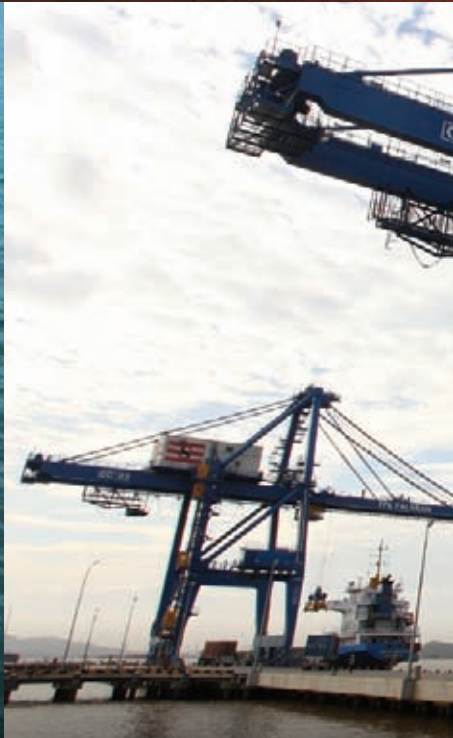
As a provider of shipping and logistics services, the ability of our Company to provide the best solutions is closely tied to with our most valuable assets – our people. I am grateful to our employees and management team who have stood united to traverse the challenges and deliver the performance turnaround in FY14. While the year ahead will not be a bed of roses, I am confident that our cohesion as a team will accord us the resilience to ride out any uncertainty.

We are also grateful to our shareholders, customers, agents, partners and business associates for their faith in Samudera. Thank you for your support.

Finally, I would like to express my appreciation to my fellow Directors for their valuable counsel through the years.

In the year ahead, we at Samudera will continue to work hard to remain relevant and meaningful to our customers and all our stakeholders. I look forward to your continued support.

**Masli Mulia**  
Executive Chairman



US\$M

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**364.2**

Turnover





# EXECUTING STRATEGIES

## Developing Innovative Solutions

We have a clear growth strategy and we execute it in a disciplined manner. While this has yielded positive results, we will continue to pursue our goals with fervour. We believe that our efforts will pave the way for further improvements in the years ahead.



Dear shareholders,

**A**mid industry challenges such as capacity oversupply, softening freight rates and falling cargo volume, we recognised that it is vital for us to maximise our cost efficiencies. Our strategy to focus on cost management has borne fruit as we reduce our cost base, streamline our operations and improved our profitability to bring you a turnaround performance from a year ago.

As a Group, we turned in revenue of USD364.2 million in FY14, a 6.9% decline from the USD391.2 million recorded in FY13. Revenue from the container shipping business registered a 5.3% decrease to USD306.2 million from USD323.4 million due largely to lower container volume handled. The Group carried 1.22 million TEUs (twenty-foot equivalent units) in FY14, 3.6% lower than the 1.27

million TEUs carried in FY13. The decrease in volume was in line with our effort to reduce our exposure to poor-performing services.

Revenue from the bulk and tanker (formerly categorised as non-container shipping) business fell 16.0% to USD54.3 million, from USD64.7 million in FY13, as fewer vessels were operated following the disposal of poor-performing tankers at the end of 2013 and during 2014.

Cost of services fell 13.0% to USD332.5 million from USD382.0 million in FY13 as we renew expiring long-term charter-in contracts for our vessels at lower rates. The fall was also partially attributable to lower bunker costs incurred in the second half of the year, as well as the rationalisation of our fleet and services.

With better cost efficiency, our gross profit improved by a significant 244.1% to USD31.7 million, compared to USD9.2 million the year before. The container shipping business contributed USD21.5 million of gross profit to the Group, a significant increase from the USD912,000 recorded in FY13. The bulk and tanker business in turn contributed USD5.8 million, compared to USD3.9 million a year ago.

Other operating income declined 57.7% in FY14 to USD3.1 million, compared to USD7.4 million in FY13, due mainly to a one-off gain on disposal of assets happened in FY13. Other operating expenses rose to USD3.5 million from USD46,000 the year before due mainly to the recognition of USD3.3 million impairment loss



## With better cost efficiency, our gross profit improved by a significant 244.1% to USD31.7 million, compared to USD9.2 million the year before.

on the Group's bulk carriers and small container vessels.

In all, we achieved net profit after tax of USD14.5 million in FY14 versus a net loss of USD2.1 million in FY13.

Our property, plant and equipment stood at USD305.8 million at the end of FY14 compared to USD326.0 million at the end of FY13 after our disposal of a tanker in FY14.

As at 31 December 2014, the Group's net asset value was 46.60 US cents, versus 43.77 US cents at the close of 2013.

### Review of Operations

In FY14, we maintained a strict execution of our strategy to strengthen our market position and improve our resilience amid a challenging operating landscape.

We terminated our services in domestic Indonesia in FY14 due to poor performance, and the Indonesia-flagged vessels are now being chartered out on various short term arrangements. The impact of the termination is reflected in the fall in container volume handled in FY14 compared to FY13. In regional waters, our efforts to optimise vessel utilisation and reduce operating costs have helped to strengthen revenue contribution and profitability from existing routes.

We continue to play an active role in Southeast Asia and the Indian Subcontinent region. Our relatively smaller-sized vessels of 1,000 to 4,600 TEUs each continue to enable us to provide value-added services to our customers, including mainline operators, by providing feeder services connecting Singapore as hub port with other spoke ports in the region, particularly ports with infrastructure limitations that are unable to handle long-haul service vessels on Europe and United States routes. Today, about 85% of the cargo we carry come from these feeder services, while about 15% come from liner services that we provide to direct customers such as manufacturers, producers and forwarders to transport their cargo within our network.

Apart from this, our slot exchange partnerships with other industry players have enabled us to continue carrying our customers' cargo on routes where we have reduced capacity or no longer operate following our rationalisation exercise. This has allowed us to maintain our service level to our customers and, at the same time, preserve the reach of our network even though we are operating fewer vessels.

While the focus has been to streamline the Group's network and services to improve profitability, we have not lost sight of opportunities to reinforce our revenue stream. In October 2014, we successfully launched a new container

shipping service between the Singapore hub and Cambodia to capitalise on the demand for such a service.

For the bulk and tanker business, we ran a leaner but more efficient operation in FY14. The disposal of poor-performing tankers at the end of 2013 and in 2014 reduced our available vessel employment days and hence revenue, but improved our vessel utilisation and margins in this segment.

On 2 January 2015, one of our bulk carriers, *Sinar Kapuas*, was involved in a collision with a tanker. The collision took place near Pedra Branca while *Sinar Kapuas* was en route to Singapore. Repairs on *Sinar Kapuas* were completed on 9 February 2015 and the bulk carrier has since resumed service.

### Looking Ahead

We expect operating conditions to remain challenging as the industry continues to look for a balance between supply and demand. Nevertheless, we believe that our current operations allow the Group to remain nimble, responsive and adaptable to fast-changing market conditions.

Cargo demand within intra-Asia is expected to grow. We intend to explore new opportunities for expansion and are looking forward to growing our geographical footprint



within and beyond the markets where we currently operate. In response to customer demand, we have successfully launched a new container shipping service to Cambodia in October 2014. We are looking forward to launching new services within the Asia region.

Meanwhile, operating conditions in the bulk trade are expected to be challenging as charter rates for bulk carriers continue to be adversely affected by an oversupply situation. The tanker business, on the other hand, should remain stable and the Group's vessels should remain gainfully employed.

The Group will continue to review its fleet to determine the right balance between vessel owning and chartering, short and long term charter-in vessels as well as renewing its fleet via a long term vessel rejuvenation

program. This should help ensure stability in capacity and costs for the Group going forward.

## Corporate Social Responsibility

As a company, we hope to achieve a good performance financially, as well as socially and environmentally.

We are taking small but important steps towards improving environmental awareness among our employees. We encourage them to make a conscious effort to reduce the unnecessary use of resources and to recycle paper and other materials whenever possible. We also encourage them to conserve energy and be mindful of not allowing electricity to run for undue periods of time.

We have also lent support to community and charity organisations through cash donations to support social service and community programmes.

To better fulfil its role and responsibility as a participant in the industry and in the communities that we operate in, we have set up a committee whose aim is to set out a programme that supports sustainable development. Through this, we hope to achieve greater affinity with one of our five core values – respecting partnership and the community.

## A Note of Thanks

I would like to express my appreciation to our customers, partners, bankers and shareholders, who have given us their unstinted trust and support as we work to turn the business around. I am also grateful for the dedication and comradeship from my colleagues. Our Directors have always given their best in providing direction and insight in the development of Samudera's strategy and I am thankful for their invaluable contribution towards the Group's growth.

With all of your support, I am confident of building upon our strengths to reap greater fruits in the future.

**Asmari Herry Prayitno**  
Chief Executive Officer



## Turnover

(US\$M)

369.1 454.2 467.7 391.2 **364.2**

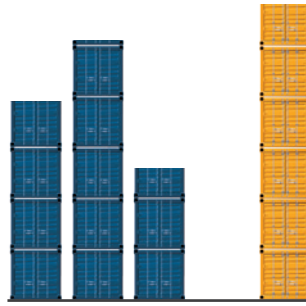


FY10 FY11 FY12 FY13 FY14

## Profit / (Loss) Before Tax

(US\$M)

11.0 14.4 7.3 - **16.4**

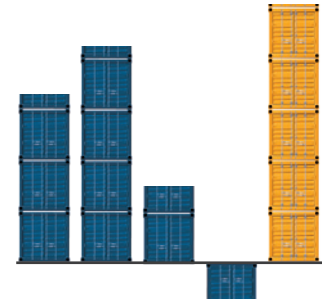


FY10 FY11 FY12 FY13 FY14

## Net Profit / (Loss)

After Tax & NCI (US\$M)

9.3 12.0 4.2 (2.2) **14.3**

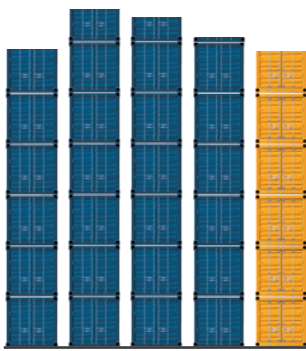


FY10 FY11 FY12 FY13 FY14

## Total Assets

(US\$M)

439.2 499.1 486.5 456.9 **437.5**

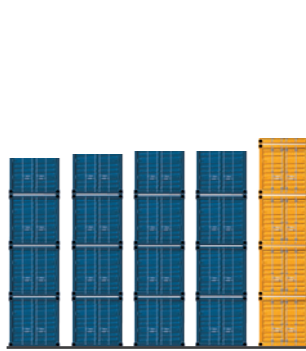


FY10 FY11 FY12 FY13 FY14

## Net Tangible Assets

Per Share (US Cents)

42.12 43.24 43.74 43.77 **46.60**

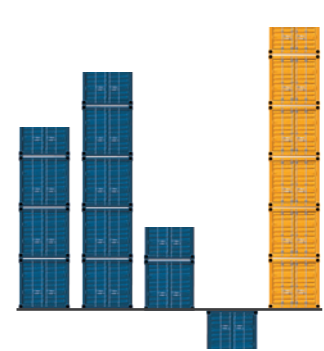


FY10 FY11 FY12 FY13 FY14

## Earnings Per Share

(US Cents)

1.72 2.23 0.77 (0.41) **2.65**



FY10 FY11 FY12 FY13 FY14

## Dividend Per Share

(SG Cents)

0.50 0.30 0.24 - **1.75**

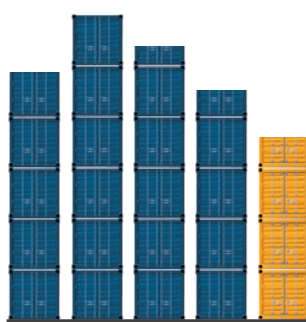


FY10 FY11 FY12 FY13 FY14

## Gearing Ratio

(Times)

0.73 0.90 0.81 0.68 **0.54**

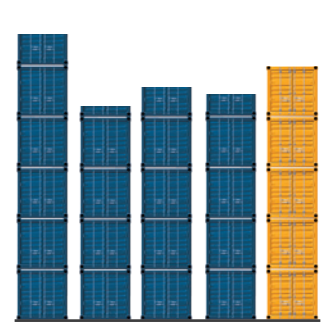


FY10 FY11 FY12 FY13 FY14



## Current Ratio

(Times)

2.00 1.50 1.63 1.56 **1.78**



FY10 FY11 FY12 FY13 FY14

 Final Dividend  
 Special Dividend



### 1. Masli Mulia

Executive Chairman

As Executive Chairman, Masli Mulia leads the Board in the overall strategic direction and business growth of the Company and its subsidiaries (the "Group"). He is member of the Nominating Committee of the Company. He is also the President Director of PT. Samudera Indonesia Tbk ("Samudera Indonesia"), a majority shareholder of the Company. Masli Mulia joined Samudera Indonesia in 1971 and has held various positions prior to becoming the President Director in 2010. He serves as a member of the Advisory Board in the Indonesian National Shipowners' Association (INSA). Formerly, he was the Chairman of ASEAN Federation of Forwarders Association and the Indonesian Logistics and Freight Forwarders Association. Masli Mulia graduated from the Merchant Marine Academy, Jakarta, Indonesia in 1970.

### 2. Asmari Herry Prayitno

Executive Director and CEO

Asmari Herry, the Chief Executive Officer ("CEO"), is responsible for the overall management, strategic planning and day-to-day business operations of the Group. Prior to his appointment, he was the Chief Operating Officer responsible for the overall operations of the Group. Asmari Herry joined Samudera Indonesia in 1979 and has held various managerial positions prior to his appointment as Executive Director of the Company in 1997. He is also a Director of PT Samudera Indonesia Tbk since 2010. Asmari Herry was appointed as the Deputy Chairman of the Indonesian National Shipowners' Association since 2011. He graduated from the Merchant Marine College in Indonesia and joined the Sea Transport Course at AIM – Manila, Philippines.

### 3. Lim Kee Hee

Executive Director, Commercial

Lim Kee Hee is responsible for the overall commercial activities of the Company. Prior to becoming Executive Director, Lim Kee Hee was the Senior General Manager of the Company who is responsible for the trade and marketing functions. He has over 20 years of experience in the shipping industry where he had served in various senior management positions prior to joining the Company. He holds a Bachelor of Science from the then University of Singapore and a Graduate Diploma in Financial Management from the Singapore Institute of Management.

### 4. Hermawan Fridiana Herman

Executive Director, Finance

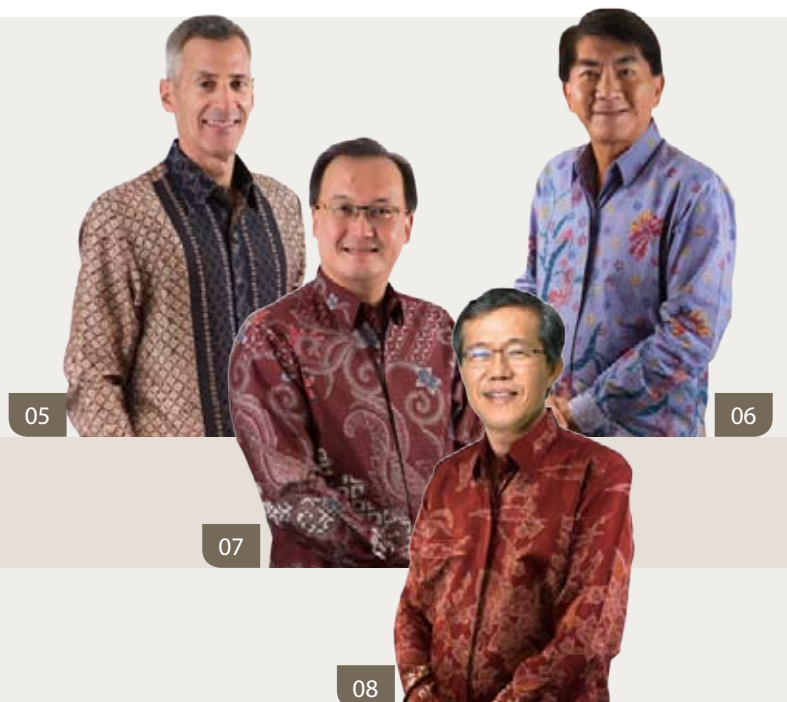
Hermawan was appointed as the Executive Director, Finance in 2010. He is responsible for the overall finance and administrative functions of the Group. He joined Samudera Indonesia in 1992 as the Group Accountant and was subsequently posted to the Company as the General Manager for Finance and Administration prior to his current appointment. Hermawan started his career with various business consultants in Indonesia before joining KPMG Indonesia as an Auditor in 1989. He holds a Bachelor of Economics degree (majoring in Accountancy) from the University of Indonesia.

### 5. Nicholas Peter Ballas

Lead Independent and  
Non-Executive Director

Nicholas Ballas is Chairman of the Audit Committee as well as member of the Nominating and Remuneration Committees of the Company. Nicholas Ballas





is Executive Vice President, Asia Pacific and a member of the executive committee of Nexans SA, the worldwide leader in the cable industry based in Paris, France. He has 20 years of experience working in the Asia Pacific region and has held various positions in finance, strategy and general management in the USA, Japan, Malaysia and Indonesia. Nicholas was educated in the USA and holds an MBA degree from Thunderbird School of Global Management.

#### **6. Chng Hee Kok**

Independent and  
Non-Executive Director

Chng Hee Kok is the Chairman of the Nominating Committee as well as member of the Audit and Remuneration Committee of the Company. He is the Managing Director of LH Group Ltd. He graduated with a Bachelor of Engineering degree (First

Class Honours) from the then University of Singapore in 1972 and an MBA from the National University of Singapore in 1984. Mr Chng was a Member of Parliament from 1984 to 2001. He had served on the Board of Sentosa Development Corporation and the Public Utilities Board and was a Council Member of the Singapore Institute of Directors.

#### **7. Quah Ban Huat**

Independent and  
Non-Executive Director

Quah Ban Huat joined the Company as an Independent and Non-Executive Director in October 2013. He is the Chairman of the Remuneration Committee as well as member of the Audit and Nominating Committees of the Company. He is currently a consultant for KPMG Services Pte. Ltd and sits on the board of several public and private companies. Prior

to that, Quah Ban Huat was the Chief Financial Officer for Rickmers Trust Management Pte. Ltd., trustee-manager of Rickmers Maritime trust. He has more than 20 years of experience in investments, finance and accounting, including fund raising, initial public offerings, debt financing, restructuring and tax planning. Quah Ban Huat is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.

#### **8. Ng Chee Keong**

Independent and  
Non-Executive Director

Ng Chee Keong joined the Company as an Independent and Non-Executive Director in July 2014. He is member of the Audit, Nominating and Remuneration Committees of the Company. Mr Ng had held various senior positions throughout his career with the Port of Singapore Authority and later PSA Corp. He retired from PSA Corp as President/CEO in 2005. He has many years of experience in terminal, marine and logistic businesses and served on the Board of Jurong Port Pte Ltd, Mencast Holdings Ltd, Jasper Investments Limited and Deputy Chairman of Keppel Club. Mr Ng was awarded the Public Administration Medal (Silver) in 1992 and the Public Administration Medal (Gold) in 1997 by the Government of Singapore, in recognition of his public service. He graduated with a Bachelor of Social Science degree in Economics (Upper Honours) from the then University of Singapore in Social Science in 1971.

## Further Information

### Masli Mulia

Executive Chairman

**First appointment as a director:**  
1 April 2007

**Last re-election as a director:**  
24 April 2013

**Academic and Professional  
Qualification(s):**  
Merchant Marine Academy  
(Jakarta, Indonesia)

**Present Directorship:**  
*Other Listed Companies*  
• PT. Samudera Indonesia Tbk  
*President Director*

**Other Principal Commitments**  
• PT. Ngrumat Bondo Utomo  
*Director*  
• PT. Samudera Indonesia Tangguh  
*President Commissioner*  
• PT. Masaji Prayasa Cargo  
*President Commissioner*  
• PT. Silkargo Indonesia  
*President Commissioner*  
• PT. GAC Samudera Logistics  
*President Commissioner*

**Past Directorships in listed  
companies held over the  
preceding three years  
(1/1/2012-31/12/2014):**  
None

### Asmari Herry Prayitno

Executive Director and CEO

**First appointment as a director:**  
31 December 1996

**Last re-election as a director:**  
24 April 2014

**Academic and Professional  
Qualification(s):**  
Merchant Marine College  
(Semarang, Indonesia)

Sea transport course at AIM  
(Manila, Philippines)

**Present Directorship:**  
*Other Listed Companies*  
• PT. Samudera Indonesia Tbk  
*Director*

**Other Principal Commitments**  
• PT. Samudera Shipping Services  
*President Director*  
• PT. Samudera Indonesia  
Ship Management  
*President Commissioner*  
• PT. Prima Nur Panurjwan  
*President Commissioner*

**Past Directorships in listed  
companies held over the  
preceding three years  
(1/1/2012-31/12/2014):**  
None

### Lim Kee Hee

Executive Director, Commercial

**First appointment as a director:**  
1 June 2010

**Last re-election as a director:**  
24 April 2013

**Academic and Professional  
Qualification(s):**  
Bachelor of Science,  
University of Singapore

Graduate Diploma in Financial  
Management,  
Singapore Institute  
of Management

**Present Directorship:**  
*Other Listed Companies*  
None

**Other Principal Commitments**  
• Samudera Shipping Line  
(India) Pvt. Ltd.  
*Director*  
• SILkargo Logistics  
(Singapore) Pte Ltd  
*Director*

**Past Directorships in listed  
companies held over the  
preceding three years  
(1/1/2012-31/12/2014):**  
None



## Further Information

### Hermawan Fridiana Herman

Executive Director, Finance

**First appointment as a director:**

1 June 2010

**Last re-election as a director:**

24 April 2013

**Academic and Professional  
Qualification(s):**

Bachelor of Economics,  
Accountancy,  
University of Indonesia

**Present Directorship:**

*Other Listed Companies*

None

**Other Principal Commitments**

- Samudera Intermodal Sdn. Bhd.  
*Director*
- Samudera Traffic Co. Ltd,  
Thailand  
*Director*
- Foremost Maritime Pte. Ltd  
*Director*
- LNG East-West Shipping  
Company (Singapore) Pte. Ltd  
*Director*

**Past Directorships in listed  
companies held over the**

**preceding three years**

**(1/1/2012-31/12/2014):**

None

### Nicholas Peter Ballas

Lead Independent and  
Non-Executive Director

**First appointment as a director:**

1 June 2010

**Last re-election as a director:**

24 April 2014

**Academic and Professional  
Qualification(s):**

Master of Business  
Administration,  
Thunderbird School of  
Global Management

**Present Directorship:**

*Other Listed Companies*

None

**Other Principal Commitments**

- Nexans, SA  
*Executive Vice President,  
Asia Pacific*
- Nexans Singapore Pte Ltd  
*Director*
- Nexans Korea Ltd  
*Director*
- Nexans India Pte Ltd  
*Director*
- Kukdong Electric Wire Co. Ltd  
*Director*

**Past Directorships in listed**

**companies held over the**

**preceding three years**

**(1/1/2012-31/12/2014):**

None

### Chng Hee Kok

Independent and  
Non-Executive Director

**First appointment as a director:**

13 September 1997

**Last re-election as a director:**

24 April 2014

**Academic and Professional  
Qualification(s):**

Master of Business Administration,  
National University of Singapore

Bachelor of Engineering

(First Class Honours),

University of Singapore

**Present Directorship:**

*Other Listed Companies*

- LH Group Ltd  
*Managing Director*
- Full Apex (Holdings) Ltd  
*Director*
- Pacific Century Regional  
Developments Ltd  
*Director*
- Luxking Group Holdings Ltd  
*Director*
- Chinasing Investment Holdings Ltd  
*Director*
- China Flexible Packaging Holdings Ltd  
*Director*

**Other Principal Commitments**

None

**Past Directorships in listed companies  
held over the preceding three years**

**(1/1/2012-31/12/2014):**

- Sunray Holdings Ltd  
*Director*
- EL Corp Ltd  
*Director*
- Hartawan Holdings Ltd  
*Director*
- People's Food Holdings Ltd  
*Director*
- CHT (Holdings) Ltd  
*Director*
- Artificial Life Source Holding PLC  
*Advisory Board Member*
- HG Metal Manufacturing Ltd  
*Director*

## Further Information

### Quah Ban Huat

Independent and  
Non-Executive Director

**First appointment as a director:**  
31 October 2013

**Last re-election as a director:**  
24 April 2014

**Academic and Professional  
Qualification(s):**  
Institute of Chartered  
Accountants in England and  
Wales (Member)

Association of Chartered  
Certified Accountants  
(Fellow Member)

**Present Directorship:**

- Other Listed Companies**
- AP Oil International Ltd,  
Singapore  
*Independent and  
Non-Executive Director*
  - Croesus Retail Asset  
Management Pte Ltd, trustee-  
manager of Croesus Retail  
Trust  
*Independent and  
Non-Executive Director*
  - mDR Ltd  
*Independent and  
Non-Executive Director*

**Other Principal Commitments**

- Primeur Cellars Pte Ltd  
*Executive Director*
- Primeur Holdings Pte Ltd  
*Executive Director*
- KPMG Services Pte Ltd  
*Consultant*

**Past Directorships in listed  
companies held over the  
preceding three years  
(1/1/2012-31/12/2014):**  
None

### Ng Chee Keong

Independent and  
Non-Executive Director

**First appointment as a director:**  
23 July 2014

**Last re-election as a director:**  
n/a

**Academic and Professional  
Qualification(s):**  
Bachelor of Social Science,  
University of Singapore

Post-Graduate in Advanced  
Management from Stanford  
University in 1988 and INSEAD

**Present Directorship:**

- Other Listed Companies**
- Mencast Holdings Ltd  
*Executive Director*
  - Jasper Investments Limited  
*Executive Director*

**Other Principal Commitments**

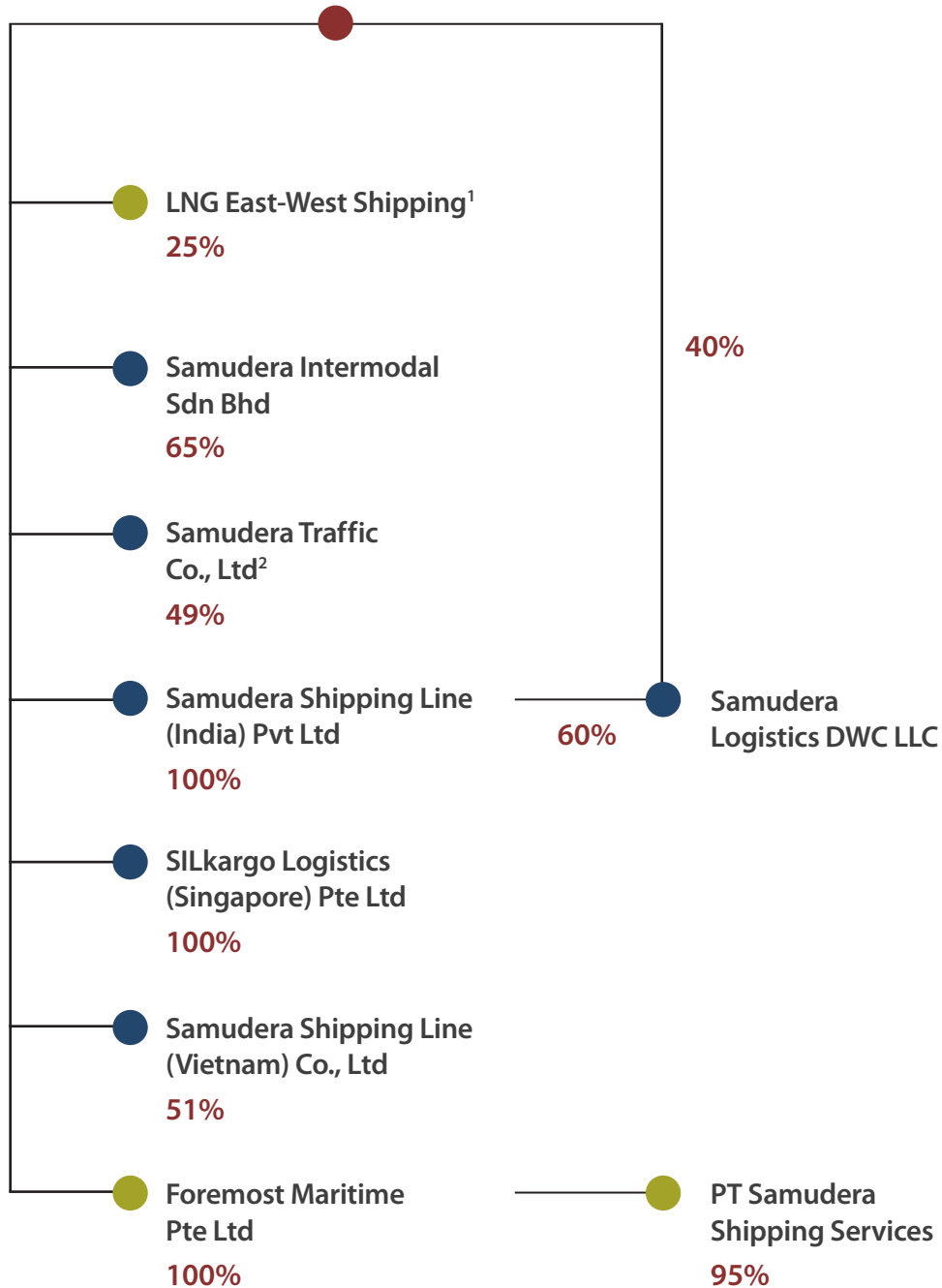
- Keppel Club  
*Deputy Chairman*
- Centre of Maritime Studies,  
National University of Singapore  
*Director*
- PT Pelabuhan Tegar Indonesia  
*Director*
- Jurong Port Pte Ltd  
*Director*
- Jurong Port Jakarta Holding Pte Ltd  
*Director*
- Jurong Port Marunda Holding  
Pte Ltd  
*Director*

**Past Directorships in listed  
companies held over the preceding  
three years**

- (1/1/2012-31/12/2014):**
- PSA International Pte Ltd  
*Special Advisor*
  - Temasek Holdings (Private) Limited  
*Corporate Advisor*
  - Mermaid Maritime Public Co. Ltd  
*Director*
  - Otto Marine Pte Ltd  
*Director*
  - STX Pan Ocean Pte Ltd  
*Director*



as at 1 March 2015



● Container Shipping    ● Bulk Carrier & Tanker    ● Others

<sup>1</sup> LNG East-West Shipping refers to LNG East-West Shipping Company (Singapore) Pte Ltd.  
<sup>2</sup> Samudera Shipping Line Ltd owns 49% of the issued capital. However the Group has control over the management of Samudera Traffic Co., Ltd.



## Our Fleet

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# 46

Total Number of Vessels in Our Fleet





# CREATING VALUE

## Delivering Long-term Growth

Our pursuit of excellence is made possible by the strong relationships forged with our shareholders, customers, agents and business associates. To stay nimble, we will leverage these trusted partnerships to help us adapt to changing times and connect us with new opportunities that lay ahead.

as at 1 March 2015

	Name of Vessel	Flag	Capacity	Year Built	Control
<b>Container Shipping</b>					
1	Northern Power	Liberia	4,586 TEUs	2010	Chartered
2	Sinar Sabang	Singapore	1,740 TEUs	2008	Owned
3	Sinar Sumba	Singapore	1,740 TEUs	2008	Owned
4	Sinar Subang	Panama	1,708 TEUs	2008	Chartered
5	Sinar Sangir	Panama	1,708 TEUs	2008	Chartered
6	Kanway Galaxy	Panama	1,613 TEUs	1997	Chartered
7	Arisara	Marshall Islands	1,551 TEUs	1992	Chartered
8	Sinar Bitung	Panama	1,150 TEUs	2007	Chartered
9	Vega Luna	Liberia	1,118 TEUs	2006	Chartered
10	Sinar Bima	Singapore	1,118 TEUs	2008	Owned
11	Italian Express	Gibraltar	1,084 TEUs	2012	Chartered
12	CTP Fortune	Indonesia	1,064 TEUs	1998	Chartered
13	Singapore Bridge	Panama	1,064 TEUs	1998	Chartered
14	Sinar Buton	Panama	1,060 TEUs	2008	Chartered
15	Sinar Brani	Panama	1,060 TEUs	2010	Chartered
16	Sinar Solo	Singapore	1,060 TEUs	1999	Owned
17	Sinar Bandung	Singapore	1,054 TEUs	2004	Owned
18	Sinar Bintan	Singapore	1,054 TEUs	2002	Owned
19	MCP Amsterdam	Cyprus	618 TEUs	2007	Chartered
20	MCP Villach	Cyprus	618 TEUs	2008	Chartered
21	Bei Hai	Hong Kong	610 TEUs	2006	Chartered
22	Sinar Jepara	Indonesia	378 TEUs	2005	Owned
23	Sinar Jimbaran	Indonesia	378 TEUs	2005	Owned
24	Sinar Ambon	Indonesia	287 TEUs	2005	Owned
25	Sinar Jambi	Indonesia	265 TEUs	2005	Owned
26	Sinar Demak	Indonesia	265 TEUs	2005	Owned
27	Sinar Padang	Indonesia	241 TEUs	2005	Owned
28	Sinar Panjang	Indonesia	241 TEUs	2005	Owned
	<b>Total</b>		<b>30,433 TEUs</b>		

as at 1 March 2015

	Name of Vessel	Flag	Capacity		Year Built	Control
<b>Oil Tanker</b>						
1	Sinar Jogya	Indonesia	17,766	DWT	2001	Owned
2	Sinar Emas	Indonesia	17,726	DWT	2000	Owned
<b>Chemical Tanker</b>						
3	Sinar Agra	Indonesia	11,244	DWT	2006	Owned
4	Sinar Busan	Indonesia	10,600	DWT	2006	Owned
5	Sinar Bontang	Indonesia	3,785	DWT	1992	Owned
6	Sinar Labuan	Indonesia	3,519	DWT	1994	Owned
7	Sinar Johor	Indonesia	3,098	DWT	1991	Owned
8	Sinar Bukom	Indonesia	3,097	DWT	1990	Owned
9	Sinar Tokyo	Singapore	2,949	DWT	2004	Owned
<b>Gas Tanker</b>						
10	LNG Tangguh Towuti*	Singapore	145,700	CBM	2007	Owned
11	Amanah	Indonesia	1,560	CBM	1981	Owned
<b>Marine Off Shore Support Unit</b>						
12	LCT SMS Tangguh	Indonesia	1,374	DWT	2006	Chartered
13	LCT SM	Indonesia	450	DWT	2007	Chartered
14	Aquatic Conserver	Indonesia	400	DWT	1995	Owned
15	Sinar Handil	Indonesia	350	DWT	2013	Chartered
16	Nurhidayah	Indonesia	102	DWT	1996	Chartered
<b>Dry Bulk</b>						
17	Sinar Kapuas	Singapore	57,700	DWT	2011	Owned
18	Sinar Kutai	Singapore	57,700	DWT	2011	Owned
<b>Total</b>			<b>191,860</b>	<b>DWT</b>		
			<b>147,260</b>	<b>CBM</b>		

\* LNG Tangguh Towuti is owned through an associated company, in which the Group has 25% stake.



### Board of Directors

#### Executive

Masli Mulia  
*(Chairman)*  
Asmari Herry Prayitno  
*(Chief Executive Officer)*  
Hermawan Fridiana Herman  
Lim Kee Hee

#### Independent & Non-Executive

Nicholas Peter Ballas  
*(Lead Independent)*  
Chng Hee Kok  
Quah Ban Huat  
Ng Chee Keong

#### Audit Committee

Nicholas Peter Ballas  
*(Chairman)*  
Chng Hee Kok  
Quah Ban Huat  
Ng Chee Keong

#### Nominating Committee

Chng Hee Kok  
*(Chairman)*  
Masli Mulia  
Quah Ban Huat  
Nicholas Peter Ballas  
Ng Chee Keong

#### Remuneration Committee

Quah Ban Huat  
*(Chairman)*  
Chng Hee Kok  
Nicholas Peter Ballas  
Ng Chee Keong

#### Secretary

Lynn Wan Tiew Leng

#### Registered Office

6 Raffles Quay #25-01  
Singapore 048580  
Tel: (65) 6403 1687  
Fax: (65) 6403 1889

### Share Registrar

Boardroom Corporate & Advisory  
Services Pte Ltd  
50 Raffles Place, #32-01  
Singapore Land Tower  
Singapore 048623  
Tel : (65) 6536 5355  
Fax : (65) 6438 8710

### Auditors

Deloitte & Touche LLP  
6 Shenton Way #33-00  
OUE Downtown 2  
Singapore 068809

Partner-in-charge  
Michael Kee Cheng Kong  
(Appointed with effect from  
Financial Year 2010)

### Principal Bankers

Citibank N.A. Singapore  
8 Marine View #21-01  
Asia Square Tower 1

United Overseas Bank Limited  
1 Raffles Place #23-61  
One Raffles Place Tower 2  
Singapore 048616

Sumitomo Mitsui Banking  
Corporation  
3 Temasek Avenue #06-01  
Centennial Tower  
Singapore 039190

BNP Paribas  
10 Collyer Quay #33-01  
Ocean Financial Centre  
Singapore 049315

PT Bank Negara Indonesia  
(Persero) Tbk  
(Singapore Branch)  
39 Robinson Road #01-02 and  
#06-01/04  
Robinson Point  
Singapore 068911

Maybank  
2 Battery Road  
Maybank Tower  
Singapore 049907

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The Board of Directors (the "Board" or the "Directors") of Samudera Shipping Line Ltd (the "Company") is committed to setting and maintaining high standard of corporate governance to ensure greater corporate transparency, accountability, performance and integrity, and at the same time, protect shareholders' interests and enhance shareholders' value.

This report describes the Company's corporate governance processes and activities that were in place through the financial year with specific reference to the principles set out in the Code of Corporate Governance 2012, as revised by the Monetary Authority of Singapore on 2 May 2012 (the "Code"). Unless otherwise stated, the principles and guidelines of the Code have been complied with.

## BOARD MATTERS

### Principle 1: The Board's Conduct of its Affairs

The Company has an effective Board to lead and control the operations and affairs of the Company and its subsidiaries (collectively the "Group").

The principal functions of the Board are:

- To set up and to review the broad policies, strategies and financial objectives of the Group;
- To supervise the management of the business and affairs of the Group and the performance of Management;
- To review the financial performance of the Group;
- To oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- To approve the nomination of Board Directors and appointment of key management personnel;
- To review and approve annual budgets, major funding proposals, potential investment and divestment proposals, including material capital investment;
- To assume responsibility for corporate governance; and
- To ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

Each Director, in the course of carrying out his duties, acts in good faith and considers at all times, the interests of the Group. The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

### Delegation by the Board

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated specific areas of responsibilities to three Board Committees: Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These Board Committees have been constituted with clearly defined Terms of Reference. These Terms of Reference are reviewed on a regular basis to ensure their continued relevance and adequacy to meet the governance standards expected of the Board. The Chairman of the respective Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.



The Board is free to request for further clarification and information from Management on all matters within their purview. The Board is ultimately responsible for the final decision on all matters.

### Attendance at Board and Board Committee Meetings

To address the competing time commitments of the Directors, the schedule of all Board and Board Committees' meetings and the Annual General Meeting is prepared and given to all the Directors well in advance before the beginning of each financial year. The Board conducts at least four meetings on a quarterly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions.

During the financial year ended 31 December 2014 ("FY2014"), the Board met five times to review and approve the annual budget, and the Company's quarterly and full-year results. Ad-hoc meetings are held to address significant issues or transactions. The Company's Articles of Association allow a Board meeting to be conducted by way of a telephone conference and/or by means of similar communication equipment where all Directors participating in the meeting are able to hear each other. Decisions of the Board and Board Committees may also be obtained through circular resolutions in writing.

The number of meetings held by the Board and Board Committees and attendances of Directors at the meetings during FY2014 is set out as follows:

	Board Committees			
	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>No. of meetings held</b>	<b>5</b>	<b>6</b>	<b>2</b>	<b>2</b>
<b>Name of Director</b>	<b>No. of meetings attended</b>			
Masli Mulia	5	–	2	–
Anwarsyah <sup>(1)</sup>	1	–	–	–
Asmari Herry Prayitno	5	–	–	–
Hermawan Fridiana Herman	5	–	–	–
Lim Kee Hee	5	–	–	–
Chng Hee Kok	5	6	2	2
Nicholas Peter Ballas <sup>(2)</sup>	4	4	1	1
Quah Ban Huat	5	6	2	2
Lee Chee Yeng <sup>(3)</sup>	4	5	2	2
Ng Chee Keong <sup>(3)</sup>	1	1	–	–

- (1) Mr Anwarsyah resigned as an Executive Director and Chief Financial Officer on 31 January 2014.
- (2) Mr Nicholas Peter Ballas was appointed as a member of the NC on 25 February 2014. Mr Ballas attended the NC meeting held on 25 February 2014 by invitation.
- (3) Mr Ng Chee Keong was appointed as an Independent and Non-Executive Director in place of Mr Lee Chee Yeng on 23 July 2014.

The Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or Board Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advices, experience and strategic networking relationships which would further the interests of the Company.

**Matters reserved for Board's Approval**

The Board delegates the formulation of business policies and day-to-day management to the Chief Executive Officer ("CEO") and the Executive Directors. The Company has adopted a framework of delegated authorisations in its Authorisation Matrix approved by the Board on 23 October 2014. The Authorisation Matrix sets out the level of authorisation and their respective approval limits for a range of transactions, including but not limiting to operating and capital expenditures. The following matters are specifically reserved for the Board's decision and approval:

- The Group's annual budget;
- Financial results announcements;
- Annual report and Audited accounts;
- Dividend payment to shareholders;
- Corporate strategies and financial restructuring;
- Major investments/divestments or acquisition/disposal proposal and material capital expenditures; and
- Any other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

**Board Orientation and Training**

As part of the Board renewal process, a new Director was appointed on 23 July 2014, after the NC has reviewed and considered the skill, qualification and experience of the nominated director. A formal letter of appointment is given to all newly appointed Directors.

Newly appointed Directors are given orientation briefings by Management on the business activities of the Group and its strategic directions, so as to familiarise them with the Group's operations, financial performance and encourage effective participation in Board discussions.

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. All Directors are encouraged to attend seminars, conferences or any courses in connection to new laws, regulations and risk management (including management of commercial, financial, operational and compliance risks) conducted by professional bodies, including active participation in the Singapore Institute of Directors. During the year under review, the Company conducted orientation programmes, both in Singapore and Indonesia, for the newly appointed Directors to provide a better insight of the Group's business activities and operations. In addition, a selected member of the Board attended the Global CEO Program, Asiaweek 2014, organised by the Human Capital Leadership Institute of Singapore.

All Directors are updated on major milestones of the Group. The Directors have unrestricted access to the Company's resources such as Memorandum and Articles of Association, Terms of References of the respective Board Committees, Annual Reports and any other pertinent information for their reference. They can also request for further explanations, briefings or informal discussions on any aspects of the Group's operations and business issues from Management from time to time.

Where required, the Company Secretary and external professionals bring to the Directors' attention relevant updates in the industry and changes in accounting standards and regulations. The Directors are also given access to professionals for consultation as and when they deem necessary at the expense of the Company.

### **Principle 2: Board Composition and Guidance**

The Board consists of eight Directors, four of whom are Independent and Non-Executive Directors. This composition complies with the Code's requirement that at least half of the Board should be made up of Independent Directors where the Chairman is not an Independent Director:

Masli Mulia	Executive Chairman
Asmari Herry Prayitno	Executive Director and CEO
Hermawan Fridiana Herman	Executive Director, Finance
Lim Kee Hee	Executive Director, Commercial
Nicholas Peter Ballas	Lead Independent and Non-Executive Director
Chng Hee Kok	Independent and Non-Executive Director
Quah Ban Huat	Independent and Non-Executive Director
Ng Chee Keong	Independent and Non-Executive Director (Appointed on 23 July 2014)

The profiles of the Directors are set out on pages 14 to 18 of this Annual Report.

The NC reviews the size and composition of the Board and Board Committees, including the skills and core competencies of each Director to ensure an appropriate balance and diversity of skills and experience for effective decision-making. The Board, as a whole, combines people with industry knowledge, general commercial experience, accounting, financial and capital market background, all of whom as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. The objective judgment of the Independent and Non-Executive Directors on corporate affairs and their collective experience and contributions are valued by the Company. The Board is of the view that the current board size is appropriate, taking into account the nature and scope of the Group's operations.

As half of the Board consists of Independent and Non-Executive Directors, objectivity on issues deliberated is assured and Management is able to benefit from their diverse external perspectives on issues brought before the Board. Objectivity and independence of the Board decisions are maintained through the professionalism of each Board member, who have demonstrated a high level of commitment in their roles as Directors of the Company.

The Independent and Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives of the Group's business, and monitor the reporting of performance. Management also has access to the Independent and Non-Executive Directors for guidance and informal discussion both within and outside the meetings of the Board and Board Committees.

The Independent and Non-Executive Directors meet amongst themselves without the presence of Management when necessary.



**Principle 3: Chairman and Chief Executive Officer**

There is a clear division of roles and responsibilities between the Chairman and the CEO of the Company to ensure an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

As Chairman, Mr Masli Mulia is responsible for:

- (a) Steering strategic direction and business growth of the Group;
- (b) Ensuring that Board meetings are held when necessary and sets the agenda of the Board meetings in consultation with the other Directors and Management, including setting the pace for a constructive debate and an effective contribution from the Board members at the meetings;
- (c) Reviewing the Board papers before they are presented to the Board and ensures that the Board members are provided with complete, adequate and timely information;
- (d) Ensuring effective communication with shareholders; and
- (e) Promoting high standards of corporate governance.

The CEO, Mr Asmari Herry Prayitno, is responsible for:

- (a) The day-to-day operations of the Group's business which are carried out with the assistance of the other Executive Directors; and
- (b) Formulating business plans, directions and strategies of the Group's business. Strategic decisions are made in consultation with the Board.

The Lead Independent Director, Mr Nicholas Peter Ballas, is responsible for leading and coordinating the activities of the Independent and Non-Executive Directors and serve as a principal liaison on Board issues between the Independent and Non-Executive Directors and the Chairman of the Board. The Lead Independent Director is available to shareholders who have concerns for which contact through the normal channels of the Chairman, CEO or Executive Directors have failed to resolve or for which such contact is inappropriate.

**Principle 4: Board Membership**

The NC comprises the following five members, four of whom are Independent and Non-Executive Director. The NC Chairman is not associated in any way with the 10% shareholders of the Company.

Chng Hee Kok	Chairman
Quah Ban Huat	Member
Nicholas Peter Ballas	Member
Masli Mulia	Member
Ng Chee Keong	Member

The NC is regulated by a set of written Terms of Reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process, which includes internal guidelines to address the conflict of competing time commitments that are faced by Directors with multiple board representations. In respect of re-nominations, the NC will consider the individual Director's contribution and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations.

The key functions of the NC include:

- To review board succession plans for Directors, in particular, the Chairman and the CEO;
- To conduct a formal assessment on the effectiveness of the Board as a whole and to assess the contribution by each individual Director to the effectiveness of the Board, particularly when a Director serves on multiple Boards;
- To establish procedures for and make recommendations to the Board on the appointments of new Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board and re-appointments;
- To regularly review the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- To establish procedures for evaluation of the performance of the Board, its Board Committees and Directors, and propose objective performance criteria which shall be approved by the Board;
- To determine the independence of each Director, namely the independent Directors;
- To ensure that all Board appointees undergo an appropriate induction programme; and
- To review and determine that each Director carries out his duties as a Director of the Company adequately, taking into consideration each Director's number of listed company board representations and other principal commitments.

During FY2014, the NC had met twice to:

- (a) Assess and evaluate effectiveness of the Board and the Board's performance as a whole;
- (b) Review the Board and Board Committees composition and assess the independence of each Independent Director;
- (c) Recommend the re-election of Directors retiring pursuant to the Company's Articles of Association; and
- (d) Review and recommend changes to the Board composition, including meeting with and evaluating the suitability of the candidates for Board appointment.

### **Re-election of Directors**

The NC reviews the re-election of each Board member in accordance with the Company's Articles of Association. Pursuant to Article 91 of the Company's Articles of Association, one-third of the Directors (except Managing or Joint Managing Director) shall retire from office by rotation at the Company's Annual General Meeting ("AGM"). In addition, Article 92 provides that the retiring Directors are eligible to offer themselves for re-election and Article 97 provides that all newly appointed Directors shall retire from office at the next AGM following their appointment. Directors of over 70 years of age are required to be re-appointed every year at the AGM under Section 153 of the Companies Act, Cap. 50.

The Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors are Messrs Masli Mulia, Hermawan Fridiana Herman and Lim Kee Hee who will retire pursuant to Article 91 of the Company's Articles of Association, and Mr Ng Chee Keong who will retire pursuant to Article 97 of the Company's Articles of Association.

## Board Independence

The NC determines, on an annual basis, the independence of the Independent and Non-Executive Directors based on the guidelines provided in the Code, including considering whether the Directors have any business relationships with the Group that could interfere or be reasonably perceived to interfere, with their ability to exercise independent judgement, and a rigorous review of those Directors whose tenure had exceeded nine years from the date of their first appointment.

Each Independent and Non-Executive Director, existing or newly-appointed, is required to confirm his independence by completing and signing the Confirmation of Independence declaration form, which is based on the guidelines as set out in the NC Terms of Reference and the Code. The NC will then review the declaration submitted by each Director to determine whether he is independent.

For the year under review, the NC has reviewed the independence of Messrs Chng Hee Kok, Quah Ban Huat, Nicholas Peter Ballas and Ng Chee Keong, and is satisfied that there are no relationships which would deem any of them not to be independent. In reviewing the independence, the NC has considered the relationships identified by the Code and additionally, the Independent and Non-Executive Directors are also independent of substantial shareholders of the Company.

Although Mr Chng Hee Kok has served on the Board for more than nine years from the date of his first appointment, the Board concurred with the NC's view that Mr Chng has demonstrated strong independence in character and judgement over the years in discharging his duties and responsibilities as an Independent and Non-Executive Director of the Company and there were no circumstances which would likely affect or appear to affect his independent judgement and act in the best interest of the Group and the non-controlling shareholders. His contributions in board deliberations, due to his length of service, in-depth knowledge of the Group's businesses and board representation on other listed companies are considered valuable by the Board. While recognising the benefits of the experience and stability brought by long-standing Directors, the Board remains committed to the progressive renewal of board membership.

The Board, after taking into consideration the NC's evaluation, resolved that Mr Chng Hee Kok, notwithstanding having served on the Board for more than nine years from the date of his first appointment, continue to be considered independent along with Messrs Quah Ban Huat, Nicholas Peter Ballas, and Ng Chee Keong.

## Multiple Board Representations

All Directors are required to declare their Board representations. When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Based on the individual Director's confirmation to the NC on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to put a maximum limit on the number of listed company board representations of each Director. For the year under review, the NC is satisfied that the Directors have given adequate time and attendance to the affairs of the Group to discharge their duties as Directors of the Company through their attendance at meetings of the Board and Board Committees, notwithstanding their multiple board representations and other principal commitments.

There is no alternate director on the Board.

The NC recommends all appointments of Directors to the Board, after taking into account the following factors:

- (a) The Group's strategic and business plans and operational requirements; and
- (b) The suitability of candidates for Board appointment, based on their skills, expertise and experience.



The Company has in place a process for selecting and appointing new Directors. Potential candidates who possess relevant experience and have the caliber to contribute to the Company are shortlisted for consideration. Curriculum vitae of the shortlisted candidates will be circulated to the NC for their review, taking into consideration the candidate's suitability, qualification, experience and knowledge. Thereafter, NC will conduct interview(s) with the potential candidates, before making its recommendation to the Board.

Information in respect of the academic and professional qualification, and directorship or chairmanship, both present and those held over the preceding three years in other listed companies, is set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Directors' Report" section of the Annual Report.

#### **Principle 5: Board Performance**

The NC has established evaluation procedures and performance criteria for the assessment of the Board's performance as a whole. The evaluation of the Board's performance is carried out on an annual basis, and the performance criteria for the Board evaluation covers amongst other criteria, Board composition, Board processes, information, internal control and risk management, Board accountability, CEO performance and succession planning and standard of conduct of the Board. Each Director assesses the effectiveness of the Board as a whole by providing feedback to the NC. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

During FY2014, the NC has conducted the assessment by preparing a performance evaluation questionnaire to be completed by each Director, which were then collated and the findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. The NC is of the view that the Board and Board Committees operate effectively and each individual Director has contributed to the effectiveness of the Board as a whole. The results of the NC's assessment for FY2014 has been communicated to and accepted by the Board.

The Chairman, in consultation with the NC, will, if necessary, propose steps to be undertaken to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Company.

#### **Principle 6: Access to Information**

To enable the Board in fulfilling its responsibilities and engage in full deliberation on the issues to be considered at each meeting, Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. In addition, all relevant information on the Group's annual budgets, financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise. Any material variance between any projections/budgets and the actual results is disclosed and explained to the Board.

The Directors have separate and independent access to the Company's key management personnel and the advice and services of the Company Secretary. The Company Secretary assists the Chairman and the Chairman of each Board Committee in preparing the agendas for the respective meetings in consultation with the Management. The Company Secretary attends and prepares minutes of all meetings of the Board and Board Committees, including assisting the Board to ensure that proper procedures are observed and all other rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Where the Directors require independent professional advice in the course of their duties, such advice would be provided at the Company's expense, subject to approval by the Board.

## REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

The RC comprises the following four members, all of whom are Independent and Non-Executive Directors.

Quah Ban Huat	Chairman
Chng Hee Kok	Member
Nicholas Peter Ballas	Member
Ng Chee Keong	Member

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- To review and recommend to the Board a framework of remuneration for each Director and key management personnel that are competitive and sufficient to attract, retain and motivate key management personnel of the required quality to run the Company successfully;
- To review and determine the specific remuneration packages and terms of employment for each Director and key management personnel, which cover all aspect of remuneration including Directors' fees, salaries, allowances, bonuses and benefits-in-kind;
- To determine the appropriateness of the remuneration of the Independent and Non-Executive Directors taking into consideration the level of their contribution; and
- To review and recommend to the Board the terms of renewal of the service contracts of Directors.

During FY2014, the RC had met twice to:

- Review and determine the remuneration packages of the CEO, Executive Directors and key management personnel, to ensure that Directors are adequately but not excessively remunerated; and
- Review and recommend the Directors' fees for the Independent and Non-Executive Directors, which are subject to the shareholders' approval at the AGM of the Company.

The RC also considered, in consultation with the CEO, amongst other things, the performance of the Group's key management personnel, including their responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent.

The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises.

No individual Director is involved in fixing his own remuneration. Independent and Non-Executive Directors are paid Directors' fees annually on a standard fee basis.

Each member of the RC abstains from making any recommendation on or voting on any resolutions in respect of his own remuneration package, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

The RC reviews the terms and conditions of service agreements of the Executive Directors before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Directors and key management personnel, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

**Principle 8: Level and Mix of Remuneration**

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the CEO, Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits. Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

Currently, the Company does not have any share-based compensation scheme or long-term incentive schemes for the key management personnel, Executive Directors, and Independent and Non-Executive Directors.

The Independent and Non-Executive Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. To facilitate the payment of Directors' fees during the financial year in which they are incurred, the Company is seeking shareholders' approval for Directors' fees for the current financial year ending 31 December 2015.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

**Principle 9: Disclosure on Remuneration**

The Board has not included a separate annual remuneration report to shareholders in the Annual Report on the remuneration of Directors and the top six key management personnel (who are not Directors or the CEO) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Company.

There are no termination, retirement and post-employment benefits that may be granted to Directors (including the CEO) and the top six key management personnel (who are not Directors or the CEO) of the Company and the Group.



A breakdown showing the level and mix of the remuneration payable to each individual Director and top six key management personnel (who are not Directors or the CEO) for FY2014 is set out as follows:

Range of Remuneration	Name of Personnel	Salary	Bonus	Benefits	Fees
Below US\$250,000	<u>Key Management Personnel</u>				
	Tan Meng Toon	63.8%	25.7%	10.5%	0%
	Chan Ngok Chuin	63.6%	25.6%	10.8%	0%
	Chan Cheow Chan	63.5%	23.2%	13.3%	0%
	Choo Eng Chye, Royce	59.8%	26.4%	13.8%	0%
	Lee Thuan Aun, Thomas	58.1%	27.8%	14.1%	0%
	Oh Kian Beng	60.7%	22.7%	16.6%	0%
	<u>Independent and Non-Executive Directors</u>				
	Chng Hee Kok	0%	0%	0%	100%
	Nicholas Peter Ballas	0%	0%	0%	100%
	Lee Chee Yeng <sup>(1)</sup>	0%	0%	0%	100%
	Quah Ban Huat	0%	0%	0%	100%
	Ng Chee Keong <sup>(1)</sup>	0%	0%	0%	100%
	<u>Executive Directors</u>				
	Masli Mulia	92.6%	7.0%	0.4%	0%
	Asmari Herry Prayitno	90.8%	6.9%	2.3%	0%
	Lim Kee Hee	82.3%	7.2%	10.5%	0%
Hermawan Fridiana Herman	66.9%	5.1%	28.0%	0%	
Anwarsyah <sup>(2)</sup>	90.8%	0.0%	9.2%	0%	

<sup>(1)</sup> Mr Ng Chee Keong was appointed as an Independent and Non-Executive Director in place of Mr Lee Chee Yeng on 23 July 2014.

<sup>(2)</sup> Mr Anwarsyah resigned as an Executive Director and Chief Financial Officer on 31 January 2014.

The Board believes that a Group-wide cross-section of Directors' and key management personnel's remuneration and their names in bands of US\$250,000 provides sufficient overview of the remuneration of the Group, is in the best interest of the Company in view of the confidentiality and commercial sensitivity attached to remuneration matters. This is especially so for staff remuneration matters given the highly competitive human resource environment.

Remuneration received by Executive Directors and key management personnel comprise of basic salary component and variable component. The variable component is basically bonus payment which is determined based on performance of each individual person.

There are no employees who are immediate family members of the Directors and the CEO who earn in excess of S\$50,000 for FY2014.

Currently, the Company does not have any employee share schemes.

## ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

The Board seeks to keep stakeholders updated on the Group's financial performance, position and prospects through quarterly and annual financial reports as well as timely announcements on developments in the Group's businesses. Quarterly results are released to shareholders within 45 days of the reporting period while the full year results are released to shareholders within 60 days of the financial year end. In presenting the financial reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance.

The Company's Annual Report is available on request and accessible on the Company's website.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to shareholders in its quarterly financial statement announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

For the year under review, the CEO and the Executive Director, Finance, have provided a written assurance to the Board on the integrity of the Group's financial statement. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems in place, including financial, operational, compliance and information technology controls. This is based on internal controls maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board.

Management provides the Board with a continual flow of relevant information on the Group on a timely basis in order that the Board may effectively discharge its duties.

### Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. In addition, the Company's approach to risk management is set out in the "Risk Management Policies and Processes" section on 44 to 45 of this Annual Report.

The Board is committed to maintain a sound system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems to safeguard the interests of the shareholders and the Group's assets. To achieve this, regular internal reviews are constantly being undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or dispositions, transactions are properly authorised and proper financial records are being maintained.

The AC has reviewed the Group's financial controls and risk management policies and processes, and based on its assessment and reports of the external auditors and internal auditors, the AC is assured that adequate and effective internal controls are in place.

As for the operational and compliance controls, the Group has periodically reviewed these control areas through the various heads of department, and has continuously made improvements with the assistance of the internal auditor.

For FY2014, the Board has received assurance from the CEO and the Executive Director, Finance that:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems in place are adequate and effective in addressing the needs of the Group in its current business environment, including financial, operational, compliance and information technology risks.

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

Based on the internal control procedures established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and the risk management systems, are adequate and effective as at 31 December 2014.

During the year under review, the Group in-house internal auditor is responsible in overseeing and assessing the Company's risk management framework and policies, and report directly to the AC.

## **Principle 12: Audit Committee**

The AC comprises the following four members, all of whom are Independent and Non-Executive Directors.

Nicholas Peter Ballas	Chairman
Chng Hee Kok	Member
Quah Ban Huat	Member
Ng Chee Keong	Member

The Board is of the opinion that the AC members are appropriately qualified to discharge their responsibilities. Three of the members, Messrs Nicholas Peter Ballas, Chng Hee Kok and Quah Ban Huat, have accounting or related financial management background, while Mr Ng Chee Keong's expertise is in terminal, marine and logistics. All members are familiar with financial statements.

The AC is authorised by the Board to investigate any matters within its Terms of Reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly. The AC has full discretion to invite any Executive Director or key management personnel or any other person to attend its meetings.



The key responsibilities of the AC include the following:

- To review, the external and internal audit plans/audit reports, including the nature and scope of the audit before the audit commences, the management letter issued by the external auditors (if any) and Management's response to the letter and to ensure Management's cooperation with auditors;
- To review the internal auditors' evaluation of the Company's and the Group's system of internal controls in terms of financial, operational, compliance, information technology and risk management;
- To review the announcements of the quarterly and annual results prior to their submission to the Board for approval for release to the SGX-ST;
- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST;
- To review all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors;
- To review and recommend the re-appointment of the external auditors; and
- To review and take actions on the arrangements by which staff of the Group and any other persons may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC has examined any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC meets with the external auditors and internal auditor at least once a year, without the presence of the Company's Management, to review any areas of audit concern.

For the year under review, the AC has also reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect their independence and objectivity. The total fees payable by the Group to the external auditors for audit and non-audit services are as disclosed:

<b>External Auditor Fees for FY2014</b>	<b>S\$</b>	<b>% of Total</b>
Total audit fees	254,680	93%
Total non-audit fees	19,500	7%
Total Fees payable	274,180	100%

The AC is satisfied that the appointment of external auditors is in compliance with the requirements of Rule 712 of the SGX-ST Listing Manual. Accordingly, the AC has recommended the re-appointment of Deloitte & Touche LLP as external auditors at the forthcoming AGM of the Company.

In accordance with the requirements of Rule 716 of the SGX-ST Listing Manual, the AC and the Board, having reviewed the appointment of different auditors for the Company's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

The AC has adopted a WhistleBlowing Policy which provides a well-defined channel for the employees of the Group and other external parties to report their concern on possible wrongdoings such as fraud, misconduct or other matter within the Group.

The AC met six times during FY2014 to review the budget for the year, the audit plan/report, the audit findings from external and internal auditors, the report on interested person transactions and the announcements of the quarterly and full-year results before being approved by the Board for release to the SGX-ST. The Executive Directors, external auditors, internal auditor and the key finance personnel were invited to attend these meetings.

The AC also meets regularly with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions, including significant financial reporting issues.

The AC is kept abreast by the Management and the external auditors on changes to accounting standards, Listing Manual of the SGX-ST and other regulations which could have a direct impact on the Group's business and financial statements.

None of the AC members is a former partner or director of the Company's existing auditing firm.

### **Principle 13: Internal Audit**

The Board recognises the importance of maintaining a sound system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The Company has appointed an in-house internal auditor to oversee the Group's internal audit function, and reports to the AC on the progress and adequacy of the internal audit function. The internal auditor has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor plans its internal audit schedules in consultation with, but independent of, Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC reviews the activities of the internal auditor on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that the internal audit resources are adequate and that the internal audits are performed effectively.

The AC is satisfied that the internal auditor is qualified and experienced personnel.

Since 2013, the Group's internal auditor has carried out an enterprise risk management exercise to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The Group has identified its risk profile which summarises the material risks faced by the Group and the control-measures in place to manage such risk. The Group has documented an overview of its key risks, the risk tolerance level, the key personnel responsible for each identified risk type and the internal control mechanisms in place, which includes operational, financial, information technology and compliance.

The internal auditor reviewed and assessed these internal controls in place to ensure that they are adequate, sufficient and effective and reported the findings to AC, recommending improvements and additional controls on certain areas. A copy of the report was also circulated to relevant departments for follow up actions. During the financial year, the Group has implemented the improvements recommended and thereafter completed the whole enterprise risk management programme.

The same evaluation shall be conducted on an on-going basis in 2015.

**SHAREHOLDERS RIGHTS AND RESPONSIBILITIES****Principle 14: Shareholder Rights****Principle 15: Communication with Shareholders****Principle 16: Conduct of Shareholder Meetings**

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. The Board is mindful of the obligation to provide timely and fair disclosure of information about the Group's business developments and financial performance which would have a material impact on the share price or value of the Company. The Board is accountable to the shareholders while Management is accountable to the Board.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders. Copies of the Annual Report, the Circular and the Notices of the AGM and/or Extraordinary General Meetings ("EGM"), where applicable, are sent to every shareholder of the Company, informing them of the rules and voting procedures that govern the general meetings. The Notices of the general meetings are also advertised in the newspapers, released via SGXNet and made available on the Company's website at <http://www.samudera.com/ssl/>.

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and stay informed of the Group's strategies and visions. The Company's Articles of Association allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders. The Company is not implementing absentia voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company does not practice selective disclosure. Material and price sensitive information is publicly released in a comprehensive, accurate and timely manner via SGXNet. Financial results and annual reports are announced and issued within the mandatory period and are available on the Company's website at <http://www.samudera.com/ssl/> which provides, *inter-alia*, corporate announcements and the latest financial results as disclosed by the Company on SGXNet.

Other platforms used in the dissemination of relevant information include press releases, annual reports, shareholder circulars and general meetings. Presentations made at general meetings are announced via SGXNet and made available publicly on the Company's website.

The Company, beside in-house investor relations (IR) personnel, also engages IR professionals to provide and facilitate communications with all stakeholders; shareholders, analysts and media, on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

General meetings are principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address shareholders' concerns at general meetings.

To enable shareholders to contact the Company easily, investor relation access link is available at the Company's website.



Each distinct issue requiring shareholders' approval is proposed as a separate resolution at the general meetings. The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. During the general meetings, shareholders are given opportunities to speak and seek clarifications concerning the Company. The Chairmen of the Board and the various Board committees, and the external auditors are present at every AGM and/or EGM to address any relevant questions that may be raised by the shareholders.

The Company records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management. These are available to shareholders at their request.

For greater transparency and fairness in the voting process, voting at shareholders' meetings were conducted by poll since 2013. This allows all shareholders present or represented at the meetings to vote on a one-share-one vote basis. The rules, including the voting process, are explained by the scrutineers. The voting results of all votes cast for or against each resolution is then screened at the meeting and announced to the SGX-ST after the meeting.

The Company will endeavor to maintain a dividend payout ratio of about 20%. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

#### **DEALINGS IN SECURITIES**

The Company has adopted an internal Code of Best Practices on dealings in securities to provide guidance to the officers, including Directors, of both the Company and its subsidiaries with regard to dealings in the Company's securities.

The Code of Best Practices prohibits the officers of the Group from dealing in the Company's securities during the period commencing two weeks before the announcements of each of the Company's quarterly financial results and one month before the announcement of the Company's full year financial results and ending on the date of announcement of such results on the SGX-ST, or when they are in possession of the unpublished price sensitive information of the Group. In addition, the Directors and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

#### **MATERIAL CONTRACTS**

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire, stevedoring and container depot storage and repair at the end of the financial year.

Save as disclosed in the Directors' report and financial statements, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interest of the CEO, any Director or the controlling shareholder subsisting at the end of FY2014.

The Group has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the AC and conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC has reviewed the Interested Person Transactions ("IPTs") for FY2014 and are of the view that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

IPTs conducted during the financial year pursuant to the Shareholders' mandate obtained under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") by the Group are as follows:

Interested Person	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
	2014	2013	2014	2013
	U\$'000	U\$'000	U\$'000	U\$'000
<b>Expenses</b>				
<b>Immediate holding company</b>				
<u>PT Samudera Indonesia Tbk</u>				
Agency Commissions	-	-	2,554	2,593
Office rental	-	-	100	142
<b>Related company</b>				
<u>PT Samudera Indonesia Ship Management</u>				
Ship management fees	-	-	1,140	985
<u>PT Perusahaan Pelayaran Nusantara Panurjwan</u>				
Building rental	-	-	2	27
Vessel charter hire	-	-	-	1,027
Slot space purchase	176	1,709	-	-
<u>PT Masaji Tatanan Container</u>				
Container depot storage / repair	-	-	388	944
Land lease	136	269	-	-
<u>PT Prima Nur Panurjwan</u>				
Stevedorage	-	-	7	4,601
<u>PT Tankindo Perdana</u>				
Vessel charter hire	-	-	317	306
<u>PT Samudera Energi Tangguh</u>				
Vessel charter hire	-	1,019	3,177	2,143
<b>Sales</b>				
<b>Related company</b>				
<u>PT Perusahaan Pelayaran Nusantara Panurjwan</u>				
Vessel charter hire	2,624	-	-	-
Sale of fixed slot space	2,187	-	-	-
	<b>5,123</b>	2,997	<b>7,685</b>	12,768

There were no other interested person transactions during the financial year under review in relation to Rule 920 of the SGX-ST Listing Manual except those stated above.

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire and container depot storage and repair at the end of the financial year.

No other material contracts to which the Company or any subsidiary is a party and which involve directors' interests subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

The risk management policies and processes are set by the Board. These are regularly reviewed and updated as necessary.

The Group identifies, analyses and evaluates risks that affect the operations of Samudera's business and realization of projects. This includes considering factors that trigger and give rise to such risks as well as its potential impact to the organisation. Achieving these objectives will allow the Group to increase shareholder value by focusing on the key risks, finding an appropriate balance between cost and risk control as well as a more effective capital allocation.

The risks are identified in the following areas:

- Strategic
- Investment
- Operation
- Compliance
- Financial

## STRATEGIC

1. A periodic strategy evaluation exercise is conducted with the view to build and enhance its long-term strategic direction and plans. The plan will be aligned with the broader Vision, Mission and Values of the Samudera Indonesia Group, the major shareholder of the Group. The main elements of the strategy will be to expand and enhance our network and connectivity, and to provide high-quality transportation services and logistics to our valued customers.
2. The Group is committed on providing the best quality service for its customers. Therefore, strong emphasis in organisational structure is geared toward continuous improvement in customer satisfaction as well as customer retention.
3. The Group adopts a portfolio approach in terms of its business lines. Within the shipping industry, it participates in two different business segments: container shipping and bulk and tanker, each having its own unique business cycles, characteristics, risk profiles and profitability patterns.

## INVESTMENT

1. Written approval from Board is necessary prior to implementation of any new investment. The approval process involves a rigorous review of various aspects, including but not limited to:
  - a) competition and market
  - b) demand – supply
  - c) pre-operating project management risks, including risks of delay and cost overrun
  - d) operational risks and expertise necessary
  - e) market valuation risks
  - f) currency risks
  - g) level of borrowing
  - h) interest rate risk
  - i) cash flow and returns
  - j) country risk
  - k) legal issues

2. As good corporate governance practices, the Group adopts a prudent approach in managing the investments and, at the same time, maximizing available resources. In particular special attention is paid in managing the level of gearing on a consolidated basis. Although it covenants a gearing ratio of not higher than 2:1 (being the ratio of interest bearing debt over net worth) to its lenders, it consistently maintains a gearing level, which is lower than its covenants.
3. For external borrowings, it ensures that it works with a bank or a financial institution that is financially sound and understands the Group's business and its risk characteristics. The Group believes that by choosing its lenders properly, it can expect a continuing support from the financing community at attractive terms to support the Group's strategic plan.

## **OPERATION**

1. The Group relies on proper organizational structures and internal controls to ensure a smooth running of operations in relation to Group's goals and the industry environments and various geographical areas that it operates in. Periodical review is conducted by the Board to review and evaluate the effectiveness of the controls and appropriateness of the structure.
2. Being in the service industry, it places high emphasis on its quality of human resources through placement of the right people at the right place and appropriate management control tools.
3. The Group opines that information technology is one of the crucial factors in achieving business growth. Investment within this area mainly focuses on technology that will improve quality of services and productivity.
4. The Group takes necessary insurance covers for example Hull & Machinery, Protection & Indemnity, Time Charterers' Liability and War Risk cover as and when necessary.

## **COMPLIANCE**

To achieve optimum fleet maintenance, the Group engages various ship management companies to manage its fleet. The ship management company, being a specialized company in that industry, ensures that the Group's vessels are in compliance with various regulations e.g. IMO regulations including ISM Code, Classification Society's rules, Oil Major Terminal vetting inspections, CDI inspections etc.

To ensure compliance to legal and regulatory matter, the Group engaged a third-party professional advisory firm for corporate secretarial services to keep the Group apprised of matters necessary to comply with statutory requirements and listing rules. For advisory on specific matter, the Group may appoint professional advisor or legal firm.

## **FINANCIAL**

Please refer to Notes to financial statements of the Annual Report.



**Captain Tan Meng Toon** is the Deputy Director of the Company and is in charge of the trade function in controlling and managing the service routes within the Company's network. Captain Tan had served onboard the vessel as a deck officer in various ranking in several local and foreign-owned shipping companies. He also served as a technical superintendent and operations manager of a foreign-owned ship management company. Captain Tan holds a Foreign Ocean Going Master (Class I) Certificate.

**Captain Choo Eng Chye Royce** held various senior positions in the shipping industry for the past 12 years prior to joining the Company in 1999. At present, he holds the position as an Operations General Manager and is responsible for the fleet management of the Company. Captain Royce obtained a Certificate of Competency in Master of Foreign-Going Ship from Auckland Nautical Institute, New Zealand in 1986.

**Mr Chan Ngok Chuin** joined the Company in 2002 as MIS General Manager to oversee the management information systems of the Group. He holds a Bachelor of Science major in Computer Science and Mathematics from Brandon University, Canada and a Master of Business Administration major in Strategic Management from the Nanyang Technological University, Singapore. Mr Chan has more than 20 years of experience in the IT field such as system implementation, Portnet interfaces, designing and developing real time applications system, providing management and leadership in all computerisation projects in the South East Asia region, Hong Kong, Taiwan, China, Europe and America.

**Captain Chan Cheow Chan** joined the Company in 1996. Currently, he holds a position of General Manager who is responsible for the Container Management business and also for Cost Control and Vendor Management. Prior to his current appointment, he was responsible for the Liner Trade and Business Development of the Company. Before joining Samudera, Captain Chan had many years of experience in various aspects of shipping business. He obtained a Certificate of Competency in Master of Foreign-Going Ship from the Singapore Marine Department in 1988.

**Mr Oh Kian Beng** joined the Company in 1992. He holds the position of General Manager who is responsible for the Sales & Marketing as well as Customer Service functions. Prior to joining the Company, Mr Oh had many years of marketing experience in the shipping industry. He studied Sales and Marketing.

**Mr Thomas Lee Thuan Aun** joined the Company in 1997. He is currently holding the position of General Manager and is responsible for trade performance and business development in the Regional Container Shipping business including seeking opportunities to co-operate with other shipping companies. Mr Lee graduated from the National University of Singapore in 1997 and holds a Bachelor of Science degree.

**Ms Agnes Wong Pui Yee** holds the position of Chief Accountant who is responsible for the Group's Finance and Accounting function as well as providing support on system development. She joined the Company in 1998, and held several positions prior to her current appointment. She is member of The Institute of Singapore Chartered Accountants (ISCA) and a fellow member of The Association of Chartered Certified Accountants (ACCA).

**Mr Tay Kheng Tong** is the head of our Liner Division. He is responsible for our liner business and also heads SILkargo (Singapore) in the logistics business. Mr Tay joined the Company in 2002. He has 19 years of experience in the liner and logistics industry. He majored in Electronics and Communications.

**Mr Rakesh Vijay** is our Regional Director for Indian Subcontinent and is stationed in Mumbai. He joined the Company in 2001 as a Finance Manager. Mr Rakesh has more than fifteen years of experience in various aspects of shipping business. He holds a Bachelor of Commerce degree from the University of Mumbai and is also a Certified Chartered Accountant as well as Cost and Works Accountant.

**Mr Eky Kurniawan** is our Country Representative for both Thailand and Vietnam. He is responsible for the day-to-day operational matters as well as to oversee finance, trade and marketing activities. Prior to the existing assignment, Mr Eky Kurniawan was in charge of commercial and trade for Indian Subcontinent region as well as Myanmar and Vietnam Services. He holds a Degree in Political Sciences and majors in International Relations from Padjadjaran University.

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2014.

## 1 DIRECTORS

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

Masli Mulia  
Asmari Herry Prayitno  
Hermawan Fridiana Herman  
Lim Kee Hee  
Chng Hee Kok  
Nicholas Peter Ballas  
Quah Ban Huat  
Ng Chee Keong (Appointed on July 23, 2014)

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings registered in name of directors	
	At beginning of year	At end of year
<b>Immediate holding company</b>		
PT Samudera Indonesia Tbk		
Ordinary shares of Indonesian rupiah ("IDR") 500 each		
Masli Mulia	658,500	658,500
Asmari Herry Prayitno	500	500
<b>The Company</b>		
Samudera Shipping Line Ltd		
Ordinary shares		
Asmari Herry Prayitno	60,000	60,000

The directors' interest in the shares of the Company and related corporations at January 21, 2015 were the same at December 31, 2014.

#### 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 Act, by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacities as directors and/or executives of those related corporations.

#### 5 BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS ADDRESSING FINANCIAL, OPERATIONAL AND COMPLIANCE RISKS

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

Based on the internal control procedures established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and the risk management systems, are adequate and effective to meet the needs of the Group in the current business environment.

#### 6 AUDIT COMMITTEE

The Audit Committee ("AC") of the Company comprises four members, all of whom are Independent and Non-Executive Directors. The Chairman of AC is Mr Nicholas Peter Ballas and the other members are Messrs Chng Hee Kok, Quah Ban Huat and Ng Chee Keong.

The AC is authorised by the Board to investigate any matters within its Terms of Reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly. The AC has full discretion to invite any Executive Director or key management personnel or any other person to attend its meetings.

The AC performs the functions specified in section 201B of the Act, the SGX Listing Manual and the code of Corporate Governance. The key responsibilities of the AC include the following:

- To review the external and internal audit plans/audit reports, including the nature and scope of the audit before the audit commences, the management letter issued by the external auditors (if any) and Management's response to the letter and to ensure Management's cooperation with auditors;
- To review the internal auditors' evaluation of the Company's and the Group's system of internal controls in terms of financial, operational, compliance and information technology and risk management;
- To review the announcements of the quarterly and annual results prior to their submission to the Board for approval for release to the Singapore Exchange Securities Trading Limited ("SGX-ST");

## 6 AUDIT COMMITTEE (CONT'D)

- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST;
- To review all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors;
- To review and recommend the re-appointment of the external auditors; and
- To review and take actions on the arrangements by which staff of the Group and any other persons may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC has examined other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC has met with the external auditors, without the presence of the Company's Management. The AC has also reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect their independence.

## 7 SHARE OPTIONS

### (a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

### (b) 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.

### (c) 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 options.



## 8 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Hermawan Fridiana Herman

Lim Kee Hee

March 23, 2015

In the opinion of the directors, the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company as set out on pages 54 to 133 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 December 31, 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Hermawan Fridiana Herman

Lim Kee Hee

March 23, 2015

To the Members of Samudera Shipping Line Ltd

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Samudera Shipping Line Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 133.

## **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.

To the Members of Samudera Shipping Line Ltd

## **OPINION**

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 December 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company 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 those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provision of the Act.

Deloitte and Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

March 23, 2015



# Statements of Financial Position

December 31, 2014

		Group		Company	
	Note	2014	2013	2014	2013
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	5	<b>52,343</b>	35,238	<b>33,734</b>	19,688
Trade receivables	6	<b>50,536</b>	59,268	<b>42,958</b>	44,483
Prepaid operating expenses		<b>8,921</b>	12,198	<b>4,729</b>	6,347
Other receivables and deposits	7	<b>2,616</b>	6,192	<b>547</b>	1,360
Due from immediate holding company (non-trade)	35	<b>2,087</b>	2,087	–	–
Due from immediate holding company (trade)	35	<b>1,059</b>	918	<b>1,059</b>	–
Due from subsidiaries (trade)	35	–	–	<b>3,038</b>	3,283
Due from subsidiaries (non-trade)	8	–	–	<b>1,233</b>	2,581
Due from related companies (trade)	35	<b>2,142</b>	2,184	<b>436</b>	440
Due from non-controlling shareholder of a subsidiary (non-trade)	9	–	–	–	–
Inventories	10	<b>3,951</b>	5,404	<b>1,327</b>	2,306
Total current assets		<b>123,655</b>	123,489	<b>89,061</b>	80,488
<b>Non-current assets</b>					
Investment properties	11	<b>708</b>	733	<b>708</b>	733
Property, plant and equipment	12	<b>305,814</b>	326,027	<b>136,675</b>	144,357
Subsidiaries	13	–	–	<b>72,380</b>	72,732
Associate	14	<b>6,656</b>	6,590	<b>12,117</b>	12,117
Deferred tax assets	15	–	33	–	–
Employee benefits	20	<b>687</b>	–	–	–
Total non-current assets		<b>313,865</b>	333,383	<b>221,880</b>	229,939
<b>Total assets</b>		<b>437,520</b>	456,872	<b>310,941</b>	310,427

See accompanying notes to financial statements.

# Statements of Financial Position

December 31, 2014

		Group		Company	
	Note	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank term loans	16	<b>23,896</b>	23,714	<b>13,136</b>	13,202
Trade payables	17	<b>18,354</b>	29,896	<b>13,641</b>	21,167
Other payables and liabilities	18	<b>23,072</b>	20,145	<b>15,109</b>	9,636
Due to subsidiary (trade)	35	–	–	–	419
Due to subsidiary (non-trade)	35	–	–	<b>3,825</b>	3,825
Due to immediate holding company (trade)	35	<b>41</b>	1,511	–	1,469
Due to related companies (trade)	35	<b>1,428</b>	1,713	<b>275</b>	395
Finance leases	19	<b>44</b>	257	<b>38</b>	41
Income tax payable		<b>2,560</b>	1,810	<b>597</b>	572
Total current liabilities		<b>69,395</b>	79,046	<b>46,621</b>	50,726
<b>Non-current liabilities</b>					
Bank term loans	16	<b>112,418</b>	137,049	<b>54,998</b>	68,803
Finance leases	19	<b>68</b>	205	<b>62</b>	105
Retirement benefit obligations	20	–	327	–	–
Deferred tax liabilities	15	<b>15</b>	11	–	–
Total non-current liabilities		<b>112,501</b>	137,592	<b>55,060</b>	68,908
<b>Capital, reserves and non-controlling interests</b>					
Share capital	21	<b>68,761</b>	68,761	<b>68,761</b>	68,761
Treasury shares	22	<b>(174)</b>	(174)	<b>(174)</b>	(174)
Retained earnings		<b>198,162</b>	183,875	<b>140,673</b>	122,206
Capital reserve	23	<b>26</b>	26	–	–
Other reserves	24	<b>(3,803)</b>	(4,847)	–	–
Foreign currency translation reserve	25	<b>(12,247)</b>	(12,161)	–	–
Equity attributable to owners of the Company		<b>250,725</b>	235,480	<b>209,260</b>	190,793
Non-controlling interests		<b>4,899</b>	4,754	–	–
Total equity		<b>255,624</b>	240,234	<b>209,260</b>	190,793
<b>Total liabilities and equity</b>		<b>437,520</b>	456,872	<b>310,941</b>	310,427

See accompanying notes to financial statements.

# Consolidated Statement of Profit or Loss

Year ended December 31, 2014

		Group	
	Note	2014 US\$'000	2013 US\$'000
<b>Revenue</b>	26	<b>364,154</b>	391,180
Cost of sales		<b>(332,466)</b>	(381,972)
<b>Gross profit</b>		<b>31,688</b>	9,208
Other operating income	27	<b>3,113</b>	7,358
Marketing expenses		<b>(7,552)</b>	(7,796)
Administrative expenses		<b>(6,143)</b>	(6,674)
Other operating expenses	28	<b>(3,512)</b>	(46)
<b>Profit from operations</b>		<b>17,594</b>	2,050
Finance income	29	<b>278</b>	206
Finance costs	30	<b>(2,674)</b>	(3,650)
<b>Operating profit (loss)</b>		<b>15,198</b>	(1,394)
Share of results of associate	14	<b>1,245</b>	1,348
<b>Profit (loss) before tax</b>		<b>16,443</b>	(46)
Income tax expense	31	<b>(1,922)</b>	(2,008)
<b>Profit (loss) for the year</b>	32	<b>14,521</b>	(2,054)
<b>Attributable to:</b>			
Owners of the Company		<b>14,281</b>	(2,193)
Non-controlling interests		<b>240</b>	139
		<b>14,521</b>	(2,054)
<b>Earnings (Losses) per share (US cents)</b>			
Basic and diluted	33	<b>2.65</b>	(0.41)

See accompanying notes to financial statements.

# Consolidated Statement of Profit or Loss and other Comprehensive Income

Year ended December 31, 2014

	Group	
	2014	2013
	US\$'000	US\$'000
<b>Profit (loss) for the year</b>	<b>14,521</b>	(2,054)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit obligation	<b>943</b>	515
	<b>943</b>	515
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of associate	<b>107</b>	3,202
Exchange differences on translation of foreign operations	<b>(43)</b>	(327)
	<b>64</b>	2,875
<b>Other comprehensive income for the year, net of tax</b>	<b>1,007</b>	3,390
<b>Total comprehensive income for the year</b>	<b>15,528</b>	1,336
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>15,245</b>	1,214
Non-controlling interests	<b>283</b>	122
	<b>15,528</b>	1,336

See accompanying notes to financial statements.



# Statements of Changes in Equity

Year ended December 31, 2014

	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Other reserves US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
<b>Group</b>									
Balance at January 1, 2013	68,761	(174)	26	(8,564)	(11,851)	187,118	235,316	4,819	240,135
Total comprehensive loss for the year:									
(Loss) Profit for the year	-	-	-	-	-	(2,193)	(2,193)	139	(2,054)
Other comprehensive income (loss) for the year	-	-	-	3,717	(310)	-	3,407	(17)	3,390
Total	-	-	-	3,717	(310)	(2,193)	1,214	122	1,336
Dividends paid, representing total of transactions with owners, recognised directly in equity (Note 34)	-	-	-	-	-	(1,050)	(1,050)	(187)	(1,237)
Balance at December 31, 2013	68,761	(174)	26	(4,847)	(12,161)	183,875	235,480	4,754	240,234
Total comprehensive loss for the year:									
Profit for the year	-	-	-	-	-	14,281	14,281	240	14,521
Other comprehensive income (loss) for the year	-	-	-	1,050	(86)	-	964	43	1,007
Total	-	-	-	1,050	(86)	14,281	15,245	283	15,528
Transactions with owners, recognised directly in equity:									
Liquidation of subsidiary	-	-	-	(6)	-	6	-	-	-
Dividends paid (Note 34)	-	-	-	-	-	-	-	(138)	(138)
Total	-	-	-	(6)	-	6	-	(138)	(138)
Balance at December 31, 2014	68,761	(174)	26	(3,803)	(12,247)	198,162	250,725	4,899	255,624

See accompanying notes to financial statements.

# Statements of Changes in Equity

Year ended December 31, 2014

	Share capital US\$'000	Treasury shares US\$'000	Retained earnings US\$'000	Total US\$'000
<b>Company</b>				
Balance at January 1, 2013	68,761	(174)	120,294	188,881
Profit for the year, representing total comprehensive income for the year	–	–	2,962	2,962
Dividend paid, representing total of transactions with owners, recognised directly in equity (Note 34)	–	–	(1,050)	(1,050)
Balance at December 31, 2013	68,761	(174)	122,206	190,793
Profit for the year, representing total comprehensive income for the year	–	–	18,467	18,467
Balance at December 31, 2014	68,761	(174)	140,673	209,260

See accompanying notes to financial statements.

# Consolidated Statement of Cash Flows

Year ended December 31, 2014

	Group	
	2014 US\$'000	2013 US\$'000
<b>Operating activities</b>		
Profit (loss) before tax	16,443	(46)
Adjustments for:		
Depreciation of property, plant and equipment	23,810	25,579
Depreciation of investment properties	25	-
Gain on disposal of property, plant and equipment	(227)	(4,271)
Net gain on disposal of investments at fair value through profit or loss - investment securities	(101)	(113)
Finance costs	2,674	3,650
Finance income	(278)	(206)
Allowance for doubtful trade debts	607	268
Write-back of doubtful trade debts	(297)	(309)
Share of results of associate	(1,245)	(1,348)
Impairment of property, plant and equipment (vessels)	3,326	-
Property, plant and equipment written off	166	45
Net foreign exchange gain	(779)	(1,619)
Operating cash flows before movements in working capital	<b>44,124</b>	21,630
Trade receivables	8,422	6,346
Other receivables and deposits	3,538	4,376
Prepaid operating expenses	3,263	3,368
Due from immediate holding company	(141)	875
Due from related companies	42	(171)
Inventories	1,453	106
Trade payables	(11,542)	1,386
Other payables and liabilities	2,886	(1,154)
Due to related companies	(285)	(1,982)
Due to immediate holding company	(1,419)	1,509
Cash generated from operations	<b>50,341</b>	36,289
Interest paid	(2,674)	(3,650)
Income tax paid	(1,111)	(2,493)
<b>Net cash from operating activities</b>	<b>46,556</b>	30,146

See accompanying notes to financial statements.

# Consolidated Statement of Cash Flows

Year ended December 31, 2014

	Group	
	2014	2013
	US\$'000	US\$'000
<b>Investing activities</b>		
Interest income received	278	206
Proceeds from disposal of property, plant and equipment	2,573	7,831
Proceeds from disposal of investments at fair value through profit or loss - investment securities	2,567	3,324
Purchase of investments at fair value through profit or loss - investment securities	(2,466)	(3,211)
Purchase of property, plant and equipment (Note 12(d))	(9,496)	(5,895)
Dividends received from an associate	1,288	1,375
<b>Net cash (used in) from investing activities</b>	<b>(5,256)</b>	<b>3,630</b>
<b>Financing activities</b>		
Repayment of finance leases	(344)	(310)
Repayment of bank term loans	(23,624)	(26,341)
Dividends paid	-	(1,050)
Decrease in pledged deposits	1,145	5,899
Dividends paid to non-controlling shareholder	(138)	(187)
<b>Net cash used in financing activities</b>	<b>(22,961)</b>	<b>(21,989)</b>
Net increase in cash and cash equivalents	18,339	11,787
Cash and cash equivalents at beginning of the year	27,891	16,412
Effects of exchange rate changes on the balance of cash held in foreign currencies	(89)	(308)
<b>Cash and cash equivalents at end of the year (Note 5)</b>	<b>46,141</b>	<b>27,891</b>

See accompanying notes to financial statements.



December 31, 2014

**1 GENERAL**

The Company (Registration Number:199308462C) is incorporated in Singapore with its principal place of business and registered office at 6 Raffles Quay, #25-01, Singapore 048580. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars.

The principal activities of the Company are the owning and operating of ocean-going ships and the provision of containerised feeder shipping services.

The principal activities of its subsidiaries and associate are disclosed in Notes 13 and 14 respectively.

The Group operates in South East Asia, Far East, Indian Sub-continent and the Middle East.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2014 were authorised for issue by the Board of Directors on March 23, 2015.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Accounting**

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

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

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

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

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

December 31, 2014

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Adoption of New and Revised Standards**

On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

**New and revised Standards on consolidation, joint arrangements, associates and disclosures**

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In the current year, the Group has applied for the first time FRS 110, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance which did not have any significant impact, except as disclosed below.

**Impact of the application of FRS 110**

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. Additional guidance has been included in FRS 110 to explain when an investor that has control over the investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Aside from the additional disclosures, the change in accounting policy has had no material impact on the amounts recognised in the consolidated financial statements and accordingly, there has been no impact on the earnings per share as reported in the consolidated statement of profit or loss and other comprehensive income.

**Impact of the application of FRS 112**

FRS 112 is a new disclosure standard and is applicable to entities that have interests in, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements (please see Notes 13 and 14 for details).

Aside from the additional disclosures, the change in accounting policy has had no material impact on the amounts recognised in the consolidated financial statements and accordingly, there has been no impact on the earnings per share as reported in the consolidated statement of profit or loss and other comprehensive income.

December 31, 2014

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Adoption of New and Revised Standards (Cont'd)**

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments* <sup>4</sup>
- FRS 115 *Revenue from Contracts with Customers* <sup>3</sup>
- Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions* <sup>1</sup>
- Improvements to Financial Reporting Standards (January 2014) <sup>1</sup>
- Improvements to Financial Reporting Standards (February 2014) <sup>1</sup>
- Improvements to Financial Reporting Standards (November 2014) <sup>2</sup>

<sup>(1)</sup> Applies to annual periods beginning on or after July 1, 2014, with early application permitted

<sup>(2)</sup> Applies to annual periods beginning on or after January 1, 2016, with early application permitted

<sup>(3)</sup> Applies to annual periods beginning on or after January 1, 2017, with early application permitted

<sup>(4)</sup> Applies to annual periods beginning on or after January 1, 2018, with early application permitted

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

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

**FRS 109 *Financial Instruments***

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

Key requirements for FRS 109:

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

December 31, 2014

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Adoption of New and Revised Standards (Cont'd)**

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the application of FRS 109 in the future may have an impact on amounts reported in respect of the company's financial assets and financial liabilities.

However, it is not practical to provide a reasonable estimate of the effect of FRS 109 until the Company undertakes a detailed review.

**FRS 115 Revenue from Contracts with Customers**

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

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Adoption of New and Revised Standards (Cont'd)

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

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

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

#### Amendments to FRS 19 (2011) *Employee Benefits: Defined Benefit Plans: Employee Contributions*

The amendments permit contributions made by employees or third parties to defined benefit plans that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to periods of service. Other contributions by employees or third parties that are not solely linked to current year service are required to be attributed to periods of service either using the plan's contribution formula or on a straight-line basis.

The management is currently evaluating the impact of the new amendment.

### 2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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



December 31, 2014

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 Basis of Consolidation (Cont'd)**

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

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

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

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

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

**Changes in the Group's ownership interests in existing subsidiaries**

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

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

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

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 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*.

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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

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.

December 31, 2014

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.4 Business Combinations (Cont'd)**

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.

**2.5 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 basis for debt instruments.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when 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.

Objective evidence of impairment could include:

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

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

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.

December 31, 2014

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.5 Financial Instruments (Cont'd)**Impairment of financial assets (Cont'd)

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

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

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

Derecognition of financial assets

The Group derecognised a financial asset only when the contractual right to the cash flows from the asset expired, 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 risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities and equity instruments**Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.5 Financial Instruments (Cont'd)****Financial liabilities and equity instruments (Cont'd)**Derecognition of financial liabilities

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

**2.6 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 as lessor

Rental 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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**2.7 Inventories**

Inventories, comprising bunker stocks, oil and spare parts on board of vessels for consumption purposes are stated at lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Allowance is made of deteriorated, damaged, obsolete and slow-moving inventories.

**2.8 Prepaid Operating Expenses**

Prepaid operating expenses, comprising of prepaid charter-hire and other expenses, are initially recognised as prepayments when payments are made. Prepaid charter hire expenses are subsequently charged to profit or loss on a straight-line basis over the charter-hire period.



December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using straight-line method, on the following bases:

Vessels	–	15 to 25 years
Vessel improvements	–	2.5 to 10 years
Deferred charges	–	20 to 60 months
Motor vehicles	–	5 years
Equipment	–	3 to 7 years
Furniture and fittings	–	5 years
Renovation	–	3 years
Freehold properties	–	15 to 50 years

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.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified and the estimate of the cost to be incurred is determined. The cost of these components is to be depreciated over a period to the next estimated drydocking date.

Deferred charges represent drydocking expenditure incurred for major overhauls of vessels, which is deferred when incurred and depreciated over a period from the current drydocking date to the next estimate drydocking date. When significant drydocking expenditures recur prior to the expiry of the depreciation period, the remaining carrying value of the previous drydocking is expensed in the month of the subsequent drydocking.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

### 2.10 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over 15 years which is its estimated useful life, using straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on disposal of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is disposed.

December 31, 2014

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.11 Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

**2.12 Impairment of Non-Financial Assets Excluding Goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.14 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.

**2.15 Revenue Recognition**

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

Rendering of services

Revenue and operating costs on freight operations are recognised as income and expenses respectively, by reference to the percentage of completion of the voyage as at end of the reporting period. Unearned revenue received is recognised as deferred income.

Revenue from rendering sea freight forwarding services is recognised based on the completion of shipment.

Time charter revenue is recognised evenly over the lives of the time charter agreements and is stated net of taxes and commission paid. Voyage freight is recognised evenly over the duration of each voyage.

Pool revenue is recognised upon delivery of service in accordance with the pooling agreement.

Ship management and operation services revenue are recognised upon services rendered.

Interest income

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

Dividend income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.16 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.

**2.17 Retirement Benefit Costs**

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses. Curtailment gains and losses are accounted for as past service costs.

**2.18 Employee Leave Entitlement**

Employees' 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.



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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.19 Income Tax**

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

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

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

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

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

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

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, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.20 Sales Tax**

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**2.21 Foreign Currency Transactions and Translation**

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.21 Foreign Currency Transactions and Translation (Cont'd)**

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**2.22 Cash and Cash Equivalents in the Statement of Cash Flows**

Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at banks, call and fixed deposits less pledged deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**2.23 Hedge Accounting**

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows of the hedged item and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 Hedge Accounting (Cont'd)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance income or finance expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

### 2.24 Segment Reporting

For management purposes, the Group is organised into operating segments based on their services and geographical regions which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

## 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.

#### **(a) Critical judgements in applying the entity's accounting policies**

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

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**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)****(a) Critical judgements in applying the entity's accounting policies (Cont'd)****(i) Income taxes**

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the course of business. The Group recognises liabilities for expected tax issues based on assessment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities at the end of the reporting period were US\$2,560,000 (2013: US\$1,810,000), US\$Nil (2013: US\$33,000) and US\$15,000 (2013: US\$11,000) respectively.

**(ii) Determination of functional currency**

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose economic environment and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' processes of determining sales prices.

**(iii) Operating lease commitments - as lessor**

The Group has entered into charter hire leases on its owned vessels. The Group has determined that it retains all the significant risks and rewards of ownership of these vessels which are leased out on operating leases. The Group has recognised these vessels, their deferred charges and vessel improvements as its property, plant and equipment.

The carrying amounts of these vessels, their deferred charges and vessel improvements under property, plant and equipment are disclosed in Note 12.

**Operating lease commitments – as lessee**

In prior year, the Group entered into an arrangement to dispose of containers to a non-related party and then lease back the containers from the purchaser. The Group has determined that the subsequent lease was accounted as an operating lease as the lease payments and the sale price are at fair values at the date of transaction. Consequently, the gain on disposal of the containers was recognised in profit or loss (Note 37).

**(iv) Control over Samudera Traffic Co. Ltd**

Note 13 describes that Samudera Traffic Co. Ltd is a subsidiary of the Group although the Group only owns a 49% ownership interest in Samudera Traffic Co. Ltd. Based on the contractual arrangements between the Group and other investor, the Group was entitled to a 60% (2013: 60%) share of the net profits of the subsidiary. The shares held by the Group also carry two votes per share, which resulted to the voting power held by the Group to 65.8% (2013: 65.8%). Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Samudera Traffic Co. Ltd unilaterally and hence the Group has control over Samudera Traffic Co. Ltd.



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

**(i) Investments in subsidiaries and associate**

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiaries and associate within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the Group's investment in subsidiaries and associate are disclosed in Notes 13 and 14 respectively.

**(ii) Vessel useful life and impairment**

The cost of vessels and vessel improvements of the Group and the Company is depreciated on a straight-line basis over the useful life of the vessels. The management estimates the useful life of these vessels and vessel improvements to be within 15 to 25 years and 2.5 to 10 years respectively. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

Management also reviews the vessel for impairment whenever there is an indication that the carrying amount of the vessel may not be recoverable. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost of disposal and value in use, which is the future cash flows that the vessel is expected to generate and the expected running cost thereof over its remaining useful life with a cash inflow in the final year equal to the expected residual value of the vessels. The future cashflows is discounted to their present value using a pre-tax discount rate that reflects the time value of money. If the vessel is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts and details of the Group's and Company's vessels, deferred charges, vessel improvements and impairment at the end of the reporting period are disclosed in Note 12.

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**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)****(b) Key sources of estimation uncertainty (Cont'd)****(iii) Residual values of vessels**

The Group reviews the residual values of vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. Significant judgement is required in determining the residual values of its vessels.

In determining the residual values of its vessels, the Group considers the net proceeds that would be obtained from the disposal of the assets in the resale or scrap markets, fluctuations in scrap steel prices and industry practice.

During the financial year, management determined that the residual values of vessels should be brought in line with the expected scrap value of the vessels which in turn is dependent on the market scrap rates of metals. The financial effects of this reassessment resulted in a decrease in depreciation expense reported in the consolidated profit or loss for the current financial year and for the next 3 years by the following amounts:

<b>Financial year ended/ending December 31</b>	<b>Decrease of depreciation expense US\$'000</b>
2014	517
2015	517
2016	517
2017	517

**(iv) Allowance for doubtful trade and other receivables**

The Group and the Company make allowances for bad and doubtful debts based on ongoing evaluation of recoverability and ageing analysis of individual receivables by reference to their past default experience. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be recoverable. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 6 and 7 respectively.

**(v) Insurance claim receivables**

Management evaluates the recoverability of insurance claims based on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the outcome of the insurance claim.

The carrying amounts of the Group's and the Company's insurance claim receivables is disclosed in Note 7.

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**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	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
<b>Financial assets</b>				
Loan and receivables (including cash and bank balances)	<b>110,783</b>	105,887	<b>83,005</b>	71,835
<b>Financial liabilities</b>				
At amortised cost	<b>177,819</b>	212,313	<b>99,694</b>	117,015

**(b) Financial risk management policies and objectives**

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, bunker price risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The Group uses a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk including:

- forward currency contracts to hedge the exchange rate risks arising from trade receivables and trade payables; and
- interest rate swaps to mitigate the risk of rising interest rates.

The Group does not hold or issue derivative 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 the risk. Market risk exposures are measured using sensitivity analysis indicated below.

**(i) Foreign exchange risk management**

The Group transacts business in various foreign currencies, including Singapore dollar ("SGD") and Indonesian rupiah ("IDR") and therefore is exposed to foreign exchange risk.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances approximately amount to US\$12,429,000 (2013: US\$8,635,000) and US\$6,140,000 (2013: US\$3,198,000) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, India, Vietnam and United Arab Emirates.

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**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 manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of foreign currencies are converted, as soon as possible, to SGD or USD.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2014	2013	2014	2013	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
SGD	<b>28,395</b>	30,649	<b>20,274</b>	19,111	<b>28,042</b>	30,250	<b>20,211</b>	17,508
IDR	<b>8,786</b>	12,609	<b>2,598</b>	8,696	<b>249</b>	224	<b>5</b>	11
Others	<b>842</b>	1,308	<b>3,464</b>	3,709	<b>176</b>	235	<b>3,071</b>	2,708

*Foreign currency sensitivity*

The following table details the sensitivity to a 10% (2013: 10%) increase and decrease in the exchange rate of SGD and IDR against USD. It is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in SGD and IDR and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis of monetary items denominated in currencies other than SGD and IDR is not significant.

	Group		Company	
	Strengthen (weaken) in exchange %	Effect on profit or loss US\$'000	Strengthen (weaken) in exchange %	Effect on profit or loss US\$'000
<b>2014</b>				
Singapore dollar	10 (10)	(729) 729	10 (10)	(703) 703
Indonesian rupiah	10 (10)	(655) 655	10 (10)	(26) 26
<b>2013</b>				
Singapore dollar	10 (10)	(958) 958	10 (10)	(1,058) 1,058
Indonesian rupiah	10 (10)	(325) 325	10 (10)	(18) 18

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**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**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and fixed deposits.

The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The Group may enter into various interest rate swap contracts to hedge its interest rate risk, where appropriate, over the duration of its borrowings. The contracts limit the Group's exposure to both favourable and unfavourable interest rate fluctuations. It is the Group's policy not to trade in derivative contracts.

As at the end of the reporting period, there is no outstanding interest rate swap contract.

Surplus funds are placed with reputable banks and financial institutions which generate interest income for the Group.

Information relating to the Group's financial instrument balances which are interest bearing are disclosed in Notes 5, 16 and 19.

*Interest rate sensitivity*

The following table demonstrates the sensitivity to a 25 basis points (2013: 15 basis points) increase and decrease in the SGD and USD interest rates, with all other variables held constant, of the Group's and the Company's profit or loss (through the net impact of interest expense on floating loans and borrowings and interest income on fixed deposits). It is the sensitivity rate used when reporting interest rate risks internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Group		Company	
	Increase (decrease) in basis points	Effect on profit or loss US\$'000	Increase (decrease) in basis points	Effect on profit or loss US\$'000
<b>2014</b>				
Singapore dollar	25 (25)	(29) 29	25 (25)	(29) 29
United States dollar	25 (25)	(175) 175	25 (25)	(62) 62
<b>2013</b>				
Singapore dollar	15 (15)	(23) 23	15 (15)	(23) 23
United States dollar	15 (15)	(150) 150	15 (15)	(67) 67



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**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)****(b) Financial risk management policies and objectives (Cont'd)****(iii) Credit risk management**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company may request bankers' guarantee from its customers if it is necessary. In addition, debtors balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

*Credit risk concentration profile*

The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the end of the reporting period is as follows:

	Group		Company	
	2014	2013	2014	2013
	US\$'000	% of total	US\$'000	% of total
<b>By customers:</b>				
Main line				
operators	<b>36,976</b>	<b>73.2</b>	38,524	65.0
Agents	<b>1,340</b>	<b>2.7</b>	1,809	3.1
Others	<b>12,220</b>	<b>24.1</b>	18,935	31.9
	<b>50,536</b>	<b>100.0</b>	59,268	100.0
			<b>42,958</b>	<b>100.0</b>
				44,483
				100.0

At the end of the reporting period, approximately 31.5% (2013: 27.8%) of the Group's and Company's trade receivables were due from 5 (2013: 5) major customers who are main line operators located in Singapore.

**(iv) Bunker price risk management**

The Group's earnings are affected by changes in bunker prices. The Group manages this risk by monitoring the bunker prices and entering into forward contracts to hedge against fluctuations in bunker price if considered appropriate.

As at December 31, 2014 and 2013, the Group has no outstanding bunker price hedging contracts.

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**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)****(b) Financial risk management policies and objectives (Cont'd)****(v) Liquidity risk management**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuation of cash flows.

**Liquidity and interest risk analyses****Non-derivative financial instruments**

The following tables detail the remaining contractual maturity for non-derivative financial instruments. The tables have been drawn up based on the discounted cash flows of financial liabilities that include both interest and principal cash flows based on the earliest date on which the Group and Company can be required to pay and on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets and liabilities on the statement of financial position.

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**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)**

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Group</b>						
<b>2014</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other receivables and deposits		53,152	-	-	-	53,152
Due from related companies		5,288	-	-	-	5,288
<b>Variable interest rate instruments:</b>						
Cash and bank balances	0.17 to 10.0	52,380	-	-	(37)	52,343
<b>Total financial assets</b>		<b>110,820</b>	<b>-</b>	<b>-</b>	<b>(37)</b>	<b>110,783</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		18,354	-	-	-	18,354
Other payables and liabilities		21,570	-	-	-	21,570
Due to related companies		1,469	-	-	-	1,469
<b>Fixed interest rate instruments:</b>						
Finance leases	3.87 to 7.29	50	77	-	(15)	112
<b>Variable interest rate instruments:</b>						
Bank term loans	2.77	25,936	80,398	37,148	(7,168)	136,314
<b>Total financial liabilities</b>		<b>67,379</b>	<b>80,475</b>	<b>37,148</b>	<b>(7,183)</b>	<b>177,819</b>
<b>Net financial assets (liabilities)</b>		<b>43,441</b>	<b>(80,475)</b>	<b>(37,148)</b>	<b>7,146</b>	<b>(67,036)</b>

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**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)**

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Group</b>						
<b>2013</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other receivables and deposits		65,460	-	-	-	65,460
Due from related companies		5,189	-	-	-	5,189
<b>Variable interest rate instruments:</b>						
Cash and bank balances	0.07 to 9.75	35,259	-	-	(21)	35,238
<b>Total financial assets</b>		<b>105,908</b>	<b>-</b>	<b>-</b>	<b>(21)</b>	<b>105,887</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		29,896	-	-	-	29,896
Other payables and liabilities		17,968	-	-	-	17,968
Due to related companies		3,224	-	-	-	3,224
<b>Fixed interest rate instruments:</b>						
Finance leases	2.88 to 7.29	279	223	-	(40)	462
<b>Variable interest rate instruments:</b>						
Bank term loans	3.31	26,255	90,807	53,269	(9,568)	160,763
<b>Total financial liabilities</b>		<b>77,622</b>	<b>91,030</b>	<b>53,269</b>	<b>(9,608)</b>	<b>212,313</b>
<b>Net financial assets (liabilities)</b>		<b>28,286</b>	<b>(91,030)</b>	<b>(53,269)</b>	<b>9,587</b>	<b>(106,426)</b>

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**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)**

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Company</b>						
<b>2014</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other receivables and deposits		43,505	-	-	-	43,505
Due from related companies		4,571	-	-	-	4,571
<b>Variable interest rate instruments:</b>						
Due from subsidiary	2.21	1,195	-	-	-	1,195
Cash and bank balances	0.17 to 0.95	33,756	-	-	(22)	33,734
<b>Total financial assets</b>		<b>83,027</b>	<b>-</b>	<b>-</b>	<b>(22)</b>	<b>83,005</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		13,641	-	-	-	13,641
Other payables and liabilities		13,719	-	-	-	13,719
Due to related companies		4,100	-	-	-	4,100
<b>Fixed interest rate instruments:</b>						
Finance leases	3.87	43	71	-	(14)	100
<b>Variable interest rate instruments:</b>						
Bank term loans	1.90	14,251	43,464	14,749	(4,330)	68,134
<b>Total financial liabilities</b>		<b>45,754</b>	<b>43,535</b>	<b>14,749</b>	<b>(4,344)</b>	<b>99,694</b>
<b>Net financial assets (liabilities)</b>		<b>37,273</b>	<b>(43,535)</b>	<b>(14,749)</b>	<b>4,322</b>	<b>(16,689)</b>



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**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)**

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Company</b>						
<b>2013</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other receivables and deposits		45,843	-	-	-	45,843
Due from related companies		3,774	-	-	-	3,774
<b>Variable interest rate instruments:</b>						
Due from subsidiary	2.21	2,530	-	-	-	2,530
Cash and bank balances	0.10 to 0.58	19,696	-	-	(8)	19,688
<b>Total financial assets</b>		<b>71,843</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>71,835</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		21,167	-	-	-	21,167
Other payables and liabilities		7,589	-	-	-	7,589
Due to related companies		6,108	-	-	-	6,108
<b>Fixed interest rate instruments:</b>						
Finance leases	2.88 to 3.87	46	119	-	(19)	146
<b>Variable interest rate instruments:</b>						
Bank term loans	1.83	14,544	49,181	23,802	(5,522)	82,005
<b>Total financial liabilities</b>		<b>49,454</b>	<b>49,300</b>	<b>23,802</b>	<b>(5,541)</b>	<b>117,015</b>
<b>Net financial assets (liabilities)</b>		<b>22,389</b>	<b>(49,300)</b>	<b>(23,802)</b>	<b>5,533</b>	<b>(45,180)</b>

**(vi) Fair value of financial assets and financial liabilities**

Management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values, whose measurements are categorised as Level 2 in the Group's and the Company's fair value hierarchy.

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**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)****(c) Capital risk management policies and objectives**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2014 and 2013.

The Group is required to maintain certain financial ratios within a set of range to comply with loan covenants imposed by its lenders. The Group monitors the financial covenants on bank borrowings to ensure there is no breach of covenants.

**5 CASH AND BANK BALANCES**

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Call and fixed deposits	36,076	19,077	24,520	9,750
Cash at bank and on hand	16,267	16,161	9,214	9,938
	<b>52,343</b>	35,238	<b>33,734</b>	19,688

Cash and cash equivalents in the consolidated statement of cash flows comprise:

	Group	
	2014 US\$'000	2013 US\$'000
Cash and bank balances (as above)	52,343	35,238
Less: Pledged deposits (Note A)	(6,202)	(7,347)
Cash and cash equivalents	<b>46,141</b>	27,891

**Note A:**

The Group's fixed deposits totaling US\$2,074,000 (2013: US\$1,266,000) have been pledged to certain banks to secure bankers' guarantee facilities of US\$3,528,000 (2013: US\$5,346,000) given to suppliers of goods and services in the ordinary course of business.

Included in the cash at bank of the Group is an amount of US\$4,128,000 (2013: US\$6,081,000) pledged to certain banks to secure loans and other banking facility of the Group amounting to US\$54,608,000 (2013: US\$66,466,000).

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**6 TRADE RECEIVABLES**

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Trade receivables	51,350	60,027	43,465	44,941
Less: Allowance for doubtful debts	(814)	(759)	(507)	(458)
	<b>50,536</b>	<b>59,268</b>	<b>42,958</b>	<b>44,483</b>

Movement in allowance for doubtful debts:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Balance at beginning of the year	(759)	(870)	(458)	(564)
Increase in allowance recognised in profit or loss	(607)	(268)	(417)	(214)
Reversal during the year	297	309	297	296
Amounts written off during the year	263	60	71	24
Translation difference	(8)	10	-	-
Balance at end of the year	<b>(814)</b>	<b>(759)</b>	<b>(507)</b>	<b>(458)</b>

The average credit period given to customers is 30 to 60 days (2013: 30 to 60 days). No interest is charged on the outstanding trade receivables.

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit terms by customer.

*Trade receivables that are past due but not impaired*

The Group and the Company respectively has trade receivables with carrying amount of US\$3,451,000 (2013: US\$7,994,000) and US\$1,111,000 (2013: US\$1,315,000) which are past due at the end of the reporting period for which the Group and the Company have not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. These trade receivables are unsecured and the analysis of their ageing at the end of the reporting period are as follows:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Aging of trade receivables that are past due but not impaired:				
Less than 31 days	2,352	6,153	1,050	742
31 to 60 days	526	1,052	43	396
61 to 90 days	52	199	13	64
More than 90 days	521	590	5	113
	<b>3,451</b>	<b>7,994</b>	<b>1,111</b>	<b>1,315</b>

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**6 TRADE RECEIVABLES (CONT'D)***Trade receivables that are impaired*

The Group's and the Company's trade receivables that are impaired at the end of the reporting period are as follows:

	Individually impaired			
	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Trade receivables	814	759	507	458
Less: Allowance for impairment	(814)	(759)	(507)	(458)
	-	-	-	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to debts that have delayed in payments or has indication of default in payments. These trade receivables are not secured by any collaterals or credit enhancements.

**7 OTHER RECEIVABLES AND DEPOSITS**

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
	Other receivables	4	1,011	7
Deposits	825	842	46	29
Loans to employees	68	57	13	2
Insurance claims receivable	1,719	4,282	481	691
	2,616	6,192	547	1,360

The insurance claim receivable represents the best estimate of losses or damages incurred on various accidents which are recoverable from insurance companies. During the year, the Group and the Company respectively had written off US\$574,000 (2013: US\$107,000) and US\$Nil (2013: US\$67,000) of insurance claim receivable to profit or loss of which it relates to claims submitted in prior year.

**8 DUE FROM SUBSIDIARIES (NON-TRADE)**

These balances are unsecured, interest-free and expected to be settled within 12 months from the end of the reporting period, except for an amount of US\$1,195,000 (2013: US\$2,530,000) which is interest-bearing at 0.5% above LIBOR per annum (2013: 0.5% above LIBOR per annum).

**9 DUE FROM NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY (NON-TRADE)**

These balances are unsecured, interest-free and repayable on demand. In 2012, full allowance had been made for estimated irrecoverable amounts by the Group of US\$48,000.

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**10 INVENTORIES**

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Spare parts	832	1,135	–	–
Lubricant oil	1,008	1,194	337	326
Bunker	2,111	3,075	990	1,980
	<b>3,951</b>	<b>5,404</b>	<b>1,327</b>	<b>2,306</b>

**11 INVESTMENT PROPERTIES**

	Group and Company US\$'000
<b>Cost</b>	
At December 31, 2013, and December 31, 2014	897
<b>Accumulated depreciation</b>	
At January 1, 2013 and December 31, 2013	164
Depreciation for the year	25
At December 31, 2014	189
<b>Carrying amount</b>	
At December 31, 2014	708
At December 31, 2013	733

The Group and the Company have adopted the cost model under FRS 40 for its investment properties.

The fair values of the Group's and the Company's investment properties at December 31, 2014 have been determined on the basis of valuations carried out at the end of the reporting period by independent appraisers having an appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In valuing the investment properties, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate market value for the investment properties. In estimating the fair value of the properties, the highest and best use of the properties is the current use.

The Group and the Company classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at December 31, 2014, the fair value measurement of the Group's and the Company's investment properties, amounting to US\$1,621,000 (2013: US\$1,738,000) are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

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**11 INVESTMENT PROPERTIES (CONT'D)**

The following information is relevant, in regards to the investment properties:

<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Sensitivity</b>
Market Comparable Approach	Recent transaction prices of the residential property in the vicinity, taking into account the length of tenure, floor area and condition of the units.	A decrease in the market conditions would result in a decrease in fair value and vice versa.

The property rental income from the Group's and the Company's investment properties, freehold residential properties located in Singapore, all of which are leased out under operating leases, amounted to US\$43,000 (2013: US\$51,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to US\$19,000 (2013: US\$20,000).

The Group's and the Company's investment properties have been placed under legal mortgage to secure the Group's and the Company's bank term loans (Note 16).



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**12 PROPERTY, PLANT AND EQUIPMENT**

	Vessels US\$'000	Vessel improvements US\$'000	Deferred charges US\$'000	Motor vehicles US\$'000
<b>Group</b>				
<b>Cost</b>				
At January 1, 2013	407,561	3,877	38,903	1,146
Additions	–	346	5,319	54
Disposals	(6,921)	(139)	(1,614)	(142)
Written off	(52)	–	–	–
Reclassification to investment properties (Note 11)	–	–	–	–
Translation difference	–	–	–	(18)
At December 31, 2013	400,588	4,084	42,608	1,040
Additions	–	–	8,833	18
Disposals	(3,786)	–	(2,257)	(180)
Written off	–	(166)	–	–
Write off of fully depreciated deferred charges component	–	–	(25,283)	–
Translation difference	–	–	–	(3)
At December 31, 2014	396,802	3,918	23,901	875
<b>Accumulated depreciation</b>				
At January 1, 2013	92,188	2,618	29,624	707
Depreciation for the year	16,680	400	7,366	158
Disposals	(3,391)	(139)	(1,614)	(113)
Written off	(7)	–	–	–
Reclassification to investment Properties (Note 11)	–	–	–	–
Translation difference	–	–	–	(11)
At December 31, 2013	105,470	2,879	35,376	741
Depreciation for the year	15,778	492	6,734	113
Disposals	(1,929)	–	(1,930)	(147)
Written off	–	–	–	–
Write off of fully depreciated deferred charges component	–	–	(25,283)	–
Translation difference	–	–	–	(1)
At December 31, 2014	119,319	3,371	14,897	706
<b>Impairment</b>				
Impairment loss recognised in the year ended December 31, 2014 and balance at December 31, 2014	3,326	–	–	–
<b>Carrying amount</b>				
At December 31, 2014	274,157	547	9,004	169
At December 31, 2013	295,118	1,205	7,232	299

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Equipment US\$'000	Furniture and fittings US\$'000	Renovation US\$'000	Freehold land US\$'000	Freehold properties US\$'000	Total US\$'000
8,750	564	1,172	15,545	7,655	485,173
107	–	–	–	89	5,915
(12)	(2)	–	–	–	(8,830)
(330)	–	–	–	–	(382)
–	–	–	–	(897)	(897)
(51)	(32)	(6)	–	(205)	(312)
8,464	530	1,166	15,545	6,642	480,667
173	454	18	–	–	9,496
(1,163)	–	–	–	–	(7,386)
(54)	–	–	–	–	(220)
–	–	–	–	–	(25,283)
(25)	(10)	(5)	–	(52)	(95)
7,395	974	1,179	15,545	6,590	457,179
7,370	367	1,125	–	902	134,901
733	45	15	–	182	25,579
(12)	(1)	–	–	–	(5,270)
(330)	–	–	–	–	(337)
–	–	–	–	(164)	(164)
(36)	(13)	(4)	–	(5)	(69)
7,725	398	1,136	–	915	154,640
417	109	11	–	156	23,810
(1,034)	–	–	–	–	(5,040)
(54)	–	–	–	–	(54)
–	–	–	–	–	(25,283)
(20)	(7)	(3)	–	(3)	(34)
7,034	500	1,144	–	1,068	148,039
–	–	–	–	–	3,326
361	474	35	15,545	5,522	305,814
739	132	30	15,545	5,727	326,027

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12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Vessels US\$'000	Vessel improvements US\$'000	Deferred charges US\$'000	Motor vehicles US\$'000
<b>Company</b>				
<b>Cost</b>				
At January 1, 2013	152,308	937	3,688	598
Additions	-	347	1,609	-
Disposals	-	-	-	(123)
Written off	(52)	-	-	-
Reclassification to investment properties (Note 11)	-	-	-	-
At December 31, 2013	152,256	1,284	5,297	475
Additions	-	-	1,473	-
Disposals	-	-	-	(34)
Write off of fully depreciated deferred charges component	-	-	(1,294)	-
Written off	-	-	-	-
At December 31, 2014	152,256	1,284	5,476	441
<b>Accumulated depreciation</b>				
At January 1, 2013	23,841	85	1,157	380
Depreciation for the year	6,475	267	1,751	86
Disposals	-	-	-	(94)
Written off	(7)	-	-	-
Reclassification to investment properties (Note 11)	-	-	-	-
At December 31, 2013	30,309	352	2,908	372
Depreciation for the year	6,306	385	2,187	61
Disposals	-	-	-	(33)
Write off of fully depreciated deferred charges component	-	-	(1,294)	-
Written off	-	-	-	-
At December 31, 2014	36,615	737	3,801	400
<b>Carrying amount</b>				
At December 31, 2014	115,641	547	1,675	41
At December 31, 2013	121,947	932	2,389	103

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Equipment US\$'000	Furniture and fittings US\$'000	Renovation US\$'000	Freehold land US\$'000	Freehold properties US\$'000	Total US\$'000
5,194	182	1,067	14,807	5,694	184,475
28	-	-	-	-	1,984
-	-	-	-	-	(123)
(329)	-	-	-	-	(381)
-	-	-	-	(897)	(897)
4,893	182	1,067	14,807	4,797	185,058
69	-	-	-	-	1,542
-	-	-	-	-	(34)
-	-	-	-	-	(1,294)
(54)	-	-	-	-	(54)
4,908	182	1,067	14,807	4,797	185,218
4,751	182	1,067	-	875	32,338
228	-	-	-	150	8,957
-	-	-	-	-	(94)
(329)	-	-	-	-	(336)
-	-	-	-	(164)	(164)
4,650	182	1,067	-	861	40,701
160	-	-	-	124	9,223
-	-	-	-	-	(33)
-	-	-	-	-	(1,294)
(54)	-	-	-	-	(54)
4,756	182	1,067	-	985	48,543
152	-	-	14,807	3,812	136,675
243	-	-	14,807	3,936	144,357

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**12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

During the year, the Group carried out a review of the recoverable amount of its vessels, in consideration of its depressed charter rate in the shipping industry. The review led to the recognition of an impairment loss of US\$3,326,000 (US\$2,729,000 and US\$597,000 for its dry bulk carriers and an Indonesian flag container vessel respectively) that has been recognised in profit or loss, and included other operating expenses (Note 28).

Dry bulk carriers

The recoverable amounts of the dry bulk carriers of US\$84,358,000 (2103: US\$106,675,000) were determined based on value in use calculations. Cash flow projections used in these calculations are based on financial budgets approved by management covering a period of approximately 21 years, which is based on the remaining useful life of the vessels.

Management determined the budgeted cash flows based on past performance and their expectations of market development. Cash inflows are based on existing charter contracts and management's estimate of the average charter rates over the recent observable shipping industry cycle, which are higher than the prevailing short-term spot charter rates at the year end with the revenue growth rate range from 0% to 30 % (2013: 0% to 50%) in certain years. A period of more than 5 years for cash flow projections is prepared as management is able to reasonably estimate the cash flows over the periods using observable market trends. A Weighted Average Cost of Capital ("WACC") of 6.69% (2013: 5.70%) was used to discount the cash flows. The cost of the equity component of the WACC was derived using the capital asset pricing model.

Indonesian flag container vessel

The recoverable amount of an Indonesian flag container vessel was determined based on fair value less cost of disposal, which were determined based on the market comparable approach that reflects recent transaction prices for similar vessels, with similar age and specifications. In valuing the vessel, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate market value for the vessels.

The fair value measurement of the Indonesian flag container vessels as at December 31, 2014 was performed by Kantor Jasa Penilai Publik Aksa, Nelson & Rekan ("KJPP. Aksa, Nelson & Rekan"), independent valuer not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the vessel in the relevant sectors.

As at December 31, 2014, the fair value measurement of the vessel, amounting to US\$2,990,000 (2013: US\$3,996,000) is classified within Level 3 of the fair value hierarchy.

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**12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Sensitivity analysis

Based on the value in use calculations for vessels as determined by management, possible increase or decrease by 1.0% (2013: 1.0%) to the following estimates used in management's assessment will affect the value in use as follows:

	December 31, 2014			
	Discount rate		Freight/Charter rate	
	Increase US\$'000	(Decrease) US\$'000	Increase US\$'000	(Decrease) US\$'000
Container vessels	(12,712)	10,944	10,533	(10,533)
Dry bulk carriers	(6,245)	9,203	1,578	(1,326)
Chemical tankers	(2,875)	3,221	829	(829)

	December 31, 2013			
	Discount rate		Freight/Charter rate	
	Increase US\$'000	(Decrease) US\$'000	Increase US\$'000	(Decrease) US\$'000
Container vessels	(13,424)	15,040	11,941	(11,941)
Dry bulk carriers	(10,326)	11,970	1,737	(1,737)
Chemical tankers	(3,048)	3,444	965	(921)

As at December 31, 2014, a possible change to the following estimates used in management's assessment will result in the recoverable amount to be below the carrying amounts of the vessels (on the basis that each of other key assumptions remain unchanged):

Container vessels

- 2.94% to 19.53% (2013: 1.59% to 6.79%) decrease in the freight rate; or
- 4.31% to 18.56% (2013: 2.52% to 7.47%) increase in the discount rate.

Dry bulk carriers<sup>1</sup>

- 0.01% (2013: 8.56% to 9.56%) decrease in the charter rate; or
- 0.01% (2013: 1.48% to 1.71%) increase in the discount rate.

Chemical tankers

- 7.43% to 10.54% (2013: 8.29% to 9.06%) decrease in the charter rate; or
- 2.32% to 3.44% (2013: 2.30% to 2.78%) increase in the discount rate.

Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the recoverable amounts of the vessels are appropriate. Accordingly, no allowance or further allowance impairment loss is required.

<sup>1</sup> An impairment loss of US\$2,729,000 (2013: US\$Nil) has been recognised in profit or loss in regards to the dry bulk carriers resulted to carrying amount approximate its recoverable amounts.



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## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The carrying amount of motor vehicles of the Group and the Company under finance leases amounted to US\$68,000 and US\$41,000 (2013: US\$174,000 and US\$103,000) respectively.
- (b) The Group's and the Company's vessels, freehold land and freehold properties with carrying amount of US\$296,119,000 and US\$136,482,000 (2013: US\$314,235,000 and US\$144,011,000) respectively have also been placed under legal mortgage to secure the Company's and subsidiaries' bank term loans (Note 16).
- (c) The following shows the carrying amount of the vessels of the Group being chartered out to third parties (Time charter) under operating leases:

	Group	
	2014 US\$'000	2013 US\$'000
Cost	221,788	201,744
Accumulated depreciation	(66,192)	(57,381)
Carrying amount	<u>155,596</u>	<u>144,363</u>

The depreciation charge for vessels chartered out under operating leases in the year is US\$11,318,000 (2013: US\$8,775,000).

The charter hire income for the year amounted to US\$24,980,000 (2013: US\$19,984,000).

- (d) During the financial year, the Group acquired property, plant and equipment with aggregate cost of US\$9,496,000 (2013: US\$5,915,000) of which US\$Nil (2013: US\$20,000) was acquired by means of finance leases. Cash payment of US\$9,496,000 (2013: US\$5,895,000) was made to purchase property, plant and equipment of the Group.

## 13 SUBSIDIARIES

	Company	
	2014 US\$'000	2013 US\$'000
Unquoted equity share at cost	73,146	73,146
Capital distribution	(352)	-
Liquidation	(16)	-
Less: Allowance for impairment loss	(398)	(414)
	<u>72,380</u>	<u>72,732</u>

Movement in allowance for impairment loss:

	Company	
	2014 US\$'000	2013 US\$'000
Balance at beginning of the year	(414)	(414)
Impairment written off	16	-
Balance at end of the year	<u>(398)</u>	<u>(414)</u>

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**13 SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest		Cost of investment held by the Company	
			2014 %	2013 %	2014 US\$'000	2013 US\$'000
Foremost Maritime Pte Ltd ("Foremost") <sup>(1)</sup>	Owning and chartering of vessels	Singapore	100	100	72,021	72,021
SILkargo Logistics (Singapore) Pte Ltd ("SILkargo") <sup>(1)</sup>	Sea freight forwarding, shipping agency and container freight station services	Singapore	100	100	345	345
Samudera Emirates Shipping (LLC) ("SES") <sup>(3)</sup>	Shipping agency (Liquidated)	United Arab Emirates	–	16	–	16
Galaxy Shipping Services Sdn Bhd ("GAL")	Shipping agency (In the process of voluntary liquidation)	Malaysia	100	100	352	352
Samudera Intermodal Sdn Bhd ("SISB")	Shipping agency	Malaysia	65	65	217	217
Samudera Shipping Line (India) Pvt Ltd	Shipping agency	India	100	100	28	28
Samudera Traffic Co. Ltd ("STC") <sup>(4)</sup>	Shipping agency	Thailand	49	49	114	114
Samudera Shipping Line (Vietnam) Co., Ltd	Shipping agency	Vietnam	51	51	53	53

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**13 SUBSIDIARIES (CONT'D)**

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest		Cost of investment held by the Company	
			2014 %	2013 %	2014 US\$'000	2013 US\$'000
<b>Held by subsidiaries</b>						
PT Samudera Shipping Services ("PT SSS") <sup>(2)</sup>	Owning and chartering of vessels	Indonesia	95	95	-	-
Samudera Emirates Shipping (LLC) ("SES") <sup>(3)</sup>	Shipping agency (Liquidated)	United Arab Emirates	-	17	-	-
					<b>73,130</b>	<b>73,146</b>

<sup>(1)</sup> Audited by Deloitte & Touche LLP, Singapore

<sup>(2)</sup> Audited by overseas practice of Deloitte Touche Tohmatsu Limited

<sup>(3)</sup> The Company and a subsidiary, Foremost, contributed 16% and 17% (2013 : 16% and 17%) of the issued share capital of SES respectively. Hence, the Group's total effective interest in SES is 33% (2013 : 33%). SES is accounted for as a subsidiary and the results are consolidated in the Group's financial statements as the Group has effective control over SES via majority representation on the board of directors of SES, power over the entity which gives it the practical ability to direct their relevant activities and exposure to variable returns from its involvement in the entity. SES has completed its liquidation as at December 31, 2014.

<sup>(4)</sup> STC is accounted for as a subsidiary and the results are consolidated in the Group's financial statements as the Group has effective control over the STC via majority representation on the board of directors of STC, power over the entity which gives it the practical ability to direct their relevant activities and exposure to variable returns from its involvement in the entity. The Company entered into an agreement where it is entitled to a 60% (2013 : 60%) share of the net profits of the subsidiary. The voting power held by the Company is 65.8% (2013 : 65.8%). The shares held by the Company carry two votes per share. Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of STC unilaterally and hence the Group has control over STC.

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## 13 SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		December 31, 2014	December 31, 2013
Owning and chartering of vessels	Singapore	1	1
Sea freight forwarding, shipping agency and container freight station services	Singapore	1	1
Shipping agency	Malaysia	1	1
Shipping agency	India	1	1
		<b>4</b>	<b>4</b>

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		December 31, 2014	December 31, 2013
Shipping agency	United Arab Emirates	–	1
Shipping agency	Malaysia	1	1
Shipping agency	Thailand	1	1
Shipping agency	Vietnam	1	1
Owning and chartering of vessels	Indonesia	1	1
		<b>4</b>	<b>5</b>

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
		%	%	US\$'000	US\$'000	US\$'000	US\$'000
PT Samudera Shipping Services	Indonesia	5	5	105	(29)	4,571	4,402
Individually immaterial subsidiaries with non-controlling interests				135	168	328	352
Total				<b>240</b>	<b>139</b>	<b>4,899</b>	<b>4,754</b>

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**13 SUBSIDIARIES (CONT'D)**

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name of subsidiary	PT Samudera Shipping Services	
	2014	2013
	US\$'000	US\$'000
Current assets	38,065	41,295
Non-current assets	78,506	83,449
Current liabilities	(15,822)	(22,137)
Non-current liabilities	(9,322)	(14,050)
<b>Net asset</b>	<b>91,427</b>	<b>88,557</b>
Equity attributable to owners of the Company	86,856	84,155
Non-controlling interests	4,571	4,402
<b>Total equity</b>	<b>91,427</b>	<b>88,557</b>

Name of subsidiary	PT Samudera Shipping Services	
	2014	2013
	US\$'000	US\$'000
Total income	61,181	103,355
Total expenses	(59,076)	(103,942)
<b>Profit (Loss) for the year</b>	<b>2,105</b>	<b>(587)</b>
Attributable to:		
Owners of the Company	2,000	(558)
Non-controlling interests	105	(29)
<b>Other comprehensive income for the year</b>	<b>943</b>	<b>515</b>
Attributable to:		
Owners of the Company	896	489
Non-controlling interests	47	26
<b>Total comprehensive income (loss) for the year</b>	<b>3,048</b>	<b>(72)</b>
Attributable to:		
Owners of the Company	2,896	(69)
Non-controlling interests	152	(3)
Dividends paid to non-controlling interest	-	-
Net cash inflow from operating activities	16,321	13,618
Net cash outflow from investing activities	(4,772)	(3,305)
Net cash outflow from financing activities	(8,266)	(7,083)
Net cash inflow	3,283	3,230

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**14 ASSOCIATE**

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Unquoted equity shares, at cost	<b>12,117</b>	12,117	<b>12,117</b>	12,117
Dividend received	<b>(1,288)</b>	(1,375)	-	-
Share of post acquisition profits	<b>1,874</b>	2,002	-	-
Share of hedging reserve	<b>(5,288)</b>	(5,395)	-	-
Translation difference	<b>(759)</b>	(759)	-	-
	<b>6,656</b>	6,590	<b>12,117</b>	12,117

Details of the associate are as follows:

Name of associate	Principal activities	Country of incorporation	Proportion of ownership interest		Cost of investment held by the Company	
			2014 %	2013 %	2014 US\$'000	2013 US\$'000
LNG East-West Shipping Company (Singapore) Pte. Limited <sup>(1)</sup>	Owning, managing and chartering of vessels and ship brokering	Singapore	<b>25</b>	25	<b>12,117</b>	12,117

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore



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**14 ASSOCIATE (CONT'D)**

Summarised financial information in respect of the Group's associate, not adjusted for the proportion of interest held by the Group is set out below:

	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current assets	<b>20,785</b>	19,109
Non-current assets	<b>150,143</b>	156,069
Total assets	<b>170,928</b>	175,178
Current liabilities	<b>11,390</b>	11,659
Non-current liabilities	<b>143,898</b>	148,139
Total liabilities	<b>155,288</b>	159,798
<b>Net assets</b>	<b>15,640</b>	15,380
Revenue	<b>23,909</b>	24,266
Profit for the year	<b>4,981</b>	5,393
Other comprehensive income for the year	<b>429</b>	12,810
Total comprehensive income for the year	<b>5,410</b>	18,203

Reconciliation of the above financial information to the carrying amount of the interest in the Group's associate recognized in the consolidated financial statements:

	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Net assets	<b>15,640</b>	15,380
Proportion of the Group's ownership interest	<b>25%</b>	25%
Share of net assets	<b>3,910</b>	3,844
Goodwill (included in cost of investment of associate)	<b>2,724</b>	2,724
Other costs (included in cost of investment of associate)	<b>22</b>	22
Carrying amount of the Group's interest in associate	<b>6,656</b>	6,590

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**15 DEFERRED TAX**

Deferred tax assets and liabilities as at the end of the reporting period relate to the following:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
<b>Deferred tax assets</b>				
An excess of tax written down value over net book value of fixed assets	-	(5)	-	-
Provisions	-	34	-	-
Others	-	4	-	-
	-	33	-	-
<b>Deferred tax liabilities</b>				
An excess of tax written down value over net book value of fixed assets	13	11	-	-
Provisions	(37)	-	-	-
Others	39	-	-	-
	15	11	-	-

As the movements are not significant, no additional information is provided.

**16 BANK TERM LOANS**

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
<u>Current – secured at amortised cost</u>				
Amounts due not later than one year	23,896	23,714	13,136	13,202
<u>Non-current - secured at amortised cost</u>				
Amounts due:				
Later than one year but not later than five years	76,435	85,406	41,119	46,130
Later than five years	35,983	51,643	13,879	22,673
	112,418	137,049	54,998	68,803
Total	136,314	160,763	68,134	82,005

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**16 BANK TERM LOANS (CONT'D)**

The details of bank term loans are as follows:

	2014 US\$'000	2013 US\$'000
<b>a) The Company</b>		
(i) SGD21,590,000 repayable in 119 monthly instalments commencing September 2006 with a certain remaining amount to be paid at the end of the term with an option to extend for a further 10 years. Interest is payable at 0.95% above Swap Offer Rate per annum.	<b>9,470</b>	10,778
(ii) SGD2,053,000 repayable in 120 monthly instalments commencing October 2007. Interest is payable at 0.95% above Swap Offer Rate per annum.	<b>428</b>	611
(iii) SGD10,000,000 repayable in 59 equal monthly instalments commencing April 2012 with a certain remaining amount to be paid at the end of the term. Interest is payable at 1.80% above Swap Offer Rate per annum.	<b>6,418</b>	7,137
(iv) USD23,120,000 repayable in 40 quarterly instalments commencing May 2008 with a certain remaining amount to be paid at the end of the term. Interest is payable at 1.22% above LIBOR per annum.	<b>10,567</b>	12,480
(v) USD33,600,000 repayable in 48 quarterly instalments commencing June 2008. Interest is payable at 1.35% above LIBOR per annum.	<b>15,346</b>	18,125
(vi) USD28,400,000 repayable in 48 quarterly instalments commencing October 2008. Interest is payable at 1.35% above LIBOR per annum.	<b>13,548</b>	15,893
(vii) USD9,703,000 repayable in 83 equal monthly instalments commencing April 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 2.20% above LIBOR per annum.	<b>4,433</b>	5,819
(viii) USD12,160,000 repayable in 27 equal quarterly instalments commencing September 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 1.90% above LIBOR per annum.	<b>5,945</b>	7,706
(ix) USD7,735,000 repayable in 59 equal monthly instalments commencing May 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 2.20% above LIBOR per annum.	<b>1,979</b>	3,456
	<b>68,134</b>	82,005

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## 16 BANK TERM LOANS (CONT'D)

	2014 US\$'000	2013 US\$'000
<b>b) Subsidiaries</b>		
(i) USD8,150,000 repayable in 24 equal quarterly instalments commencing April 2008 with interest payable at 1.625% above SIBOR. On June 6, 2008, the loan agreement was amended to 30 equal quarterly instalments of USD252,000 each commencing July 2008, and a final instalment of USD250,000. Interest is payable at 2.5% above SIBOR.	1,258	2,266
(ii) USD7,136,000 non-revolving credit facility with interest payable at 2.30% above LIBOR. The loan was converted into term loan of USD7,136,000 in February 2012 repayable in 83 equal monthly instalments commencing in March 2012 with the remaining amount to be paid at the end of the term. Interest is payable at 2.30% above LIBOR.	4,248	5,267
(iii) USD8,225,000 non-revolving credit facility with interest payable at 2.30% above LIBOR. The loan was converted into term loan of USD8,225,000 in February 2012 repayable in 83 equal monthly instalments commencing in March 2012 with the remaining amount to be paid at the end of the term. Interest is payable at 2.30% above LIBOR.	4,896	6,071
(iv) USD78,012,000 repayable in 48 equal quarterly instalments commencing July 2011. Interest is payable at 0.55% above LIBOR per annum.	54,608	61,110
(v) IDR41,884,125,000 repayable in 24 consecutive quarterly instalments commencing January 2012. Repayment term comprises of quarterly instalment of IDR1,047,103,000 for first year, IDR1,570,655,000 for second and third year, and IDR2,094,206,000 for fourth to sixth year. Interest is payable at 10.00% per annum.	2,020	2,577
(vi) IDR23,854,163,000 repayable in 23 consecutive quarterly instalments commencing January 2012. Repayment term comprises of quarterly instalment of IDR795,139,000 for first year, IDR894,531,000 for second and third year, and IDR1,192,708,000 for fourth to sixth year. Interest is payable at 10.00% per annum.	1,150	1,467
	<b>68,180</b>	<b>78,758</b>
Total	<b>136,314</b>	<b>160,763</b>

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**16 BANK TERM LOANS (CONT'D)**

The bank term loans are secured as follows:

1. Bank term loans (a)(i) to (a)(iii)
  - legal mortgage over freehold land and freehold properties of the Company (Notes 11 and 12);
  - assignment of insurance; and
  - assignment of income or proceeds of sale if any.
2. Bank term loans (a)(iv) and (a)(viii)
  - corporate guarantee<sup>(1)</sup> from a subsidiary;
  - legal mortgages over certain vessels of the Group (Note 12);
  - assignment of income from charter hire contracts; and
  - assignment of insurance of the vessels.
3. Bank term loans (a)(v) and (a)(vi)
  - legal mortgages over certain vessels of the Group (Note 12);
  - assignment of income from charter hire contracts; and
  - assignment of insurance of the vessels.
4. Bank term loan (a)(vii)
  - legal mortgage over certain vessels of the Group (Note 12);
  - assignment of income from charter hire contracts; and
  - assignment of insurance of the vessels.
5. Bank term loan (a)(ix)
  - legal mortgage over a vessel of the Company (Note 12);
  - legal charge over a certain fixed deposit of the Company (Note 5);
  - assignment of income from charter hire contracts; and
  - assignment of insurance of the vessel.
6. Bank term loans (b)(i) to (b)(iii)
  - corporate guarantee<sup>(1)</sup> from the Company;
  - legal mortgages over certain vessels of the subsidiaries (Note 12);
  - assignment of income from charter hire contracts; and
  - assignment of insurance of the vessels.
7. Bank term loan (b)(iv)
  - corporate guarantee<sup>(1)</sup> from the Company and a subsidiary;
  - legal mortgages over certain vessels of the subsidiaries (Note 12);
  - legal charges over certain bank accounts of the subsidiaries (Note 5);
  - assignment of income from charter hire contracts; and
  - assignment of insurance of the vessels.

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**16 BANK TERM LOANS (CONT'D)**

8. Bank term loans (b)(v) and (b)(vi)

- legal mortgages over certain vessels of a subsidiary (Note 12); and
- assignment of insurance of the vessels.

<sup>(1)</sup> The fair value of the corporate guarantee is assessed by the management to be insignificant.

**17 TRADE PAYABLES**

The average credit period granted by suppliers ranged from 30 to 60 days (2013: 30 to 60 days). No interest is charged on the outstanding balances.

**18 OTHER PAYABLES AND LIABILITIES**

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Accrued operating expenses	20,706	17,035	13,632	7,300
Other payables	864	933	87	289
Deferred income	1,502	2,177	1,390	2,047
	<b>23,072</b>	20,145	<b>15,109</b>	9,636

**19 FINANCE LEASES**

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Amounts payable under finance leases:				
Within one year	50	279	44	257
In the second to fifth years inclusive	77	223	68	205
	<b>127</b>	502	<b>112</b>	462
Less: Future finance charges	(15)	(40)	N/a	N/a
Present value of lease obligations	<b>112</b>	462	<b>112</b>	462
Less: Amount due for settlement within 12 months (shown under current liabilities)			(44)	(257)
Amount due for settlement after 12 months			<b>68</b>	205



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**19 FINANCE LEASES (CONT'D)**

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Amounts payable under finance leases:				
Within one year	43	46	38	41
In the second to fifth years inclusive	71	119	62	105
	<b>114</b>	165	<b>100</b>	146
Less: Future finance charges	<b>(14)</b>	(19)	<b>N/a</b>	N/a
Present value of lease obligations	<b>100</b>	146	<b>100</b>	146
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>(38)</b>	(41)
Amount due for settlement after 12 months			<b>62</b>	105

It is the Group's and the Company's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 4 years. For the year ended December 31, 2014, the borrowing rate ranged from 3.9% to 7.3% (2013: 2.9% to 7.3%) per annum. Interest rates are fixed at the contract date, and thus expose the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

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**20 RETIREMENT BENEFIT OBLIGATIONS****Defined contribution plans**Singapore (the Company and its subsidiary)

The employees of the Company and its subsidiary that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Board Fund, operated by the Government of Singapore. The Company and its subsidiary are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

**Defined benefit plan**Indonesia (PT SSS)

PT SSS provides a defined benefit pension plan, covering substantially all their permanent employees, which is funded through monthly contributions to a separately administered fund in Indonesia. The benefits under such pension plan have been adjusted to cover minimum benefit under Labor Law No.13/2003 of Indonesia. The additional benefits under the Law are unfunded. In addition, PT SSS also provides their employees with other unfunded long-term benefit in the form of vacation leave based on the number of years of service.

The pension plan is managed by Dana Pensiun Samudera Indonesia ("DPSI"), a related party. The deed of establishment of which was approved by the Minister of Finance of the Republic of Indonesia in his decision letter reference: KEP-042/KM.12/2006 dated July 28, 2006.

The plan in Indonesia typically exposes PT SSS to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and deposits. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out by an independent actuary in 2014 and 2013. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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## 20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2014	2013
Mortality rate	IMT 3 <sup>(1)</sup>	IMT 3 <sup>(1)</sup>
Normal pension age	55 years	55 years
Salary incremental rate	7% per annum	7% per annum
Discount rate	8.0% per annum	8.5% per annum
Expected return on investment rate	10% per annum	10% per annum
Resignation rate	10% up to age 25 and reducing linearly by 0% at age 55	10% up to age 25 and reducing linearly by 0% at age 55

<sup>(1)</sup> The mortality rate was derived from observation of Indonesian life insurance policyholders (IMT III) released in 2011 and load 10% to allow for morbidity or disability.

Amounts recognised in the statement of profit or loss in respect of these defined benefit plans are as follows:

	Group	
	2014 US\$'000	2013 US\$'000
Current service cost	111	138
Interest cost	116	129
Interest income	(99)	(71)
Components of defined benefit costs recognised in profit or loss	<u>128</u>	<u>196</u>

The charge for the year is included in the administrative expenses in profit or loss.

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	Group	
	2014 US\$'000	2013 US\$'000
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding interest income)	(1,132)	(66)
Actuarial gains arising from changes in financial assumptions	36	(12)
Actuarial loss (gains) arising from changes in experience adjustments	153	(437)
Components of defined benefit costs recognised in other comprehensive income	<u>(943)</u>	<u>(515)</u>

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**20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

The amount recognised in the statement of financial position in respect of the Group's defined benefit retirement benefit plan is as follow:

	Group	
	2014	2013
	US\$'000	US\$'000
Present value of unfunded obligations	1,068	1,462
Fair value of plan assets	(1,755)	(1,135)
Net (asset) liability recognised	<u>(687)</u>	<u>327</u>

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2014	2013
	US\$'000	US\$'000
Opening defined benefit obligation	1,462	1,865
Retirement benefit obligations adjustment	(719)	340
Current service cost	111	138
Interest cost	116	129
Remeasurement gains:		
from changes in financial assumptions	36	(12)
from experience adjustments	153	(437)
Benefit paid	(76)	(121)
Exchange difference	(15)	(440)
Closing defined benefit obligation	<u>1,068</u>	<u>1,462</u>

Changes in the fair value of the plan assets are as follows:

	2014	2013
	US\$'000	US\$'000
Opening fair value of plan assets	1,135	1,023
Assets adjustment	-	273
Interest income	99	71
Remeasurement gain:		
Return on plan assets (excluding interest income)	1,132	66
Contributions by employer	21	63
Contributions by plan participants	12	19
Assets distributed on settlements	(563)	(97)
Benefit paid	(67)	(63)
Exchange difference	(14)	(220)
Closing fair value of plan assets	<u>1,755</u>	<u>1,135</u>

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**20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

The fair value of plan assets at the end of the reporting period is analysed as follows:

	2014 US\$'000	2013 US\$'000
Deposit	562	416
Equity instruments	684	207
Debt instruments	228	342
Other assets	281	170
Total	<u>1,755</u>	<u>1,135</u>

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The actual return on plan assets was US\$144,000 (2013: US\$78,000).

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The Group had assessed that any reasonably possible change to the key assumptions applied is not likely to cause the retirement benefit obligations to increase or decrease significantly. Accordingly, no sensitivity analysis is performed.

PT SSS funds the cost of the entitlements expected to be earned on a yearly basis. Employees and employer pay a fixed 4% and 8% of pensionable salary respectively. Apart from paying the costs of the entitlements, PT SSS is not liable to pay additional contributions in case the fund does not hold sufficient assets.

The average duration of the benefit obligation at December 31, 2014 is 10 years (2013: 10 years).

The Group expects to contribute approximately US\$157,000 (2013: US\$107,000) to its defined benefit plan in the subsequent year.

**21 SHARE CAPITAL**

	Group and Company			
	2014		2013	
	No. of shares	US\$'000	No. of shares	US\$'000
<b>Issued and paid up:</b>				
At the beginning and end of the year	<u>539,131,199</u>	<u>68,761</u>	539,131,199	68,761

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

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**22 TREASURY SHARES**

	Group and Company			
	2014		2013	
	No. of shares	US\$'000	No. of shares	US\$'000
<b>Issued and paid up:</b>				
At the beginning and end of the year	<b>(1,093,000)</b>	<b>(174)</b>	(1,093,000)	(174)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

**23 CAPITAL RESERVE**

The capital reserve represents the effects of change in ownership in subsidiaries when there is no change in control (see Note 13).

**24 OTHER RESERVES**

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Statutory reserve <sup>(a)</sup>	<b>27</b>	33	-	-
Hedging reserve <sup>(b)</sup>	<b>(5,288)</b>	(5,395)	-	-
Employee benefits obligation reserve <sup>(c)</sup>	<b>1,458</b>	515	-	-
	<b>(3,803)</b>	(4,847)	-	-

**(a) Statutory reserve**

For a subsidiary in the United Arab Emirates ("UAE"), 10% of the profits for the year is required to be transferred to a statutory reserve account according to the Articles of Association and UAE Commercial Companies Law. The subsidiary may resolve to discontinue such annual transfer when the reserves reach 50% of its issued share capital. The statutory reserves are not available for distribution except in circumstances permitted by the law. During the year, SES has completed its liquidation and the reserve amount has been written off.

A subsidiary in Thailand is also required to set aside a statutory reserve equal to the least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of the subsidiary's registered share capital. The statutory reserve cannot be used to offset any deficit and dividend payment.



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**24 OTHER RESERVES (CONT'D)**

(b) *Hedging reserve*

The hedging reserve represent the Group's interest portion of the fair value changes on derivative financial instruments held by the associate which is designated as hedging instruments in cash flow hedges that is determined to be an effective hedge by the associate.

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Balance at beginning of the year	(5,395)	(8,597)	-	-
Share of net change in associate's hedging reserve	107	3,202	-	-
Balance at end of the year	<b>(5,288)</b>	<b>(5,395)</b>	-	-

(c) *Employee benefits obligation reserve*

The employee benefits obligation reserve represents the effects of the remeasurement of defined benefit obligation (Note 20).

**25 FOREIGN CURRENCY TRANSLATION RESERVE**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**26 REVENUE**

	Group	
	2014 US\$'000	2013 US\$'000
Freight operations	<b>290,099</b>	306,368
Charter hire	<b>48,283</b>	55,666
Pool revenue	<b>1,394</b>	2,942
Ship management and operation services	<b>5,176</b>	6,025
Other services	<b>19,202</b>	20,179
	<b>364,154</b>	391,180

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**27 OTHER OPERATING INCOME**

	Group	
	2014 US\$'000	2013 US\$'000
Gain on disposal of property, plant and equipment, net	227	4,271
Rental income	356	241
Net foreign exchange gains	1,878	2,196
Gain on disposal of investment at fair value through profit or loss – investment securities	101	113
Others	551	537
	<b>3,113</b>	<b>7,358</b>

Included in the gain on disposal of property, plant and equipment is a gain of US\$Nil (2013: US\$4,400,000) on disposal of containers in a sale and leaseback arrangement with a non-related party (Note 37).

**28 OTHER OPERATING EXPENSES**

	Group	
	2014 US\$'000	2013 US\$'000
Property, plant and equipment written off	166	45
Impairment of property, plant and equipment (vessels)	3,326	–
Others	20	1
	<b>3,512</b>	<b>46</b>

**29 FINANCE INCOME**

	Group	
	2014 US\$'000	2013 US\$'000
Interest income from call deposits and bank balances	<b>278</b>	206

**30 FINANCE COSTS**

	Group	
	2014 US\$'000	2013 US\$'000
Interest on bank term loans	2,632	3,388
Charges on banker's guarantee	31	223
Interest on obligation under finance leases	11	39
	<b>2,674</b>	<b>3,650</b>

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**31 INCOME TAX EXPENSE**

Income tax recognised in profit or loss:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current income tax:		
– Current year	<b>1,742</b>	1,993
– Underprovision in respect of prior years	<b>173</b>	–
Deferred tax:		
– Current year	<b>7</b>	15
	<b>1,922</b>	2,008

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Company has been granted an extension of the status of the Approved International Shipping Enterprise ("AIS") with effect from September 15, 2014 for a period of 10 years. The AIS incentive exempts certain income derived by the Company from Singapore Income Tax, subject to compliance with the relevant conditions under the scheme and those income not qualifying for incentive will be taxable at the existing corporate income tax rate.

The income of Foremost Maritime Pte Ltd, a subsidiary, which arises from shipping activities, is exempted from income tax in accordance with section 13A of the Singapore Income Tax Act, Cap. 134.

Income arising from other activities do not enjoy the above-mentioned income tax incentives and exemption. The income of the other companies in the Group are subject to the relevant income tax laws and regulations in the respective countries in which they operate.

The tax charge for the year can be reconciled to the accounting profit (loss) as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit (Loss) before tax	<b>16,443</b>	(46)
Income tax (credit) expense calculated at 17% (2013: 17%)	<b>2,796</b>	(8)
Effect of (income)/expenses that are not taxable/deductible in determining taxable profit	<b>(2,830)</b>	270
Effect of different tax rates for foreign subsidiaries and associates	<b>816</b>	929
Effect of tax losses disallowed	<b>1,087</b>	840
Deferred tax assets not recognised	–	6
Underprovision in respect of prior years	<b>173</b>	–
Others	<b>(120)</b>	(29)
	<b>1,922</b>	2,008

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**31 INCOME TAX EXPENSE (CONT'D)**

As at the end of the reporting period, the Group and the Company have tax losses of approximately US\$287,000 (2013: US\$410,000) and US\$Nil (2013: US\$Nil) respectively that are available for offset against future taxable profits of the companies in the Group and the Company in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US\$51.5 million (2013: US\$55.5 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

**32 PROFIT (LOSS) FOR THE YEAR**

Profit (Loss) for the year has been arrived at after charging (crediting):

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Stevedoring and port charges (included in cost of sales)	<b>97,760</b>	106,525
Bunker fuel (included in cost of sales)	<b>88,438</b>	100,418
Charter hire (included in cost of sales)	<b>39,641</b>	53,415
Operating lease expenses (included in cost of sales)	<b>8,617</b>	9,533
Repair and maintenance (included in cost of sales)	<b>16,242</b>	18,295
Crew wages (included in cost of sales)	<b>13,048</b>	14,440
Directors' fees	<b>146</b>	129
Audit fee:		
Auditors of the Company	<b>156</b>	156
Other auditors	<b>65</b>	57
Non-audit fee:		
Auditors of the Company	<b>15</b>	19
Other auditors	<b>5</b>	6
Depreciation of property, plant and equipment	<b>23,810</b>	25,579
Depreciation of investment property	<b>25</b>	–
Allowance of doubtful trade debts	<b>607</b>	268
Write-back of doubtful trade debts	<b>(297)</b>	(309)
<b>Employee benefits:</b>		
Wages, salaries and benefits	<b>11,470</b>	10,752
Central Provident Fund and other pension costs	<b>924</b>	964
	<b>12,394</b>	11,716

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### 33 EARNINGS (LOSSES) PER SHARE

The earnings (losses) per share for respective years has been computed based on the profit (loss) attributable to owners of the Company and the weighted average number of shares in issue during the financial year is 538,038,199 (2013: 538,038,199).

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
Basic and diluted earnings (losses) per share (cents)	<u>2.65</u>	<u>(0.41)</u>

The calculation of the earnings (losses) per share attributable to the ordinary equity holders of the Group is based on the following data:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit (loss) attributable to owners of the Company	<u>14,281</u>	<u>(2,193)</u>

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>Number of shares ('000)</b>	
Weighted average number of ordinary shares for purposes of earnings per share	<u>538,038</u>	<u>538,038</u>

There are no dilutive ordinary shares for 2014 and 2013.

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**34 DIVIDENDS**

	<b>Group and Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Declared and paid during the year:</b>		
<i>Dividends on ordinary shares:</i>		
Final dividend paid: Nil Singapore cents per ordinary share (tax exempt) in respect of previous financial year (2013 : 0.24 Singapore cents per ordinary share (tax exempt) in respect of previous financial year)	-	1,050
<b>Proposed and not recognised as a liability as at the end of the reporting period:</b>		
<i>Dividends on ordinary shares subject to shareholders' approval at the Annual General Meeting:</i>		
Final one-tier tax exempt dividend for financial year ended December 31, 2014 of 0.8750 Singapore cents per share, total dividend payable amounting to SGD 4,708,000 ( Final one-tier tax exempt dividend for financial year ended December 31, 2013 of Nil Singapore cents per share, total dividend payable amounting to SGD Nil)	<b>3,567</b>	-
Special tax exempt dividend for financial year ended December 31, 2014 of 0.8750 Singapore cents per share, total dividend payable amounting to SGD 4,708,000 ( Special tax exempt dividend for financial year ended December 31, 2013 of Nil Singapore cents per share, total dividend payable amounting to SGD Nil)	<b>3,567</b>	-



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**35 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS**

The Company is a subsidiary of PT Samudera Indonesia Tbk, incorporated in Indonesia, which is a public limited company listed on the Jakarta Stock Exchange. The ultimate holding company is PT Samudera Indonesia Tangguh, also incorporated in Indonesia. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and expected to be settled within 12 months from the end of the reporting period unless otherwise stated.

During the year, Group entities entered into the following transactions with related companies that are not members of the Group:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Expenses</b>		
<u>Immediate holding company:</u>		
Agency commissions	<b>2,554</b>	2,593
Office renovation	<b>447</b>	–
Office rental	<b>100</b>	142
<u>Related companies:</u>		
Ship management fees	<b>1,140</b>	985
Building rental	<b>2</b>	27
Vessel charter hire	<b>3,494</b>	4,495
Container depot storage/repair	<b>388</b>	944
Land lease	<b>136</b>	269
Slot space purchase	<b>176</b>	1,709
Stevedorage charges	<b>7</b>	5,247
<b>Income</b>		
<u>Related companies</u>		
Vessel charter hire	<b>2,624</b>	–
Sale of fixed slot space	<b>2,187</b>	–

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**36 OTHER RELATED PARTY TRANSACTIONS**

Some of the 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.

During the year, Group entities entered into the following transactions with related parties:

	Group	
	2014	2013
	US\$'000	US\$'000
<b>Expenses</b>		
Fees paid to a director of the immediate holding company	157	159
Fees paid to a firm of which a director of the Company is a member	-	13
<b>Compensation of directors and key management personnel</b>		
Short-term employee benefits	4,027	2,292
Pension contributions	114	87
Total compensation paid to key management personnel	4,141	2,379
Comprise amounts paid to:		
Directors of the Company	2,362	1,191
Key management personnel	1,779	1,188
	4,141	2,379

**37 OPERATING LEASE ARRANGEMENTS****(a) Non-cancellable operating lease commitments - Group as lessee**

The Group has various operating lease agreements for rental of office, containers and charter hire of vessels. Most leases contain renewable options. Lease terms do not contain escalation clauses or contingent rentals and do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2014	2013
	US\$'000	US\$'000
Minimum lease payments under operating leases recognised as an expense in the year	48,258	62,948

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**37 OPERATING LEASE ARRANGEMENTS (CONT'D)****(a) Non-cancellable operating lease commitments - Group as lessee (Cont'd)**

At the end of the reporting period, the Group has outstanding commitments under operating leases which fall due as follows:

	Group	
	2014 US\$'000	2013 US\$'000
Within one year	22,805	25,786
In the second to fifth years inclusive	12,561	27,092
Later than 5 years	50	1,396
	<b>35,416</b>	<b>54,274</b>

Operating lease commitments in respect of the Group's charter hire of vessels are calculated based on the charter hire rates applicable as at the end of the financial year. These lease contracts contain provisions for renegotiation of the charter hire rates on a 3 monthly, 6 monthly or annual basis.

In 2013, the Group entered into an arrangement to dispose of containers to a non-related party for US\$4,400,000 and then lease back the containers from the purchaser. The subsequent lease was accounted as an operating lease as the lease payments and the sale price are at fair values at the date of transaction. Consequently, the gain on disposal of the containers was recognised in profit or loss.

**(b) Operating lease commitments - Group as lessor**

The Group has various operating lease agreements with third parties relating to the rental of office, residential premises and charter hire of vessels. These non-cancellable leases have remaining non-cancellable lease terms of between one and three years. Some leases include a clause to enable the charterer to extend the charter hire contract at the charterer's option for a specified period.

At the end of the reporting period, the Group has contracted with lessees for the following future minimum lease payments:

	Group	
	2014 US\$'000	2013 US\$'000
Within one year	15,636	9,532
In the second to third years inclusive	167	1,196
	<b>15,803</b>	<b>10,728</b>

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**38 SEGMENT INFORMATION**

For management purposes, the Group is organised on a world-wide basis into two main operating divisions, namely:

- Container Shipping  
Providing feeder services for the transportation of containerised cargo between Singapore as a “hub” port and other outgoing “spoke” ports in Asia, as well as inter-region and intra-region container shipping services to end users.
- Bulk and Tanker (formerly categorised as Non-Container Shipping)  
Providing transportation of special dry bulk, liquid and gas cargo in the international as well as Indonesian domestic market.
- Others  
Include forwarding, agency and other services.

The Group’s risks and rates of return are affected predominantly by differences in the services rendered.

Management monitors the operating results of its operating divisions separately for the purpose of making decisions about resource allocation and performance assessment.

	Container Shipping US\$'000	Bulk and Tanker US\$'000	Others US\$'000	Eliminations US\$'000	Group US\$'000
<b>2014</b>					
Revenue					
– External customers	305,570	54,340	4,244	–	364,154
– Inter-segment	666	904	1,879	(3,449)	–
	<u>306,236</u>	<u>55,244</u>	<u>6,123</u>	<u>(3,449)</u>	<u>364,154</u>
Segment results	17,489	615	1,153	(1,663)	17,594
Finance income	98	226	48	(94)	278
Finance costs	(1,967)	(799)	(2)	94	(2,674)
Share of results of associate	–	1,245	–	–	1,245
Profit before tax	<u>15,620</u>	<u>1,287</u>	<u>1,199</u>	<u>(1,663)</u>	<u>16,443</u>
Income tax expense					(1,922)
Profit after tax					<u>14,521</u>
Segment assets	239,826	185,442	12,252	–	437,520
Unallocated assets					–
					<u>437,520</u>
Segment liabilities	(104,627)	(72,167)	(2,527)	–	(179,321)
Unallocated liabilities					(2,575)
					<u>(181,896)</u>
Capital expenditure	1,542	7,815	139	–	9,496
Depreciation	11,872	11,757	181	–	23,810
Impairment of vessels	597	2,729	–	–	3,326
Allowance for doubtful trade debts	513	85	9	–	607

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**38 SEGMENT INFORMATION (CONT'D)**

	<b>Container Shipping US\$'000</b>	<b>Bulk and Tanker US\$'000</b>	<b>Others US\$'000</b>	<b>Eliminations US\$'000</b>	<b>Group US\$'000</b>
<b>2013</b>					
Revenue					
– External customers	322,562	64,678	3,940	–	391,180
– Inter-segment	844	1,764	1,972	(4,580)	–
	<u>323,406</u>	<u>66,442</u>	<u>5,912</u>	<u>(4,580)</u>	<u>391,180</u>
Segment results	1,287	1,399	939	(1,575)	2,050
Finance income	76	153	63	(86)	206
Finance costs	(2,555)	(1,179)	(2)	86	(3,650)
Share of results of associate	–	1,348	–	–	1,348
Loss before tax	<u>(1,192)</u>	<u>1,721</u>	<u>1,000</u>	<u>(1,575)</u>	<u>(46)</u>
Income tax expense					(2,008)
Loss after tax					<u>(2,054)</u>
Segment assets	226,378	218,817	11,644	–	456,839
Unallocated assets					33
					<u>456,872</u>
Segment liabilities	(118,765)	(91,255)	(4,797)	–	(214,817)
Unallocated liabilities					(1,821)
					<u>(216,638)</u>
Capital expenditure	1,994	3,756	165	–	5,915
Depreciation	12,423	12,965	191	–	25,579
Allowance for doubtful trade debts	243	2	23	–	268

Geographical information

The revenue of Container Shipping and Others segments (see (i) below) based on geographical location is as follows:

	<b>Revenue</b>	
	<b>2014 US\$'000</b>	<b>2013 US\$'000</b>
Indonesia	<b>141,316</b>	160,532
South East Asia (excluding Indonesia)	<b>107,652</b>	109,132
Middle East and Indian Sub-continent	<b>44,916</b>	38,355
Far East	<b>3,434</b>	4,781
Others	<b>12,496</b>	13,702
Total revenue for Container Shipping and Others	<u><b>309,814</b></u>	<u>326,502</u>

December 31, 2014

**38 SEGMENT INFORMATION (CONT'D)**

- (i) Revenue is allocated to each geographical segment based on the destination of the service routes. The directors believe it could be inaccurate to analyse assets and capital expenditure by geographical segment because these cannot be meaningfully allocated to the different routes as the vessels do not operate on fixed routes.

For Bulk and Tanker, charterers of the Group's vessels have the discretion to operate within a wide trading area and are not constrained by a specific sea-route. As such, no geographical segment information is presented.

*Other information*

The Group has four (2013: three) major customers from Bulk and Tanker that contribute greater than 10% of the total revenue for Bulk and Tanker:

	Revenue	
	2014 US\$'000	2013 US\$'000
Customer A	15,444	14,439
Customer B	6,763	7,697
Customer C	6,608	6,853
Customer D	5,971	–

*Allocation basis and transfer pricing*

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

**39 EVENT AFTER REPORTING PERIOD**

On January 2, 2015, one of the Group's dry bulk carriers namely Sinar Kapuas and owned by Foremost, was involved in a collision with a tanker. There were no injuries and no oil leakages from the dry bulk carrier arising from the incident. It has resumed its operation after repair works were completed on February 9, 2015. The repair and maintenance expenses relating to this incident were covered by the hull and machinery insurance with a total deductible amount of approximately US\$100,000.

as at 18 March 2015

No. of Issued Shares	:	539,131,199
No. of Issued Shares (excluding Treasury Shares)	:	538,038,199
No. of Treasury Shares Held	:	1,093,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share (no vote for treasury shares)

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	6	0.12	95	0.00
100 – 1,000	131	2.70	73,133	0.01
1,001 – 10,000	2,809	57.86	12,195,961	2.27
10,001 – 1,000,000	1,881	38.74	83,175,789	15.46
1,000,001 and above	28	0.58	442,593,221	82.26
	4,855	100.00	538,038,199	100.00

**PERCENTAGE OF SHAREHOLDINGS HELD IN HANDS OF PUBLIC**

Based on information available to the Company as at 18 March 2015, approximately 34.11% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

**TOP 20 SHAREHOLDERS**

No.	Name of Shareholder	No. of Shares	%*
1	PT. Samudera Indonesia Tbk	209,250,000	38.89
2	DBS Nominees (Private) Limited	113,547,300	21.10
3	UOB Nominees (2006) Private Limited	38,920,000	7.23
4	DB Nominees (Singapore) Pte Ltd	11,034,000	2.05
5	Mitsui and Co Ltd	9,600,000	1.78
6	CIMB Securities (Singapore) Pte. Ltd.	7,411,803	1.38
7	Ang Ah Beng	6,497,400	1.21
8	Phillip Securities Pte Ltd	5,487,000	1.02
9	United Overseas Bank Nominees (Private) Limited	4,466,200	0.83
10	Maybank Kim Eng Securities Pte. Ltd.	4,408,000	0.82
11	UOB Kay Hian Private Limited	2,568,500	0.48
12	Ng Hwee Koon	2,530,000	0.47
13	OCBC Nominees Singapore Private Limited	2,458,600	0.46
14	NBU International Limited	2,220,000	0.41
15	Ang Hao Yao (Hong Haoyao)	2,188,800	0.41
16	Hexacon Construction Pte Ltd	1,960,000	0.36
17	Toh Ong Tiam	1,927,000	0.36
18	Raffles Nominees (Pte) Limited	1,913,600	0.36
19	OCBC Securities Private Limited	1,843,418	0.34
20	Teo Cheng Tuan Donald	1,680,000	0.31
		431,911,621	80.27

\* The percentage of shareholdings was computed based on the issued share capital of the Company as at 18 March 2015 of 538,038,199 shares (which excludes 1,093,000 shares which are held as treasury shares representing approximately 0.20% of the total number of issued shares excluding treasury shares).



as at 18 March 2015

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
PT Samudera Indonesia Tbk <sup>(note 1)</sup>	351,180,000	65.27	–	–
PT Samudera Indonesia Tangguh <sup>(note 2)</sup>	–	–	351,180,000	65.27
PT Ngrumat Bondo Utomo <sup>(note 3)</sup>	–	–	351,180,000	65.27

Note:

- <sup>(1)</sup> 38,680,000 shares are held by UOB Nominees (2006) Private Limited and 103,250,000 shares are held PT Bank Mandiri through DBS Nominees (Private) Limited.
- <sup>(2)</sup> PT Samudera Indonesia Tangguh's deemed interest arises from its direct interest of 57.98% in PT Samudera Indonesia Tbk.
- <sup>(3)</sup> PT Ngrumat Bondo Utomo's deemed interest arises from its direct interest of 9.51% and 27.40% in PT Samudera Indonesia Tbk and PT Samudera Indonesia Tangguh respectively.

# Notice of Annual General Meeting

(Company Registration No. 199308462C)  
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Samudera Shipping Line Ltd (the "Company") will be held at M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908, on Tuesday, 28 April 2015, at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 0.875 Singapore cents per ordinary share for the financial year ended 31 December 2014. (2013: Nil) **(Resolution 2)**
3. To declare a special one-tier tax exempt dividend of 0.875 Singapore cents per ordinary share for the financial year ended 31 December 2014. **(Resolution 3)**
4. To re-elect the following Directors of the Company retiring pursuant to Articles 91 and 97 of the Articles of Association of the Company:  

Mr Masli Mulia	(Retiring under Article 91)	<b>(Resolution 4)</b>
Mr Hermawan Fridiana Herman	(Retiring under Article 91)	<b>(Resolution 5)</b>
Mr Lim Kee Hee	(Retiring under Article 91)	<b>(Resolution 6)</b>
Mr Ng Chee Keong	(Retiring under Article 97)	<b>(Resolution 7)</b>

*Mr Ng Chee Keong will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees and will be considered independent.*
5. To approve the payment of Directors' fees of S\$187,000 for the financial year ending 31 December 2015 to be paid half yearly in arrears. (FY2014: S\$187,000) **(Resolution 8)**
6. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

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

# Notice of Annual General Meeting

(Company Registration No. 199308462C)  
(Incorporated in Singapore with limited liability)

## 8. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in 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) options, 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 of the Company may in their absolute discretion deem fit; and

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

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, 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 of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.  
[See Explanatory Note (ii)]

**(Resolution 10)**

# Notice of Annual General Meeting

(Company Registration No. 199308462C)  
(Incorporated in Singapore with limited liability)

## 9. Renewal of Shareholders' Mandate for Interested Person Transactions

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on pages 4 and 5 of the Appendix to the Annual Report to Shareholders dated 10 April 2015 (the "Appendix") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "Shareholders' Mandate");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, 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 earlier; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.  
[See Explanatory Note (iii)] **(Resolution 11)**

By Order of the Board

Lynn Wan Tiew Leng  
Secretary  
Singapore, 10 April 2015

# Notice of Annual General Meeting

(Company Registration No. 199308462C)  
(Incorporated in Singapore with limited liability)

## Explanatory Notes:

- (i) The Chairman of this Annual General Meeting will exercise his right under Article 61(a) of the Company's Articles of Association to demand for a Poll in respect of each of the resolutions to be put to the vote of the members at the Annual General Meeting of the Company and at any adjournment thereof. **Accordingly, each resolution at the Annual General Meeting of the Company will be voted on by way of a poll.**
- (ii) The Ordinary Resolution 10 in item 8 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for 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 when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 11 in item 9 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at 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.

## Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "AGM") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for holding the AGM.

## Personal data privacy:

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

## Notice of Books Closure and Payment date for Final Dividend and Special Dividend

(Company Registration No. 199308462C)  
(Incorporated in Singapore with limited liability)  
(the "Company")

**NOTICE IS HEREBY GIVEN** that, subject to the approval by the shareholders of the Final Dividend and Special Dividend at the Company's the Annual General Meeting to be held on 28 April 2015, the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2015 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 7 May 2015 will be registered to determine shareholders' entitlements to the proposed final one-tier tax exempt dividend of 0.875 Singapore cents per ordinary share and the proposed special one-tier tax exempt dividend of 0.875 Singapore cents per ordinary share. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 7 May 2015 will be entitled to the proposed Final Dividend and Special Dividend.

Payment of the Final Dividend and Special Dividend, if approved by the shareholders, will be paid on 18 May 2015.

By Order of the Board

Lynn Wan Tiew Leng  
Secretary  
Singapore, 10 April 2015

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# SAMUDERA SHIPPING LINE LTD

(Company Registration No. 199308462C)  
(Incorporated In The Republic of Singapore)

**IMPORTANT:**

1. For investors who have used their CPF monies to buy Samudera Shipping Line Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

## PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Samudera Shipping Line Ltd (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on **28 April 2015 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

**NOTE:**

The Chairman of this Annual General Meeting will exercise his right under Article 61(a) of the Company's Articles of Association to demand for a Poll in respect of each of the resolutions to be put to the vote of the members at the Annual General Meeting of the Company and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting of the Company will be voted on by way of a poll.

No.	Resolutions relating to:	Number of Votes For*	Number of Votes Against*
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Payment of proposed final one-tier tax exempt dividend		
3	Payment of proposed special one-tier tax exempt dividend		
4	Re-election of Mr Masli Mulia as a Director		
5	Re-election of Mr Hermawan Fridiana Herman as a Director		
6	Re-election of Mr Lim Kee Hee as a Director		
7	Re-election of Mr Ng Chee Keong as a Director		
8	Approval of Directors' fees amounting to S\$187,000 for the year ending 31 December 2015		
9	Re-appointment of Messrs Deloitte & Touche LLP as Auditors		
10	Authority to issue new shares		
11	Renewal of Shareholders' Mandate for Interested Person Transactions		

\* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate the number of Shares in the respective boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2015.

**General:**

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



## SAMUDERA SHIPPING LINE LTD

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6 Raffles Quay, #25-01, Singapore 048580  
Telephone: (65) 6403 1687  
CO. REG. NO.: 199308462C