PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2017 (UNAUDITED)
AND DECEMBER 31, 2016 (AUDITED)
AND FOR THE PERIODS ENDED
MARCH 31, 2017 AND 2016 (UNAUDITED)

PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)
AND FOR THE PERIODS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)

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PT BERLIAN LAJU TANKER Tbk
" Delivers with Safety, Competitiveness and Timeliness"

DIRECTORS' STATEMENT LETTER
RELATING TO THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS OF
PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES (GROUP)
AS OF MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)
AND FOR THE PERIODS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)

We, the undersigned:

1. Name : Siana Anggraeni Surya
   Office Address : Wisma BSG Lantai 10
   Jl. Abdul Muis No. 40
   Jakarta Pusat 10160
   Phone Number : 62 - 21- 30060300
   Position : President Director
2. Name : Franciscus Xaverius Sulaeman
   Office Address : Wisma BSG Lantai 10
   Jl. Abdul Muis No. 40
   Jakarta Pusat 10160
   Phone Number : 62 - 21- 30060300
   Position : Independent Director

state that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of the Group;
2. The consolidated financial statements of the Group have been prepared and presented in conformity with International Financial Reporting Standards;
3. a. All information contained in the consolidated financial statements of the Group is complete and correct;
   b. The consolidated financial statements of the Group do not contain misleading material information or facts, and do not omit material information and facts;
4. We are responsible for the Group's internal control system.

This statement has been made truthfully.

For and on behalf of the Board of Directors



(Siana Anggraeni Surya) **(Franciscus Xaverius Sulaeman)**

President Director Independent Director

Jakarta, May 17, 2017

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PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)
(Expressed in United States dollar, unless otherwise stated)

	March 31, 2017	Notes	December 31, 2016
	US$'000		US$'000
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	11,964	5,35	5,788
Trade receivables - third parties	2,049	6,35	1,927
Other receivables - third parties	1,145	7,35	1,068
Inventories	468		562
Advances	1,195	8	1,283
Prepaid expenses and taxes	772	15	540
Sub-total	17,593		11,168
Non-curret asset held-for-sale	-	12	7,483
Total Current Assets	17,593		18,651
NON-CURRENT ASSETS			
Derivative financial asset	12,965	9,35	12,965
Available-for-sale financial assets	21,929	10,35	21,929
Investment in associates and joint venture	17,022	11	15,282
Fixed assets	32,235	12	32,539
Deferred tax assets	3	15	3
Other non-current assets	75	35	4
Total Non-current Assets	84,229		82,722
TOTAL ASSETS	**101,822**		**101,373**

The accompanying notes form an integral part of
these consolidated financial statements.

PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)
(Expressed in United States dollar, unless otherwise stated)

	March 31, 2017	Notes	December 31, 2016
	US$'000		US$'000
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)			
CURRENT LIABILITIES			
Trade accounts payable		13,35	
Related parties	176	31	187
Third parties	6,240		5,896
Accrued expenses	2,729	14,18,35	3,513
Taxes payable	106	15	89
Current maturities of long-term liabilities			
Loan payable	4,814	16,31,35	3,967
Other payables	1,735	17,35	1,735
Other current liabilities	1,204	35	1,323
Total Current Liabilities	17,004		16,710
NON-CURRENT LIABILITIES			
Long-term liabilities - net of current maturities			
Loans payable	24,445	16,31,35	25,466
Other payables	9,594	17,35	9,890
Provision for post-employment benefits	1,355	18	1,355
Total Non-current Liabilities	35,394		36,711
TOTAL LIABILITIES	**52,398**		**53,421**
EQUITY (CAPITAL DEFICIENCY)			
Share capital			
Par value			
Series A shares - Rp 62.50 per share			
Series B shares - Rp 50.00 per share			
Authorized			
44,237,830,228 series A shares and 2,456,869,565 series B shares			
Issued and fully paid			
23,483,317,538 series A shares	163,636	19,33	163,636
Additional paid-in capital	1,115,632	20,33	1,115,632
Other capital reserves	17,932	16,31,34	17,932
Treasury shares	(6,516)	21	(6,516)
Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interest	7,787	22	7,787
Reserves	22,736	23	22,736
Unrealized gain on available-for-sale financial assets	4,810	10	4,810
Deficit	(1,276,593)	24	(1,278,065)
TOTAL EQUITY (NET CAPITAL DEFICIENCY)	**49,424**		**47,952**
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)	**101,822**		**101,373**

The accompanying notes form an integral part of
these consolidated financial statements.

PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)
(Expressed in United States dollar, unless otherwise stated)

	2017	Notes	2016
	US$'000		US$'000
OPERATING REVENUES	5,452	25	2,594
VOYAGE EXPENSES	(1,258)	26	(740)
OPERATING REVENUES AFTER VOYAGE EXPENSES	**4,194**		**1,854**
OPERATING EXPENSES			
Ship operating expenses	(2,153)	27	(1,746)
Vessel depreciation	(1,411)	12	(793)
Total Operating Expenses	(3,564)		(2,539)
GROSS PROFIT	**630**		**(685)**
OTHER INCOME (EXPENSES)			
Administrative expenses	(946)	28	(2,895)
Share in profits of associates and joint venture	2,340	11	126
Foreign exchange gain - net	(169)		(557)
Other losses - net	135		(62)
Total Other Income (Expense)	1,360		(3,388)
INCOME BEFORE INTEREST AND INCOME TAX	**1,990**		**(4,073)**
Finance cost	(484)	16,17	(546)
Interest income	7	5	1
INCOME (LOSS) BEFORE INCOME TAX	**1,513**		**(4,618)**
INCOME TAX BENEFIT - NET	**(41)**	15	**(21)**
NET INCOME (LOSS) FOR THE YEAR	**1,472**		**(4,639)**
OTHER COMPREHENSIVE INCOME (LOSS)	-		-
TOTAL COMPREHENSIVE INCOME	**1,472**		**(4,639)**
Net income (loss) for the year attributable to:			
Owners of the Company	1,472		(4,639)
Non-controlling interest	-		-
Total	**1,472**		**(4,639)**
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company	1,472		(4,639)
Non-controlling interest	-		-
Total	**1,472**		**(4,639)**
BASIC INCOME (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (in full amount)	**0.0001**	29	**(0.0002)**
DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (in full amount)	**0.0001**	29	**(0.0002)**

The accompanying notes form an integral part of
these consolidated financial statements.

PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE PERIODS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)
(Expressed in United States dollar, unless otherwise stated)

	Notes	Share capital (Note 19)	Additional paid-in capital (Note 20)	Unrealized gain on available-for-sale (Note 10)	Other capital reserves (Note 16 and 34)	Treasury shares (Note 21)	Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interest (Note 22)	Reserves (Note 23)			Deficit (Note 24)	Total equity (net capital deficiency)
								Revaluation reserves	Financial statements translation	General reserves		
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as of December 31, 2015		**163,636**	**1,115,632**	**-**	**7,932**	**(6,516)**	**7,787**	**6,029**	**(121)**	**5,898**	**(1,263,466)**	**36,811**
Net income for the year		-	-	-	-	-	-	-	-	-	(4,639)	(4,639)
Balance as of March 31, 2016		**163,636**	**1,115,632**	**-**	**7,932**	**(6,516)**	**7,787**	**6,029**	**(121)**	**5,898**	**(1,268,105)**	**32,172**
Balance as of December 31, 2016		**163,636**	**1,115,632**	**4,810**	**17,932**	**(6,516)**	**7,787**	**16,959**	**(121)**	**5,898**	**(1,278,065)**	**47,952**
Net income for the year		-	-	-	-	-	-	-	-	-	1,472	1,472
Balance as of March 31, 2017		**163,636**	**1,115,632**	**4,810**	**17,932**	**(6,516)**	**7,787**	**16,959**	**(121)**	**5,898**	**(1,276,593)**	**49,424**

The accompanying notes form an integral part of
these consolidated financial statements.

PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2017 AND 2016
(Expressed in United States dollar, unless otherwise stated)

	2017	Notes	2016
	US$'000		US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	5,329		2,370
Cash paid to suppliers and employees	(4,018)		(4,925)
Interest paid	(283)		(1,417)
Income tax paid	(41)	15	(17)
Interest received	7		1
Net Cash Provided by (Used in) Operating Activities	**994**		**(3,988)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	(1,128)	12	-
Proceeds from dividend	600	11	-
Increase (decrease) in security deposits	(71)		1
Net proceeds from sale of asset held-for-sale	7,651	12	-
Net Cash Provided by (Used in) Investing Activities	**7,052**		**1**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans and other payables	(1,870)		(1,768)
Net Cash Used in Financing Activities	**(1,870)**		**(1,768)**
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	**6,176**		**(5,755)**
CASH ON HAND AND IN BANKS OF THE DECONSOLIDATED SUBSIDIARY	**5,788**	5	**10,314**
CASH ON HAND AND IN BANKS AT END OF YEAR	**11,964**	5	**4,559**

The accompanying notes form an integral part of
these consolidated financial statements.

1. GENERAL

a. General information

PT Berlian Laju Tanker Tbk (the "Company") was established on March 12, 1981 under the name PT Bhaita Laju Tanker. The Company's name was changed to PT Berlian Laju Tanker on September 5, 1988. The Company was incorporated and domiciled in Jakarta, and has two branches in Merak and Dumai. Its head office is located at Wisma BSG, 10th Floor, Jl. Abdul Muis No. 40, Jakarta.

The Company's scope of activities consists of local and overseas shipping, including but not limited to tanker, barges and tugboat operations. The Company started its commercial operations in 1981. Presently, the Company provides shipping services for liquid cargo transportation in Asia.

The Company's ultimate parent company is PT Bagusnusa Samudra Gemilang (Bagusnusa).

b. Public offering of shares, bonds and notes payable

Shares

The Company's public offering of 2,100,000 shares through the Indonesia Stock Exchange (IDX), at a price of Rp 8,500 per share, was approved by the Ministry of Finance of the Republic of Indonesia on January 22, 1990. These shares were listed in the IDX on March 26, 1990.

On January 27, 1993, the Company obtained the notice of effectivity from the Chairman of the Capital Market Supervisory Agency (Bapepam) (currently Otoritas Jasa Keuangan) for the Company's Rights Issue I to the shareholders totaling 29,400,000 shares at a price of Rp 1,600 per share. These shares were listed in the IDX on May 24, 1993.

On December 26, 1997, the Company obtained the notice of effectivity from the Chairman of Bapepam for the Company's Rights Issue II with pre-emptive right to shareholders totalling 305,760,000 shares with 61,152,000 warrants at an exercise price of Rp 1,200 per warrant. Each warrant was entitled to purchase one share from July 16, 1998 to January 20, 2003. Based on the addendum to the statements of warrant issuance which was notarized on October 17, 2002, the Company decided to extend the period to exercise the warrants for five (5) years or until January 18, 2008. The shares were listed in the IDX on January 16, 1998.

On December 18, 2000, the Company obtained the notice of effectivity from the Chairman of Bapepam for the Company's Rights Issue III with pre-emptive right to shareholders totalling 61,152,000 shares. The Company issued 53,958,150 new common shares with nominal value of Rp 500 per share at an exercise price of Rp 1,100 per share.

The Company conducted a stock split of 4:1 in 2002 and 2:1 in 2004. Thus, the exercise price of the warrants became Rp 150 per share since 2005.

On September 22, 2006, the Company obtained eligibility to list all of its shares in the Singapore Exchange Securities Limited (SGX) Mainboard from SGX. In line with the Company's listing of shares, the Company also amended certain provisions of its Articles of Association, which amendments were approved by the shareholders in the Extraordinary Shareholders' Meeting held on September 11, 2006.

On June 29, 2009, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's rights issue IV with pre-emptive rights to shareholders. In connection with such rights issue, the Company issued 1,392,310,059 new common shares at an exercise price of Rp 425 per share.

1. GENERAL (continued)

b. Public offering of shares, bonds and notes payable (continued)

Shares (continued)

On June 30, 2010, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's Rights Issue V with pre-emptive rights to shareholders. In connection with such rights issue, the Company issued 5,569,240,235 new common shares at an exercise price of Rp 220 per share.

All 11,550,831,470 issued shares of the Company are listed in the IDX and SGX. On January 24, 2012, the Company requested temporary suspension of trading on both stock exchanges on grounds of future disclosure of material information that may affect investors' decision. On January 25, 2012, the IDX and SGX suspended the trading of the Company's securities until further notice by the Company. On January 26, 2012, the Company announced the debt standstill to temporarily cease debt payments of the Group's debts and thereafter worked on a Restructuring Plan, which was approved in March 2013.

On December 31, 2015, the Company effectively implemented the Proposed Debt-Equity Swap Share Issuance with unsecured creditors. On January 8, 2016, new shares listing application (11,932,486,068 shares) of the Company has been approved by IDX.

As of the issuance date of these consolidated financial statements, the Company has not resumed trading on both stock exchanges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Except for the consolidated statement of cash flows, the consolidated financial statements have been prepared using the accrual basis. The measurement basis used is historical cost, except for certain accounts which are measured on the basis as described in the related accounting policies.

The consolidated statement of cash flows which has been prepared using the direct method, classifies cash receipts and cash disbursements into operating, investing and financing activities.

The reporting currency used in the preparation of the consolidated financial statements is the United States dollar (US$), which is also the Company's functional currency.

The consolidated financial statements provide comparative information in respect of the previous period.

The consolidated financial statements are issued in relation to the listing of the Company's equity securities in the SGX.

In connection with the Company's listing of shares in the IDX, the Company issued separate consolidated financial statements prepared under Indonesian Financial Accounting Standards (SAK).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2016 (including special-purpose entities). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the owners of the Company and to non-controlling interests even if it results in the non-controlling interests account having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over the subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets and liabilities.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation (continued)

Non-controlling interests in subsidiaries are identified separately and presented within equity. For each business combination, the Group elects whether to measure the non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. Subsequent to the date of business combination, the carrying amount of non-controlling interests is adjusted for the non-controlling interests' share of subsequent changes in equity of the subsidiary.

c. Transactions with related parties

An individual or family member is related to the Group if it:

a) has control or joint control over the Group;
b) has significant influence over the Group; or
c) is a member of the key management personnel of the Group or the parent of the Company.

A party is considered to be related to the Group if:

a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control of the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
b) the party is an associate of the Group;
c) the party is a joint venture in which the Group is a venturer;
d) the party is a member of the key management personnel of the Group;
e) the party is a close member of the family of any individual referred to in (a) or (d);
f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group; or
h) The party, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Related party transactions are entered into based on terms agreed by the related parties. Such terms may not be the same as those of the transactions between unrelated parties. All transactions and balances with related parties are disclosed in the notes to the consolidated financial statements.

d. Foreign currencies

The individual financial statements of each of the consolidated entities are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the financial performance and financial position of each entity are expressed in US$, which is the Group's functional currency and presentation currency in the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currency) are recognized using their respective functional currency spot rates at the dates the transactions first qualifies for recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign currencies (continued)

At the end of each reporting period, monetary items denominated in foreign currencies are translated using the functional currency spot rates at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using the prevailing rates at 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 translated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Exchange gains and losses arising from the translation of currencies other than the US$ are recognized in profit or loss in the period in which they arise. The conversion rates used by the Group at the end of reporting period using the middle rates published by Bank Indonesia are as follows:

	March 31, 2017	December 31, 2016
Foreign currencies		
Rupiah (Rp'000)	0.0751	0.0744
Singapore dollar (SGD)	0.7167	0.6921
Euro (EUR)	1.0736	1.0540
Yen (JPY)	0.0089	0.0086

For consolidation reporting purposes, assets and liabilities of entities whose functional currency is other than the US$ are translated into US$ using the foreign exchange rates at statement of financial position date, while revenues and expenses are translated at the average foreign exchange rates for the year. The resulting translation adjustments are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

When an entity whose functional currency other than US$ is sold, exchange differences that were accumulated in equity are recognized as part of the gain or loss on sale. Goodwill and fair value adjustments arising from business acquisition of a subsidiary whose functional currency is other than the US$ are treated as assets and liabilities of such entity and are translated at the closing exchange rate.

e. Financial instruments

Classification

i. Financial assets

Financial assets are classified into financial assets as at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available for sale financial assets (AFS), or as derivatives designated as hedging instruments in an effective hedge. The classification depends on the nature and purpose for which the asset was acquired and is determined at the time of initial recognition. The Group has not classified any of its financial assets as held to maturity (HTM).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Classification (continued)

i. Financial assets (continued)

The Group's financial assets include cash on hand and in banks, trade receivables - third parties, other receivables - third parties, other non-current assets, derivative financial asset and available for sale financial assets.

ii. Financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss or other financial liabilities measured at amortized cost. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities consist of trade payables, accrued expenses, loans payables, bonds payable, obligations under finance lease, notes payable, other payables, provisions and other current liabilities.

Recognition and measurement

i. Financial assets

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets at fair value through profit or loss
  Financial assets at fair value through profit or loss ("FVTPL") include financial assets held-for-trading and financial assets designated upon initial recognition as fair value through profit or loss. Derivative assets are classified as held-for-trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with gains or losses recognized in profit or loss.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Recognition and measurement (continued)

i. Financial assets (continued)

- AFS financial assets
  AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified in any of the two preceding categories. Subsequent to initial recognition, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized wherein the cumulative gain or loss previously recognized in equity is reclassified to profit or loss as a reclassification adjustment.

  Dividends on AFS equity instruments, if any, are recognized in profit or loss when the Group's right to receive the dividends is established. The fair value of AFS monetary financial assets denominated in a foreign currency is determined based on original currency and translated using the prevailing exchange rate at the end of the reporting period. The foreign exchange gains and losses recognized in profit or loss are determined based on the amortized cost of the monetary assets.

  The Group's AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period. The Group's AFS financial assets include its investments in shares of Nevaeh Limited and Swank Ventures Limited.

ii. Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

- Other financial liabilities

  After initial recognition, loans and borrowings are subsequently measured at amortized cost using EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and that there is an intention to settle on a net basis, to realize the assets simultaneously with the liabilities.

Fair value measurements

At each reporting date, the Group measures financial instruments, such as derivative financial asset and AFS financial assets, at fair value and non-financial assets, such as vessels, at revalued amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Fair value measurements (continued)

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for fair value measurement. External valuers are involved for valuation of significant assets, such as fixed assets vessels. Involvement of external valuers is decided by management based on expert’s market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

When the asset becomes uncollectible, the carrying amount of the financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

If, in a subsequent period, the amount of the impairment loss decreases and the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Subsequent recoveries of previously written off receivables, if in the current period, are credited to the allowance accounts, but if after the reporting period, are credited to other operating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Impairment of financial assets (continued)

ii. AFS financial assets

For available for sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires management judgment. The Group treats "significant" generally as 30% or more and "prolonged" as greater than 12 months for equity securities.

Derecognition

i. Financial assets

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- there is transfer of the asset or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the cash flows received in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards over the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards over the asset, but has transferred the control over the asset.

When the Group has transferred its rights to receive cash flows from the asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards over the asset nor transferred the control over the asset, the Group recognizes its retained interest in the asset to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Derecognition (continued)

i. Financial assets (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, including any new assets obtained less any new liabilities assumed, and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the consolidated statement of profit or loss and other comprehensive income.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

ii. Financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's liabilities are discharged, cancelled or expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

An exchange between the Group and its creditors with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the "first-in, first-out" method. Net realizable value is the estimated selling price, less the estimated costs necessary to make the sale.

g. Advances and prepaid expenses

Advances pertain to payments made to ship managers and agents in relation to the operations of vessels. These advances are being liquidated on a monthly basis using the reports from the ship managers and agents.

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

h. Investments in associates and joint venture

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

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Investments in associates and joint venture (continued)

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as “Share of profit of an associate and a joint venture” in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognized any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

i. Fixed assets

Vessels

Owned vessels and leased vessels are stated at their revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Vessels held under finance lease are depreciated over the same estimated economic useful lives with owned vessels. However, when there is no reasonable certainty that ownership of vessels will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Any revaluation increase arising on the revaluation of such vessels is credited to other comprehensive income net of deferred tax, as applicable, and accumulated in revaluation surplus in the equity, except to the extent that it reverses an impairment loss for the same vessel which was previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent that impairment loss was recognized for the asset in prior years. Any remaining increase, net of deferred tax, as applicable, would be recognized in revaluation surplus in equity. A decrease in carrying amount arising on the revaluation of such vessels is charged to profit or loss to the extent that it exceeds the balance, if any, held in the vessels’ revaluation surplus relating to a previous revaluation of such vessels.

The Group elected the policy of eliminating the accumulated depreciation of revalued assets against the gross carrying amount of the assets and the net amount restated to the revalued amount of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Fixed assets (continued)

Depreciation of revalued vessels is charged to profit or loss. As the vessels are used, a transfer is made from revaluation reserve to deficit equivalent to the difference between depreciation based on revalued carrying amount of the vessels and depreciation based on the vessels' historical cost. On subsequent sale or retirement of a revalued vessel, the remaining revaluation surplus attributable to the vessels sold or retired is transferred directly to deficit.

The vessels' residual values, estimated useful lives and depreciation method are reviewed at each reporting date, with the effect of any change in estimate accounted for prospectively.

The gain or loss on sale or retirement of vessels is determined as the difference between the sales proceeds and carrying amount of the vessel and is recognized in profit or loss.

Dry docking cost

Included in the balance of vessels are the dry docking costs which are capitalized when incurred and are amortized on a straight-line basis over the period until the date of the next dry docking.

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

The Group applies the cost model in subsequent recognition for other fixed assets. Other fixed assets are depreciated using straight-line method based on the following estimated useful lives:

	Years
Buildings and premises	20
Transportation equipment	5
Office furniture and fixtures	5
Office and dormitory equipment	5

Depreciation is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any change in estimate accounted for prospectively.

The costs of maintenance and repairs of other fixed assets are charged to operations as incurred. Other costs incurred subsequently to add, replace part of, or service an item of fixed assets, are recognized as asset if, and only if, it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

Construction in progress is stated at cost, and is transferred to the respective fixed assets account when completed and ready for its intended use.

An item of other fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss in the period the asset is derecognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognized as leased 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 presented in the consolidated statement of financial position under “Obligations under finance lease” account.

The Group as lessee (continued)

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding balance. The corresponding rental obligations, net of finance charges, are included in non-current finance lease liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The fixed asset acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease term. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

k. Impairment of non-financial assets

The Group assesses at each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of the asset’s or its CGU’s fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income as “impairment losses”.

In assessing the value in use (VIU), the estimated net 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Impairment of non-financial assets (continued)

A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

In case of asset carried at a revalued amount, any remaining increase, net of deferred tax, as applicable, would be recognized in revaluation reserve in equity and is treated as a revaluation increase.

l. Post-employment benefits

The Company provides defined post-employment benefits to their employees in accordance with Indonesian Labor Law No. 13/2003. No funding has been made to this defined benefit plan.

Pension costs under the Company's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions as in accordance with IAS 19 (Revised 2011).

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under employee benefits in the consolidated statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

m. Provision

Provision is recognized 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 Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Provision

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provisions are reversed and recognized in profit or loss.

n. Equity instrument

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

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

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. The difference between the selling price and the acquisition cost is recognized as “Difference in capital from treasury share transactions” under additional paid-in capital in equity.

o. Revenue and expense recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes (“VAT”). The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue and expense are recognized:

Revenues from freight operations

Revenues from freight operations are recognized as income with reference to the percentage of completion of the voyage as at reporting date.

Rental income

Time charter revenue is recognized on accrual basis over the terms of the time charter agreements. Voyage freight is recognized over the duration of each voyage.

Rendering of services

Revenues from agency services are recognized when the services are rendered to customers.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued based on outstanding principal using the effective interest rate method.

Expenses

Expenses are recognized in the period in which they are incurred. Interest expense is accrued based on outstanding principal plus unpaid interest, using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Taxation

Income tax expense - net represents the sum or the net amount of the final income tax, current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Final income tax

Income tax subject to final tax is presented as part of the tax expense.

Tax expense on revenues from vessels subject to final tax is recognized proportionately based on the revenue recognized in the current year. The difference between the final income tax paid and the amount charged as final income tax in profit or loss is recognized as prepaid tax or tax payable. Prepaid final income tax is presented separately from final income tax payable.

Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income due to the taxable and deductible temporary differences and permanent differences. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the Group operates and generates income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Interest and penalties for the underpayment or overpayment of income tax, if any, are to be presented as part of "Income Tax Benefit (Expense)" in the consolidated statement of profit or loss and other comprehensive income.

The amounts of additional tax principal and penalty imposed through a tax assessment letter ("SKP") are recognized as income or expense in the current year in the consolidated statement of profit or loss and other comprehensive income, unless further settlement is submitted. The amounts of tax principal and penalty imposed through an SKP are deferred as long as they meet the asset recognition criteria.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Taxation

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Share capital

Incremental costs directly attributable to the issuance of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, is included in equity attributable to the Company's equity holders.

r. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

s. Earnings/loss per share

Basic earnings/loss per share is computed by dividing income/loss for the year attributable to owners of the Company by the weighted average number of shares outstanding during the year, after considering treasury stock.

Diluted earnings/loss per share amounts are calculated by dividing the profit/loss attributable to ordinary equity holder of the parent by the weighted average number of ordinary shares outstanding during the year, after considering treasury stock plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

t. Segment information

A segment is a distinguishable component of the Group that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intragroup balances and intragroup transactions are eliminated.

The segment information reported is the component of the Group whose operating results are regularly reviewed by the chief operating decision maker to make decisions about allocating resources to the segment and assessing its performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

v. Events after the financial reporting date

Subsequent events after the end of financial reporting date that provide additional information about the Group's position at reporting period (adjusting events) are reflected in the financial statements. Subsequent events after the end of financial reporting date that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

w. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, the preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the carrying amounts of assets, liabilities and the reported amounts of revenues and expenses, and accompanying disclosures. The judgments, estimates and assumptions used by management 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 recognized 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgments

The following are the critical judgments, apart from those involving estimations that the management made in the process of applying the Group's accounting policies which have the significant effect on the amounts recognized in the consolidated financial statements.

Classification of financial instruments

The Group determines the classifications of certain asset and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in IAS 32. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2.

Classification of leases

The Group has several leases where as the Group acts as lessee in respect of vessels. The Group evaluates whether significant risks and rewards of ownership of the leased assets are transferred.

Impairment of non-financial assets

Internal and external sources of information are reviewed at each reporting date to identify indications of impairment losses and to identify if previously recognized impairment loss on non-financial asset no longer exist or may be decreased.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount. The Group assesses the impairment of an asset whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Group considers upon assessment include, but not limited to, the significant under performance relative to expected historical or projected future operating results and significant negative industry or economic trends.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the asset's fair value less costs to sell or value in use. The recoverable amount is estimated for the individual asset or, if not possible, for the cash-generating unit to which the asset belongs.

Allowance for impairment losses on loans and receivables

The Group assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is objective evidence that a loss event has occurred. The Group also evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on available facts and circumstances, including but not limited to the length of its relationship with the customer and the customer's current credit status based on available data, to record specific provisions for customers against amounts due to reduce the receivable amounts that the Group expects to collect. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgments

Estimate of provision for income taxes

The Group has exposure to income taxes in relation to the significant judgment to determine the provision for income taxes. The Group submits tax returns on the basis of self-assessment and recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. The tax authorities may assess or amend taxes within the statute of limitation under the prevailing regulations. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the current tax and deferred tax in the period in which such determination is made.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The management believes that the Group will be able to fulfill its obligations under the PKPU Amendment Plan, execute its strategies and manage its business and financial risks successfully. Accordingly, the consolidated financial statements continue to be prepared on the going concern basis.

Determination of functional currency

In determining the respective functional currencies of each of the entity in the Group, judgment is required to determine the currency that mainly influences sales prices for services and the country whose competitive forces and regulations mainly determine the sales prices of their services. The functional currencies of each entity in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. When the indicators are mixed and the functional currency is not obvious, management should use its judgment to determine the functional currency that faithfully represents the economic effects of the underlying transactions, events and conditions.

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of vessels

Vessels are stated at fair value based on the valuation reviewed by management and supported by independent professional valuers. In determining fair value, a method of valuation is used which involves certain estimates, including comparisons with recent sale transactions of similar vessels.

Management believes that the chosen valuation techniques and assumptions used are appropriate in the determination of the fair value of vessels.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

Determination of fair value of financial assets

The Group carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgments. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates). The amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would directly affect profit and loss and other comprehensive income

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Estimate of realizability of deferred tax assets

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the projected taxable income in the following periods. This projection is based on the Company's past and future results of operations.

Estimate of provision for post-employment benefits

The determination of the Company's employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company's assumptions are recognized immediately in the profit or loss as and when they occurred. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions may materially affect its estimated liabilities for employee benefits and net employee benefits expense. All assumptions are reviewed at each reporting date.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

Estimate of useful lives and residual values of fixed assets

The useful lives of the Group's fixed assets which are estimated as the period over which the asset is expected to be used are based on internal technical evaluation. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset.

The Group also reviews the residual values of vessels at the end of each reporting period. Significant judgment is required 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.

A change in the estimated useful life and residual value of any item of fixed asset would affect the recorded depreciation and amortization expense and the carrying value of such asset.

Contingencies

The Group is currently involved in various restructuring initiatives, including legal proceedings. An estimate of the probable costs associated with these initiatives has been developed based upon an understanding of the procedures involved and likely outcomes. However, any material deviation in the expected procedures or outcomes may potentially affect the operations of the Group. The Group does not believe that such legal proceedings are likely to have any significant or adverse effect on its consolidated financial statements.

4. GROUP STRUCTURE

The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company has direct share ownership in Indigo Pacific Corporation, Diamond Pacific International Corporation and Asean Maritime Corporation, all of which are investment holding companies domiciled in foreign countries.

Details of the Group's structure, showing direct and indirect share ownership, are as follows:

No.	Company		Principal Activity	Domicile	Start of Commercial Operations	Percentage of Ownership (%) March 31, 2017	Total Assets Before Elimination March 31, 2017	Percentage of Ownership (%) December 31, 2016	Total Assets Before Elimination December 31, 2016
1	Indigo Pacific Corporation		Investment holding company	Labuan, Malaysia	December 24, 1997	100	666,898	100	666,898
1.1	Indigo Pacific Corporation		Investment holding company	British Virgin Islands	February 9, 1993	100	144	100	144
1.1.1	BLT Finance B.V.		Investment holding company	The Netherlands	April 26, 2007	100	4	100	22
1.1.2	Tridonawati Maritime Pte. Ltd.		Owner and operator of vessel	Singapore	June 6, 2007	100	13,882	100	13,619
1.1.3	BLT Maritime Corporation		Investment holding company	British Virgin Islands	April 8, 2011	100	15,321	100	15,321
1.1.3.1	Swank Ventures Ltd.	a)	Investment holding company	Marshall Islands	December 31, 2010	60	-	60	-
2	Diamond Pacific International Corporation		Investment holding company	Labuan, Malaysia	November 24, 1997	100	274,114	100	274,167
2.1	Diamond Pacific International Corporation		Investment holding company	British Virgin Islands	February 9, 1993	100	42,243	100	42,321
2.2	BLT LNG Tangguh Corporation		Operator of vessel	Marshall Islands	July 8, 2005	100	33,535	100	31,240
3	Asean Maritime Corporation		Investment holding company	Labuan, Malaysia	September 16, 1997	100	109,585	100	199,586
3.1	Gold Bridge Shipping Corporation		Investment holding company	British Virgin Islands	November 20, 1996	100	13,640	100	16,121
3.1.1	Gold Bridge Shipping Ltd.		Shipping agency	Hong Kong	April 27, 1990	100	20,943	100	21,715
3.1.2	Hopeway Marine Inc.		Owner and operator of vessel	Panama	November 22, 1984	100	10,404	100	9,943
3.1.3	Quimera Maritime S.A.		Owner and operator of vessel	Panama	December 3, 1993	100	5,926	100	6,062
3.1.4	Freesia Navigation S.A.		Owner and operator of vessel	Panama	November 15, 2002	100	9,503	100	10,154
3.1.5	Iris Maritime International S.A.		Owner and operator of vessel	Panama	June 5, 2008	100	22,450	100	22,693
3.1.6	Amber Pacific Corporation	a)	Investment holding company	British Virgin Islands	December 15, 2015	100	50	100	50
3.2	BLT Chembulk Corporation	a)	Investment holding company	British Virgin Islands	October 5, 2007	100	-	100	-
3.2.1	Chembulk Tankers LLC	a)	Investment holding company	Marshall Islands	January 9, 2007	100	-	100	-
3.2.1.1	Chembulk Management LLC	a)	Ship management	United States of Americ	January 9, 2007	100	-	100	-
3.2.1.2	CBL Tankers Do Brasil Ltda.	a)	Ship management	Brazil	September 16, 2008	97.5	-	100	-
3.2.1.3	BLT Chembulk Group Europe A/S	a)	Ship management	Denmark	February 10, 2011	100.0	-	97.5	-
4	PT Brotojoyo Maritime		Owner and operator of vessel	Indonesia	January 20, 2003	100	8,019	100	6,918
5	PT Cendanawati Maritim		Owner and operator of vessel	Indonesia	April 6, 2016	100	1,056	100	1,060
5	Nevaeh Limited		Investment holding company	Hong Kong	January 18, 2007	51	-	51	-
6	Teekay BLT Corporation		Investment holding company	Marshall Islands	June 29, 2005	30	389,482	30	392,124
8	Thai Petra Transport Co Ltd.		Shipping Agency	Thailand	July 21, 2000	30	702	30	673
9	PT Berlian Limatama		Owner and operator of vessel	Indonesia	June 24, 1996	50	384	50	384

a) Such subsidiaries are considered dormant and have no operations in 2017.

4. GROUP STRUCTURE (continued)

Boards of Commissioners and Directors, Audit Committee and employees

The Company's management consisted of the following:

Board of Commissioners

President Commissioner	:	Hadi Surya
Commissioner	:	Safzen Noerdin
Independent Commissioner	:	Antonius Joenoes Supit

Board of Directors

President Director	:	Siana Anggraeni Surya
Directors	:	Anthony Budiawan
Independent Director	:	Franciscus Xaverius Sulaeman

Audit Committee

Chairman	:	Antonius Joenoes Supit
Members	:	Timotius
		Denny Susilo

The Group had a total number of 62 and 63 employees (unaudited) as of March 31, 2017 and December 31, 2016, respectively.

5. CASH ON HAND AND IN BANKS

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Cash on hand	147	69
Cash in banks:		
Rupiah:		
PT Bank Ina Perdana Tbk	36	1,202
Citibank	685	255
PT Bank Negara Indonesia (Persero) Tbk	810	213
Others	2	2
U.S. dollars:		
Citibank	1,182	2,414
OCBC Bank	8,174	1,086
Bank of China	408	512
PT Bank Central Asia Tbk	24	27
Others	5	5
Other currencies	3	3
Time Deposit		
Rupiah	488	-
TOTAL	**11,964**	**5,788**

Interest income earned from cash on hand and in banks for the periods ended March 31, 2017 and 2016 amounted to US$ 1 thousand and US$ 1 thousand, respectively.

All cash in banks and are placed in third-party banks.

6. TRADE ACCOUNTS RECEIVABLE

	March 31, 2017	December 31, 2016
	US$'000	US$'000
By debtor		
Third parties:		
Owned and chartered vessels	3,845	3,723
Allowance for impairment loss	(1,796)	(1,796)
Net	**2,049**	**1,927**
By currency		
U.S. dollar	3,242	2,948
Rupiah	598	770
Singapore dollar	5	5
Sub-total	**3,845**	**3,723**
Allowance for impairment loss	(1,796)	(1,796)
Net	**2,049**	**1,927**

The aging of trade receivables mentioned above as of March 31, 2017 and December 31, 2016 were as follows:

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Neither past due nor impaired	982	1,112
Overdue:		
1 - 60 days	467	293
61 - 120 days	117	161
121 - 180 days	138	118
More than 180 days	2,141	2,039
Sub-total	**3,845**	**3,723**
Allowance for impairment losses	(1,796)	(1,796)
Net	**2,049**	**1,927**

The allowance for impairment of trade receivables is based on management's specific identification of uncollectible accounts. There was no allowance for impairment of receivables based on management's collective assessment of uncollectible accounts. The movement of the allowance for impairment of trade receivables is as follows:

	2017	2016
	US$'000	US$'000
Beginning balance	1,796	2,438
Reversal of impairment of trade receivables (Note 27)	-	-
Impairment (recovery of impairment) of receivables (Note 27)	-	-
Receivables written off	-	-
Ending balance	**1,796**	**2,438**

6. TRADE ACCOUNTS RECEIVABLE (CONTINUED)

Based on review of the status of the individual trade receivables at the end of the year, the Group's management believes that the above allowance for impairment of trade receivables is sufficient to cover the losses that may arise from uncollectible trade receivables in the future.

7. OTHER RECEIVABLES - THIRD PARTIES

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Third parties:		
Commission receivable	645	645
Receivable from employees	3	41
Others	497	382
Ending balance	**1,145**	**1,068**

Based on review of the status of the individual other receivables at the end of the year, the Group's management believes that no allowance for impairment of other receivables is necessary.

8. ADVANCES

Advances are given to agents in relation to port processing expenses.

9. DERIVATIVE FINANCIAL ASSET

Pursuant to the PKPU Amendment Plan, MLA Lenders shall issue Chembulk Investment Co LLC's warrants to purchase up to 10% of equity in Chembulk Investment Co LLC which are subject to dilution by a market-based management incentive program and any future issuance of equity securities. The warrants are exercisable in whole or in part over a period of five years.

As of December 31, 2016, the management determined the fair value of warrants using market approach technique of comparable company valuation multiples and the Black-Scholes model. Based on management's valuation, the fair value of warrants amounted to US$ 13.0 million.

The key assumptions used by management in determining the fair value of warrants are as follows:

Multiplier EV/EBITDA *)	11.85
Discount on lack of marketability	30%
Exercise price of warrant	US$ 42.30 million
Period of warrants's expiration	3.92 years
Risk-free rate	1.93%
Standard deviation of log returns	3.08%

**) Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization*

Had the multiplier increased or decreased by 0.50, with all other variables held constant, the fair value of warrants would have increased or decreased by US$ 2.8 million.

Management did not determine fair value as of March 31, 2017 due to no indicator showing material change in the assumptions.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Swank Ventures Limited (SVL)	15,321	15,321
Nevaeh Limited (NL)	6,608	6,608
Total	**21,929**	**21,929**

The Group's investments in Swank Ventures Limited (SVL) and Nevaeh Limited (NL) are unquoted equity shares and accounted for at fair value through other comprehensive income and at cost.

The Group considers the investment in SVL as part of the surplus assets of the Group. Pursuant to the Restructuring Plan, surplus assets of the Group are assumed to be sold within 3 to 6 years from the date of the Restructuring Plan.

a. SVL

The Group's investment in SVL was previously classified as non-current asset classified as held-for-sale due to management's plan and commitment to sell the asset. Pursuant to the Restructuring Plan, the investment was reclassified to available for sale (non-current assets) since it no longer qualifies as non-current asset classified as held-for-sale due to the change in the expected timing of disposal which is within 3 to 6 years from the date of the Restructuring Plan.

SVL is incorporated in British Virgin Islands and has a warrants agreement with PT Umine Energy Indonesia (Umine) to exercise 179,611 shares or equal to 15.23% of Umine shares. Umine is a group of coal companies in Indonesia. This warrants agreement may be exercised on or after the Initial Public Offering (IPO) of PT Ucoal Sumberdaya (Ucoal), a subsidiary of Umine, and will expire on February 21, 2017.

On November 28, 2014, SVL entered into an amended and restated warrants agreement with Umine that revised the warrants to be exerciseable on or after the IPO of Ucoal or February 21, 2019, whichever date is earlier.

In 2015, management identified indicators of impairment related to the SVL investment due to the prolonged economic downturn in the mining industry. Management performed valuation based on the discounted cash flow of the investment. Based on the results of the valuation, the investment was reduced to US$ 10.5 million as of December 31, 2015, resulting in impairment of US$ 1.1 million recognized in profit or loss.

In 2016, management determined that its financial forecast projection and discounted cash flow valuation for its investment in SVL are reliable measurement of fair value of its investment in SVL. Accordingly, the Group remeasured its investment in SVL at fair value which resulted to recognition of US$ 4.8 million unrealized gain on change in fair value in other comprehensive income. Had the Group continued to measure its investment in SVL at cost, the carrying amount would remain at US$ 10.5 million.

The management estimated that the discount rates using pre-tax rates reflect current market assessments of the time value of money and the risks specific to the cash-generating unit.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

a. SVL (continued)

The key assumptions used for fair value and recoverable amount calculation as of December 31, 2016 and 2015 are as follows:

Growth rate after 5 years	2% - 3%
Post tax discount rate (for fair value calculation)	13.80% - 15.33%

Had the growth rate increased/decreased by 1%, with all other variables held constant, the fair value of investment in SVL would have increased/decreased by US$ 2.6 million/US$ 2.1 million as of December 31, 2016.

Had the post-tax discount rate increased/ decreased by 1%, with all other variables held constant, the fair value of investment in SVL would have decreased/increased by US$ 1.3 million/US$ 1.2 million as of December 31, 2016.

b. NL

In 2009, Asean Maritime (AMC), a subsidiary, acquired 100.0% share ownership in NL, an investment company. This acquisition gave the Company an indirect percentage ownership of 45.0% and 21.8% in Brilliant Hero Industrial Limited (BHIL) and Jiangsu Xinrong Shipyard Company Limited (JXSCL), respectively. BHIL is an investment holding company while JXSCL is engaged in ship repair, conversion and construction of steel structure.

On November 1, 2010, AMC sold 49.0% of its ownership in NL to Mitsui & Co. Ltd., a third party. Although AMC has 51.0% ownership in NL after the sale of investment in shares in NL, management assessed that AMC does not have control over the financial decisions nor is it involved in the daily operations of NL, thus, NL is not consolidated in the financial statements. Further, NL is unable to exercise significant influence over BHIL. Therefore, NL classified its investments in BHIL as AFS financial assets since 2010.

JXSCL, which is the main asset of NL through share ownership in BHIL, suffered recurring losses that indicated impairment loss in available-for-sale financial assets of NL.

The Group noted indication of impairment on its available-for-sale investment in NL in 2016 and 2015. Based on the results of management's valuation, the investment was reduced to US$ 6.6 million and US$ 7.5 million as of December 31, 2016 and 2015, resulting in impairment loss of US$ 0.9 million and US$ 2.3 million in 2016 and 2015, recognized in profit or loss.

Pursuant to the PKPU Amendment Plan, the economic benefits from the investment in NL will be distributed, on a pro rata basis, to unsecured creditors.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The following entities have been included in the consolidated financial statements using the equity method as of March 31, 2017 and December 31, 2016:

	Domicile and Operation	Nature of Business	Percentage of voting rights held (%)
Associates:			
Thai Petra Transport Co. Ltd.	Thailand	Port service (agency)	30
PT Berlian Limatama	Indonesia	Cargo shipping service (sea cargo service)	50
Joint venture:			
Teekay BLT Corporation	Marshall Islands and Indonesia	Cargo shipping service (sea cargo service)	30

The changes in the investments in associates and joint venture under the equity method are as follows:

	2017	2016
	US$'000	US$'000
Beginning balance	15,282	8,075
Share in profit for the year	2,340	126
Dividends received	(600)	-
Ending balance	**17,022**	**8,201**

Summarized financial information of the Group's associates and joint venture is as follows:

	March 31, 2017			
	Teekay BLT Corporation	Thai Petra Trans. Co. Ltd.	PT Berlian Limatama	Total
	US$'000	US$'000	US$'000	US$'000
Current assets	28,709	524	374	29,607
Non-current assets	360,774	178	10	360,962
Current liabilities	(45,521)	(279)	(99)	(45,899)
Non-current liabilities	(288,120)	-	-	(288,120)
Net assets	55,842	423	285	56,550
Group's share in net assets of associates/joint venture	**16,753**	**126**	**143**	**17,022**

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

Summarized financial information of the Group's associates and joint venture is as follows (continued):

	2017			
	Teekay BLT Corporation	Thai Petra Trans. Co. Ltd.	PT Berlian Limatama	Total
	US$'000	US$'000	US$'000	US$'000
Revenues	13,408	32	-	13,440
Operating expenses	(3,804)	(6)	-	(3,810)
Gross profit	9,604	26	-	9,630
Administrative expenses	(121)	(20)	-	(141)
Finance cost	(864)	(1)	-	(865)
Other income (loss) - net	(598)	(2)	-	(600)
Profit (loss) before tax	8,021	3	-	8,024
Tax expense	(220)	-	-	(220)
Profit (loss) for the year	7,801	3	-	7,804
Group's share in profit (loss) of associates/joint venture	**2,339**	**3**	**-**	**2,342**

	December 31, 2016			
	Teekay BLT Corporation	Thai Petra Trans. Co. Ltd.	PT Berlian Limatama	Total
	US$'000	US$'000	US$'000	US$'000
Current assets	29,944	345	374	30,663
Non-current assets	362,180	328	10	362,518
Current liabilities	(47,796)	(189)	(99)	(48,084)
Non-current liabilities	(294,286)	(64)	-	(294,350)
Net assets	50,042	420	285	50,747
Group's share in net assets of associates/joint venture	**15,013**	**126**	**143**	**15,282**

	2016			
	Teekay BLT Corporation	Thai Petra Trans. Co. Ltd.	PT Berlian Limatama	Total
	US$'000	US$'000	US$'000	US$'000
Revenues	10,850	21	1	10,872
Operating expenses	(3,047)	(10)	(3)	(3,060)
Gross profit	7,803	11	(2)	7,812
Administrative expenses	(72)	(19)	(1)	(92)
Finance cost	(675)	(3)	-	(678)
Other income (loss) - net	(6,393)	1	2	(6,390)
Profit (loss) before tax	663	(10)	(1)	652
Tax expense	(233)	-	-	(233)
Profit (loss) for the year	430	(10)	(1)	419
Group's share in profit (loss) of associates/joint venture	**128**	**(2)**	**-**	**126**

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

Teekay BLT Corporation is a joint venture formed in 2005 through the shareholders agreement signed by the Group and Teekay Corporation, the investment in which is accounted for using the equity method. The joint venture was formed to charter the vessels in a consortium project among various international companies related to the extraction of gas reserves from Tangguh gas fields in Papua, Indonesia. The Company holds 30% equity interest in Teekay BLT Corporation through its indirect subsidiary, BLT LNG Tangguh Corporation (BLT LNG).

12. FIXED ASSETS

	January 1, 2017 - March 31, 2017						
	Beginning Balance	Additions	Deductions	Transfers	Revaluations	Reclassification	Ending Balance
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost/Valuation:							
Owned vessels	31,964	1,128	-	-	-	-	33,092
Transportation equipment	201	-	-	-	-	-	201
Office furniture and fixtures	356	-	-	-	-	-	356
Office and dormitory equipment	1,897	-	-	-	-	-	1,897
Buildings and premises	775	-	-	-	-	-	775
Total	35,193	1,128	-	-	-	-	36,321
Accumulated depreciation and impairment loss:							
Owned vessels	-	1,411	-	-	-	-	1,411
Transportation equipment	197	1	-	-	-	-	198
Office furniture and fixtures	355	-	-	-	-	-	355
Office and dormitory equipment	1,714	10	-	-	-	-	1,724
Buildings and premises	388	10	-	-	-	-	398
Total	2,654	1,432	-	-	-	-	4,086
Net Book Value	**32,539**						**32,235**

	January 1, 2016 - December 31, 2017						
	Beginning Balance	Additions	Deductions	Transfers	Revaluations	Reclassification	Ending Balance
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost/Valuation:							
Owned vessels	28,595	10,181	-	(10,733)	11,404	(7,483)	31,964
Transportation equipment	304	-	(103)	-	-	-	201
Office furniture and fixtures	508	-	(152)	-	-	-	356
Office and dormitory equipment	2,096	3	(202)	-	-	-	1,897
Buildings and premises	775	-	-	-	-	-	775
Total	32,278	10,184	(457)	(10,733)	11,404	(7,483)	35,193
Accumulated depreciation and impairment loss:							
Owned vessels	-	3,250	-	(10,733)	7,483	-	-
Transportation equipment	291	9	(103)	-	-	-	197
Office furniture and fixtures	506	1	(152)	-	-	-	355
Office and dormitory equipment	1,864	45	(195)	-	-	-	1,714
Buildings and premises	348	40	-	-	-	-	388
Total	3,009	3,345	(450)	(10,733)	7,483	-	2,654
Net Book Value	**29,269**						**32,539**

12. FIXED ASSETS (continued)

Depreciation expense was allocated as follows:

	2017	2016
	US$'000	US$'000
Vessel depreciation	1,411	793
Administrative expenses (Note 27)	21	25
Total	**1,432**	**818**

In 2016, the management is committed to a plan to sell its vessel, Gas Bangka, held by a subsidiary of the Company. Gas Bangka is a liquefied gas carrier registered in Singapore with a gross tonnage and deadweight tonnage of 3,496 tons and 3,983 tons, respectively.

The plan to sell was approved by the Board of Directors on October 14, 2016. The plan is part of the Group's 2017 business plan of establishing initiatives to close out cash flow shortage and maximize EBITDA per vessel. In 2016, the management has marketed the availability for sale of Gas Bangka with various shipbrokers. Accordingly, the vessel was classified as non-current asset held-for-sale.

On February 17, 2017, the Group entered into a Memorandum of Agreement with third party to sell MT Gas Bangka. MT Gas Bangka was eventually sold and delivered on March 28, 2017.

As of December 31, 2016, the vessels are stated at their revalued amounts using market approach, based on their fair values in the valuation report dated March 29, 2017, prepared by an independent appraiser and reviewed by management. The appraisal report was issued by KJPP Budi, Edy, Saptono & Rekan using market data or sales comparison approach method in determining the revaluated amounts.

As of December 31, 2016, the vessels' revalued amount had increased by US$ 11.4 million. For the year ended December 31, 2016, the Group specifically identified certain vessels with indications of impairment. The vessels' recoverable amount is considered to be its fair value amount because management believes that the value in use of vessels approximates the appraised value of vessels. Impairment value for these vessels amounted to US$ 7.5 million charged to profit or loss in end of 2016.

Transfers pertaining to accumulated depreciation as at revaluation date were eliminated against the gross carrying amount of the revalued vessels. Had the Group's vessels been measured on historical cost, the carrying value (cost less accumulated depreciation and impairment loss) would have been US$ 14.3 million and US$ 30.2 million as of March 31, 2017 and December 31, 2016, respectively.

Additions to vessels in 2016 and 2015 pertain to repurchased of 1 vessel and 2 vessels using the purchase option agreement.

The Group's fleet consists of seven (7) owned vessels at March 31, 2017 and eight (8) owned vessels at December 31, 2016.

There were no vessels under construction as of March 31, 2017 and December 31, 2016.

The Group's vessels and equipment were insured for hull and machinery damages and war risk, Increased Value and Additional Owners Interest (I.V. & A.O.I) for US$ 57.5 million and US$ 77.5 million with LCH Lockton Pte. Ltd. and LCH Insurance (S) Pte. Ltd. at March 31, 2017 and December 31, 2016, respectively.

12. FIXED ASSETS (continued)

The Group's vessels and equipment were also insured against losses of third parties arising from vessel operations such as environmental pollution caused by accidents (Protection and Indemnity or P&I).

Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

MT Gas Indonesia, MT Gas Kalimantan and MT Indradi are collateralized to various liabilities of the Group.

13. TRADE ACCOUNTS PAYABLE

	March 31, 2017	December 31, 2016
	US$'000	US$'000
By creditor		
Related parties		
Thai Petra Transport Co. Ltd.	111	119
PT Arpeni Pratama Ocean Line	37	37
PT Garuda Mahakam Pratama	20	20
Pan Union Agencies Pte. Ltd.	8	11
Sub-total	176	187
Third parties	6,240	5,896
Total	**6,416**	**6,083**
By currency		
U.S. dollar	3,914	3,435
Rupiah	1,536	1,429
Singapore dollar	744	701
Other currencies	222	518
Total	**6,416**	**6,083**

The trade accounts payable represent liabilities to shipping companies as agents, to sub-agents and to suppliers for purchases of fuel and spare parts, and vessel equipment.

Pursuant to PKPU Amendment Plan in 2015, trade creditors will retain 50% of their outstanding debt balance and will be paid over a period of five years.

All trade accounts payable are non-interest bearing and unsecured.

14. ACCRUED EXPENSES

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Vessels operation and dry docking	2,016	1,692
Interest	-	1,100
Others	713	721
Total	**2,729**	**3,513**

15. TAXATION

Details of prepaid taxes are as follows:

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Value Added Tax - net	127	183
Income tax		
Article 23	25	25
Article 26	-	1
Total	**152**	**209**

Details of taxes payable are as follows:

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Final income tax payable:		
Article 4(2)	5	17
Income taxes:		
Article 21	35	66
Article 26	2	3
Value Added Tax - net	61	1
Others	3	2
Total	**106**	**89**

Details of income tax benefit (expense) - net are as follows:

	2017	2016
	US$'000	US$'000
Final tax:		
The Company	(33)	(8)
Subsidiaries	(8)	(9)
Current tax - subsidiaries	-	(4)
Income tax benefit - net	**(41)**	**(21)**

15. TAXATION (continued)

Final income tax

The breakdown of final income tax on revenues related to charter and operation of vessels of the Company is as follows:

	2017	2016
	US$'000	US$'000
Final income tax		
The Company	33	8
Subsidiaries	8	9
Payments during the year	(41)	(17)
Final income tax payable	-	-

Deferred tax

The details and movements of the Group's deferred tax assets (liabilities) are as follows:

	January 1, 2017	Credited (charged) to profit or loss	Credited (charged) to equity	Adjustment to deferred tax	March 31, 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Provision dor post-employment benefits	341	0	-	-	341
Difference in fair value of dinancial liabilities	(338)	-	-	-	(338)
Net	**3**	**-**	**-**	**-**	**3**

	January 1, 2016	Credited (charged) to profit or loss	Credited (charged) to equity	Adjustment to deferred tax	December 31, 2016
	US$'000	US$'000	US$'000	US$'000	US$'000
The Company and subsidiaries					
Deferred tax asset (liability)					
Fixed assets	(534)	-	627	(93)	-
Provision dor post-employment benefits	307	50	(16)	-	341
Difference in fair value of dinancial liabilities	(409)	71	-	-	(338)
Net	**(636)**	**121**	**611**	**(93)**	**3**

Deferred tax assets are recognized in the consolidated financial statements if sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Group has unrecognized deferred tax asset on tax losses carry-forward amounting to US$ 9.1 million as of December 31, 2016, since the Group does not have sufficient basis to determine the future tax benefit on such deferred tax assets.

The tax losses carry-forward can be utilized against the taxable income for a period of five years subsequent to the year the tax loss was incurred.

16. LOANS PAYABLE

	March 31, 2016	December 31, 2016
	US$'000	US$'000
Bank loans:		
PT Bank Mandiri (Persero) Tbk	11,080	11,205
PT Bank Central Asia Tbk	3,643	3,794
Related party loans:		
PT Bagusnusa Samudra Gemilang	1,858	1,828
Others:		
Amicorp Trustees (Singapore) Limited	12,678	12,606
Total	**29,259**	**29,433**
Current	4,814	3,967
Non-current	24,445	25,466
Total	**29,259**	**29,433**

(i) Bank loans

Following the events of default, the bank loan creditors of the Group submitted their respective claims under the PKPU. Pursuant to the Restructuring Plan, the bank loan creditors fall under the class of secured creditors.

Considering the effects of the restructuring plan, the Group discounted the forecasted cash flows related to the following restructured bank loans using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The respective restructured terms of the bank loan creditors under the Restructuring Plan are binding and set out as follows:

a. PT Bank Mandiri (Persero) Tbk ("Mandiri")

- Principal of Rp 249.0 billion.
- Forgive all outstanding and unpaid interest prior to July 1, 2012.
- Principal amortization over a repayment period commencing from April 1, 2013 to the 10th anniversary of the Restructuring Plan, the maturity date of any loan extended by any unsecured creditor (apart from the trade creditors), or March 31, 2023, whichever is the earliest to occur ("Maturity Date") with equal quarterly installments commencing in Year 3 with the first installment starting on June 30, 2015.
- Interest (3-month JIBOR + 7.5 %) capitalized from July 1, 2012 until March 31, 2014, then quarterly cash payments from June 30, 2014, provided that there is sufficient cash in Year 2 to (i) build up the US$ 25.0 million minimum cash buffer; (ii) pay cash interest on the Working Capital Facility; (iii) pay principal on the Working Capital Facility, and if any of these conditions are not met for any quarter in year 2, such payments of interest in year 2 will be capitalized and added to principal pursuant to the cash waterfall principles set out in the Restructuring Plan.

16. LOANS PAYABLE (continued)

(i) Bank loans (continued)

b. PT Bank Mandiri (Persero) Tbk ("Mandiri") (continued)

- The rights of Mandiri to call an event of default in respect of this Plan are as follows: If Mandiri still holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 2; or If Mandiri no longer holds security over any vessel owned or operated by BLT, an event of default can be called for non payment of interest and principal after Year 4.

- Accelerated repayment from cash sweep.

- The Company and BULL agreed that they will sell 6 vessels which are secured to Mandiri at a sales price agreed and acceptable to Mandiri, provided that Mandiri gives reasonable notice in providing its request and that the sale of the vessels is conducted at an arm's length commercial transaction and that the sales price is at the vessels' market value. In particular, BULL will provide Mandiri with a written agreement within 3 months from the date the Restructuring Plan was ratified by the Jakarta Court that it will agree to sell the vessels secured to Mandiri.

- 90.0% of the sales price of the two vessels shall be paid to Mandiri and 95.0% of the sales price of the remaining four vessels referred to above will be applied to reduce the outstanding principal due to Mandiri.

- In the event that the vessels are sold, the proceeds of such sale will be used to offset/pay the last principal installment (i.e., first payment for amortization in Year 10 followed by Year 9 and thereafter) that is due to Mandiri and the maturity date of the amortized principal payments to Mandiri will be reduced accordingly.

- The Restructuring Plan shall not compromise any rights that Mandiri has with respect of the security in all secured vessels and the Company shall not object or hinder any attempts by Mandiri to sell these vessels, whether pursuant to its security or otherwise. The Company and BULL shall not object to any request by Mandiri to sell a vessel and will not object or hinder Mandiri's attempts to enforce or sell these vessels.

In 2014, the Company sold three vessels secured to Mandiri. The total proceeds from the sale of these 3 vessels amounted to US$ 6.4 million which was applied towards the prepayment of Mandiri loan in accordance with the Restructuring Plan.

Pursuant to PKPU Amendment Plan and letter from Mandiri dated September 30, 2015, the terms of credit facility with Mandiri are amended as follows:

- Outstanding principal is Rp 111.9 billion and capitalized interest from July 1, 2012 up to March 31, 2015 is Rp 79.4 billion.

- Outstanding principal amortization over a repayment period, commencing from June 30, 2017 to September 30, 2021, with 18 equal quarterly installments with the first installment starting on June 30, 2017.

- Interest from April 1, 2015 shall be calculated based on an interest rate of 3-month JIBOR + 0.5% per annum based on 365 days per annum and shall be paid quarterly starting from June 30, 2015.

16. LOANS PAYABLE (continued)

(i) Bank loans (continued)

a. PT Bank Mandiri (Persero) Tbk ("Mandiri") (continued)

- The sale of MT Kunti ("Kunti Sale") will be completed by April 1, 2016 or on a later date to be agreed by Mandiri with value of Rp 7.0 billion. Net proceeds from the Kunti Sale will be used to repay the last principal installment due.

- Any quarterly payments to be made in each year will be made on the last business day of each quarter of such year. All payments to be made will be made free of any rights to off-set, deduct or withhold.

- No accelerated repayment from cash sweep.

In 2016, Kunti Sale had been completed. Net proceeds amounting to Rp 6.6 billion was used to repay principal installment in accordance with the Restructuring Plan.

The carrying value of the restructured loan from Mandiri as of March 31, 2017 and December 31, 2016 amounted to US$ 11.1 million and US$ 11.2 million, respectively. The annual effective interest rates of the loan is 7.6% in 2017. Interest expense charged to profit or loss in 2017 amounted to US$ 137 thousand.

b. PT Bank Central Asia Tbk ("BCA")

- Principal of Rp 44.4 billion equivalent to US$ 4.7 million.

- Forgive all outstanding and unpaid interest prior to July 1, 2012.

- Principal amortization over a repayment period commencing from April 1, 2013 to the maturity date which is (i) the 10th anniversary from the date the Restructuring Plan is ratified by the Jakarta Court, (ii) the earliest maturity date of any loan extended by any unsecured creditor (apart from trade creditors), or (iii) March 31, 2017, whichever is the earliest to occur with 32 equal quarterly installments commencing the 3rd year with the first installment starting June 30, 2015.

- Interest (JIBOR + 5.25 %) capitalized from July 1, 2012 until March 31, 2014, then quarterly cash payments from June 30, 2014, provided that there is sufficient cash in Year 2 to (i) build up the US$ 25.0 million minimum cash buffer, (ii) pay cash interest on the Working Capital Facility, (iii) pay principal on the Working Capital Facility, and if any of these conditions is not met for any quarter in Year 2, such payments of interest in Year 2 will be capitalized and added to principal pursuant to the cash waterfall principles set out in the Restructuring Plan.

- The rights of BCA to call an event of default in respect of the Restructuring Plan are as follows: if BCA still holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 2; or If BCA no longer holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of interest and principal after Year 4.

- Accelerated repayment from cash sweep.

16. LOANS PAYABLE (continued)

(i) Bank loans (continued)

c. PT Bank Central Asia Tbk ("BCA")

- The Company agrees that it will sell the secured vessels by mutual consent of BCA at a sales price agreed and acceptable to BCA, provided that BCA gives reasonable notice in providing its request and that the sale of a vessel is conducted as an arm's length commercial transaction and the sales price is at the vessel's market value.

- Payment to BCA of 95.0% of the sales price of 2 vessels will be applied to reduce outstanding principal due to BCA.

- In the event that the vessel(s) are sold, the proceeds of such sale(s) will be used to offset/pay the last principal installment that is due to BCA and the maturity date of the amortized principal payments to BCA will be reduced accordingly.

- This Restructuring Plan shall not compromise any rights that BCA has in respect of the security in all secured vessel(s) and the Company shall not object or hinder any attempts by BCA to sell these vessel(s), whether pursuant to its security or otherwise.

In 2014, the Group had finalized an agreement with BCA to fix the amount of loan into US$ currency and all other terms pursuant to the Restructuring Plan.

Pursuant to PKPU Amendment Plan in 2015, the terms of credit facility with BCA are amended as follows:

- If there is remaining cash in the Earnings Account (after the payment of interest, taxes and other costs that may be incurred outside the Principal Amount), the remaining cash can be used for amortization of the outstanding principal amount which will be paid on every interest payment date effective from the date of approval of the PKPU Amendment Plan until March 31, 2017;

- Repayment of the principal amount shall be paid by way of 32 equal quarterly installments with the first installment commencing on June 30, 2017;

- Where there is insufficient cash to pay a quarterly installment of principal amount, with the written consent of BCA, the Company may add the amount of that installment to the next quarterly installment.

- No accelerated repayment from cash sweep.

As of March 31, 2017 and December 31, 2016, the carrying amount of the loan from BCA amounted to US$ 3.6 million and US$ 3.8 million, respectively. The annual effective interest rate of the loan is 6.0% in 2017. Interest expense charged to profit or loss in 2017 amounted to US$ 57 thousand.

(ii) Related party loans

PT Bagusnusa Samudra Gemilang ("Bagusnusa")

The loan from Bagusnusa was restructured in accordance with the provisions of the Restructuring Plan for intercompany claims.

16. LOANS PAYABLE (continued)

(iii) Related party loans (continued)

PT Bagusnusa Samudra Gemilang ("Bagusnusa") (continued)

Considering the effects of the Restructuring Plan, the Group discounted the forecasted cash flows related to the following restructured related party loan using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The restructured terms under the Restructuring Plan for intercompany creditors are binding and set out as follows:

- Total claims of US$ 13.7 million.
- No payments or satisfaction will be made until all existing secured and unsecured creditors are repaid in full.
- No voting rights in the PKPU or otherwise assert or make any claims upon the Group.

Pursuant to PKPU Amendment Plan in 2015, no payments will be made to Bagusnusa until (i) all existing secured creditors are repaid in full, (ii) the aggregate value of the PKPU shareholders (including their successors and nominees) (based on a 3-month weighted average share price) exceeds the total outstanding claims of US$ 1.1 billion, and (iii) the Group's payable to BULL has been paid.

Based on management's discounted cash flow forecast analysis, using compound annual growth rate of 20.86% and discount rate of 12.28% in 2015, the Company will only be able to settle its loan from Bagusnusa by Year 2070. Consequently, the difference between the nominal amount of the loan and its fair value amounting to US$ 7.9 million is presented under Other Capital Reserves. There were no changes in assumptions as of December 31, 2016.

The Company recognized loss on restructuring amounting to US$ 2.6 million in 2015.

The carrying value of the restructured loan from Bagusnusa as of March 31, 2017 and December 31, 2016 amounted to US$ 1.9 million and US$ 1.8 million, respectively. In 2017, the annual effective interest rate of the loan is 3.14%. Interest expense charged to profit or loss in 2017 amounted to US$ 15 thousand.

(ii) Others

Amicorp Trustees (Singapore) Limited

On December 23, 2015, Mizuho entered into an assignment agreement with Amicorp Trustees (Singapore) Limited, as trustee of the Fortuna Growth Fund (Sub-Fund A), where Mizuho sold, transferred and assigned its rights, titles and interests, with respect to the Restructuring Agreement, to Amicorp.

Upon the receipt of full consideration agreed by Mizuho and Amicorp, Mizuho shall automatically withdraw its position as a creditor to the Company pursuant of the Restructuring Agreement and release and discharge the collateral security and deliver it to Amicorp. Amicorp will have the rights of Mizuho as secured creditor in the PKPU Amendment Plan.

The carrying value of the restructured loan from Amicorp as of March 31, 2017 and December 31, 2016 amounted to US$ 12.7 million and US$ 12.6 million, respectively. The annual effective interest rate of the loan is 4.30% in 2017. Interest expense charged to profit or loss in 2017 amounted to US$ 135 thousand.

17. OTHER PAYABLES

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Payable to BULL	7,956	7,882
Claims for vessel repairs and fuel purchases	3,373	3,743
Total	**11,329**	**11,625**
Current	1,735	1,735
Non-current	9,594	9,890
Total	**11,329**	**11,625**

a. Payable to BULL

On March 20, 2015, the Group and BULL signed Statement of Confirmation whereby both parties agreed that net balance of due to BULL amounted to US$ 61.6 million, after the subrogated claim from the transfers of investment in BULL.

Pursuant to PKPU Amendment Plan in 2015, no payments will be made to BULL until (i) all existing secured creditors are repaid in full, and (ii) the aggregate value of the 48% equity interest held by the PKPU Shareholder (including succescors and nominees) (based on a 3-month weighted average share price) exceeds the total outstanding claims of US$ 1.1 billion.

Based on management's discounted cash flow forecast analysis, using compound annual growth rate of 20.86% and discount rate of 12.28% in 2015, the Group will only be able to settle its payable to BULL by Year 2070. Accordingly, the Group recomputed the present value of cash flows related to payable to BULL using appropriate interest rate applicable to the Group. Gain on restructuring recognized by the Group amounted to US$ 35.3 million in 2015. There were no chages in assumptions as of December 31, 2016.

The net carrying amount of the restructured payable to BULL as of March 31, 2017 and December 31, 2016 amounted to US$ 8.0 million and US$ 7.9 million, respectively. The effective interest rate for this liability is 3.93% in 2017. Interest expense charged to profit or loss in 2017 amounted to US$ 75 thousand.

As part of BULL's successful restructuring process, PT Danatama Perkasa (DP), a third party investor, will transfer back 3,142 million shares (equivalent to 17.8% of the total issued shares) in BULL to the Company after the completion of the enforcement of BULL's security. Until March 31, 2017, no shares have been received yet by the Company.

b. Claims for vessels repairs and fuel purchases

In 2012, the Group defaulted on payments of various trade creditors related to repairs and maintenance of vessels and purchase of fuel. These payables were reclassified to other payables while the Group is under negotiation with the creditors.

In 2013, the Group entered into settlement agreements with its respective creditors regarding these liabilities. The terms of repayment schedules follow the provision in the Restructuring Plan on settlement of payments over a 5-year term.

17. OTHER PAYABLES (continued)

b. Claims for vessels repairs and fuel purchases (continued)

Pursuant to PKPU Amendment Plan in 2015, the total restructured trade debt being 50% of the total trade debts shall be repaid in equal monthly installments over a period of five years. Accordingly, gain on restructuring recognized from claims for vessel repairs and fuel purchases by the Group amounted to US$ 0.3 million.

The carrying amount of the restructured liabilities arising from vessel repairs and fuel purchases as of March 31, 2017 and December 31, 2016 amounted to US$ 3.4 million and US$ 3.7 million, respectively.

18. PROVISION FOR POST-EMPLOYMENT BENEFITS

In 2016, the Group provides post-employment benefits for its qualified employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits is 54 in 2016.

The cost of providing post-employment benefits is calculated by an independent actuary, PT Padma Radya Aktuaria. The actuarial valuation was carried out using the following key assumptions:

	2016
Discount rate per annum	9%
Salary increment rate per annum	10%
Mortality rate	100.0%/TMI3
Resignation rate	10% per annum until age 36 then decreasing linearly to 0% at age 55

The quantitative sensitivity analysis for significant assumptions as of December 31, 2016 is as follows:

	Discount rates		Future salary increases	
	Percentage	Effect on present value of benefits obligation	Percentage	Effect on present value of benefits obligation
		US$'000		US$'000
2016				
Increase	1%	(92)	1%	105
Decrease	-1%	102	-1%	(97)

The maturity of provision for post-employment benefits as of December 31, 2016 and 2015 is as follows:

	2016	2015
	US$'000	US$'000
Within the next 12 months	13	14
Between 2 to 5 years	451	223
Beyond 5 years	3,931	1,809
Total	**4,395**	**2,046**

The average duration of the provision for post-employment benefits is 9.13 as of December 31, 2016.

19. SHARE CAPITAL

The composition of shareholders is as follows:

	March 31, 2017 and December 31, 2016		
	Number of shares	Percentage of ownership (%)	Total paid-up capital
			US$'000
PT Tunggaladhi Baskara	4,383,489,018	18.67%	41,583
Citibank Singapore S/A CBSG-CDP-Indonesia C/O. Citibank, N.A	1,752,838,893	7.46%	16,628
Bina Surya Group Employees Cooperative	2,422,056	0.01%	23
Siana Anggraeni Surya	62,400	0.00%	1
Public (below 5,0%)	5,412,019,103	23.05%	51,340
Debt to equity swap			
Holders of notes payable	4,517,659,093	19.24%	20,468
Rupiah bondholder	1,156,691,987	4.93%	5,241
Guaranteed convertible bondholder and guaranteed bondholder	2,223,442,869	9.47%	10,074
Lease creditors	2,623,612,978	11.17%	11,887
Derivative creditors	1,111,874,087	4.73%	5,037
Others	299,205,054	1.27%	1,354
Total	**23,483,317,538**	**100.00%**	**163,636**

Based on notarial deed No. 16 dated November 23, 2015 of Firdhonal, SH, notary in Jakarta, the Shareholders resolved and approved the increase of authorized capital from 14,676,480,000 shares to 44,237,830,228 series A shares and 2,456,869,565 series B shares or equivalent to Rp 2,887,707,867,500 and the issued and paid up capital of 11,550,831,470 series A shares to 23,483,317,538 series A shares or equivalent to Rp 1,467,707,346,125 and the issuance of new series A shares amounting to 11,932,486,068 shares. This change was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0947364.AH.01.02 Year 2015 dated December 6, 2015.

The Company distributed the shares certificates to unsecured creditors in 2016. As of December 31, 2016, share certificates already taken by the unsecured creditors had total number of shares amounting to 9,010,755,251.

Pursuant to PKPU Amendment Plan in 2015, PT Tunggaladhi Baskara committed to transfer the 2% of the total ordinary shares in the Company held by Surya Family to unsecured creditors to be distributed on a pro rata basis among based on the principal debt outstanding. Until the issuance date of this report, no transfer of shares has been made yet.

20. ADDITIONAL PAID-IN CAPITAL

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Paid-in capital	1,188,317	1,188,317
Equity component of convertible bonds	177	177
Difference in capital on treasury shares transaction	(72,856)	(72,856)
Exercise of convertible bonds	(6)	(6)
Net	**1,115,632**	**1,115,632**

Pursuant to PKPU Amendment Plan in 2015, the Company issued 11,932,486,068 series A shares in exchange for the settlement of principal debts amounting to US$ 1,033.5 million with the unsecured creditors. As a result, an amount of US$ 979.5 million is recognized as Additional Paid-in Capital.

21. TREASURY SHARES

At the Extraordinary General Meeting of Shareholders, as stated in notarial deed No. 47 dated May 31, 2006 of Amrul Partomuan Pohan, S.H., LL.M., notary in Jakarta, the shareholders approved to repurchase a maximum of 10.0% of the issued and paid-up shares, at the purchase price of Rp 2,750 per share until May 31, 2007.

In August 2010, the Company entered into a standby facility agreement of US$ 7.5 million. This facility was drawn down in September 2011 in the amount of US$ 7.3 million which was secured by treasury shares with market value on that date amounting to Rp 97.2 billion or equivalent to US$ 11.3 million. The Company did not fulfill its obligations on the maturity date on November 14, 2011; hence an event of default was declared on November 21, 2011 of which the treasury shares were exercised to cover the repayment of the facility. The difference between the carrying amounts of loan and interest and the acquisition cost of such treasury share amounting to US$ 72.9 million was recorded as difference in capital on treasury share transaction, a component of Additional Paid-in Capital.

The total number of treasury shares amounted to 31,027,111 shares or 0.13% of total issued shares.

22. DIFFERENCE ARISING FROM CHANGES IN EQUITY OF SUBSIDIARIES AND EFFECT OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

This account consists of the following transactions:

	March 31, 2016	December 31, 2015
	US$'000	US$'000
Initial public offering of BULL shares	22,669	22,669
Execution of pledged BULL shares	(8,289)	(8,289)
Exchangeable notes recognized as additional investment in BULL	(4,154)	(4,154)
Others	(2,439)	(2,439)
Net	**7,787**	**7,787**

BULL was a former subsidiary of the Company until it was deconsolidated in 2013. The above transactions were the result of changes in the equity ownership of the Company in BULL that were recognized directly in equity.

23. RESERVES

	March 31, 2017	December, 31 2016
	US$'000	US$'000
General reserves	5,898	5,898
Revaluation reserves	16,959	16,959
Financial statements translation	(121)	(121)
Net	**22,736**	**22,736**

a. General reserves

Based on Limited Liability Company Law No. 40 Year 2007, the Company shall appropriate certain amounts of its profit in each year to general reserves if there are funds available, until the general reserves reach at least 20.0% of the issued and fully paid share capital.

The Company allocated general reserves totaling US$ 5.9 million. Such general reserves were approved in prior years' Annual Shareholders' Meetings.

b. Revaluation reserves

The revaluation reserves arose from the revaluation of vessels, net of deferred tax, as applicable. Where revalued vessels are sold, the portion of the revaluation reserves that relates to that vessel, is effectively realized, and is transferred directly to deficit.

c. Financial statements translation

This reserve consists of foreign exchange differences from translation to US$ of subsidiaries' and associates' financial statements with functional currency other than US$.

24. DEFICIT

	2017	2016
	US$'000	US$'000
Beginning balance	(1,278,065)	(1,263,466)
Profit income (loss) for the year	1,472	(4,639)
Ending balance	**(1,276,593)**	**(1,268,105)**

25. OPERATING REVENUES

	2017	2016
	US$'000	US$'000
Operating revenues from:		
Chemical vessels	2,944	983
Gas vessels	2,382	1,185
Others	126	426
Total	**5,452**	**2,594**

In 2017, operating revenues exceeding 10.0% of total operating revenues are derived from PT Pertamina (Persero) Jakarta, PT Shell Indonesia, and M/S Ponpure Chemical which are approximately US$ 3.2 million or 58.69% of total operating revenues.

26. VOYAGE EXPENSES

	2017	2016
	US$'000	US$'000
Fuel	789	449
Port charges	469	291
Total	**1,258**	**740**

12.71% and 5.68% of the above voyage expenses were from related parties in 2017 and 2016, respectively.

There were no expenses from a specific party that exceeded 10.0% of the total voyage expenses.

27. SHIP OPERATING EXPENSES

	2017	2016
	US$'000	US$'000
Vessel crew salaries	1,209	869
Spare parts	208	80
Insurance	145	80
Lubricant	126	111
Repairs and maintenance	125	51
Processing of documents	98	117
Vessel crew meal allowances	90	61
Transportation	50	59
Supplies	35	47
Management fee	-	34
Others	67	237
Total	**2,153**	**1,746**

28. ADMINISTRATIVE EXPENSES

	2016	2015
	US$'000	US$'000
Professional fees	178	1,543
Salaries	428	835
Office expenses	167	271
Telecommunication	37	48
Transportation	26	29
Depreciation	21	25
Bank charges	14	19
Representation	9	20
Marketing	3	8
Others	63	97
Total	**946**	**2,895**

29. EARNINGS (LOSS) PER SHARE

The Group's computation for basic earnings (loss) per share for 2016 and 2015 is as follows:

	2017	2016
	US$'000	US$'000
Net profit (loss) attributable to owners of the Company	1,472	(4,639)
Weighted average number of outstanding shares	23,452,290,427	23,452,290,427
Basic earnings (loss) per share	**0.0001**	**(0.0002)**
Net income (loss) attributable to owners of the Company	1,472	(4,639)
Weighted average number of outstanding shares	23,452,290,427	23,452,290,427
Effect of dilution:		
Shares to be issued to PT Megah Elang Inti	2,456,869,565	2,456,869,565
Weighted average number of outstanding shares adjusted for the effect of dilution	25,909,159,992	25,909,159,992
Diluted earnings (loss) per share	**0.0001**	**(0.0002)**

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to owners of the Company by the weighted average number of outstanding shares during the year plus the weighted average of shares to be issued to PT Megah Elang Inti under the PKPU Amendment Plan.

30. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on type of products or services delivered or provided. The Group's reportable segments are, based on type of vessels chartered: chemical tankers and gas tankers; and others revenues.

The following summary describes the operations in each of the reportable segments:

a. Chemical tankers provide maritime transportation of liquid chemical (organic and non-organic) and vegetable oil and animal fats.

b. Gas tankers provide maritime transportation of liquefied gas, which includes, LPG, propylene, propane and LNG.

c. Others include manning and ship management.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 to the consolidated financial statements. Segment profit respresent the profit earned by each segment without allocation of administrative expenses, finance cost, investment income, and share in profit (loss) of associates, and other gains and losses. This is the measure reported to the directors as the chief operating decision- maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following tables show the analysis of the Group's reportable segments:

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Segment assets		
Chemical	29,958	31,455
Gas	10,825	18,274
Others	9,122	1,465
Total	49,905	51,194
Unallocated assets	51,917	50,179
Consolidated	**101,822**	**101,373**
Segment liabilities		
Chemical	3,022	1,579
Gas	4,101	4,126
Others	3,332	5,290
Total	10,455	10,995
Unallocated liabilities and eliminations	41,943	42,426
Consolidated	**52,398**	**53,421**

30. SEGMENT INFORMATION (continued)

Segment revenues and expenses

	2017			
	Chemical	Gas	Others	Total
	US$'000	US$'000	US$'000	US$'000
Segment revenue				
External revenue	2,944	2,382	126	5,452
Segment expenses				
Voyage expenses	1,215	43	-	1,258
Ship operating expenses	1,533	620	-	2,153
Vessel depreciation	1,287	124	-	1,411
Total segment expenses	4,035	787	-	4,822
Segment profit (loss)	**(1,091)**	**1,595**	**126**	**630**

	2016			
	Chemical	Gas	Others	Total
	US$'000	US$'000	US$'000	US$'000
Segment revenue				
External revenue	983	1,185	426	2,594
Segment expenses				
Voyage expenses	372	368	-	740
Ship operating expenses	728	1,018	-	1,746
Vessel depreciation	299	494	-	793
Total segment expenses	1,399	1,880	-	3,279
Segment profit (loss)	**(416)**	**(695)**	**426**	**(685)**

Other segment information

	Depreciation		Capital expenditures	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Chemical	1,287	299	1,128	4,950
Gas	124	494	-	-
Oil	-	-	-	-
Consolidated	**1,411**	**793**	**1,128**	**4,950**

30. SEGMENT INFORMATION (continued)

Geographical segment information

The Group is domiciled in two main geographical areas namely, Malaysia and Indonesia.

	March 31, 2017			
	Malaysia	Indonesia	Unallocated and Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000
Assets and liabilities				
Total segment assets	32,895	17,010	51,917	101,822
Total segment liabilities	(6,097)	(4,357)	(41,944)	(52,398)
Net assets (liabilities)	**26,798**	**12,653**	**9,973**	**49,424**

	2017			
	Malaysia	Indonesia	Unallocated and Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000
Revenues				
External revenues	3,390	2,062	-	5,452
Inter-segment revenues	282	116	(398)	-
Total revenues	**3,672**	**2,178**	**(398)**	**5,452**

	December 31, 2016			
	Malaysia	Indonesia	Unallocated and Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000
Assets and liabilities				
Total segment assets	33,733	17,461	50,179	101,373
Total segment liabilities	(6,684)	(4,311)	(42,426)	(53,421)
Net assets (liabilities)	**27,049**	**13,150**	**7,753**	**47,952**

	December 31, 2016			
	Malaysia	Indonesia	Unallocated and Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000
Revenues				
External revenues	1,438	1,156	-	2,594
Inter-segment revenues	75	96	(171)	-
Total revenues	**1,513**	**1,252**	**(171)**	**2,594**

31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Nature of relationship

- PT Bagusnusa Samudra Gemilang is the ultimate parent and controlling party of the Group.
- Thai Petra Transport Co. Ltd. is an associated entity of the Group.
- PT Garuda Mahakam Pratama is a company under common control of PT Bagusnusa Samudra Gemilang.
- PT Arpeni Pratama Ocean Line Tbk is a company owned by close family members of the controlling party of PT Bagusnusa Samudra Gemilang.
- Pan Union Agencies Pte. Ltd. and Pan Union Shipping Pte. Ltd. are companies that are directly or indirectly owned by Ms. Siana Anggraeni Surya, the Company's President Director.

Transactions with related parties

The Group, in their regular conduct of its business, has engaged in transactions with related parties. The outstanding balances with related parties are as follows:

	Amount		Percentage to total consolidated liabilities	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	US$'000	US$'000		
Trade accounts payable:				
Thai Petra Transport Co. Ltd.	111	119	0.21%	0.22%
PT Arpeni Pratama Ocean Line Tbk	37	37	0.07%	0.07%
PT Garuda Mahakam Pratama	20	20	0.04%	0.04%
Pan Union Agencies Pte. Ltd.	8	11	0.02%	0.02%
Loans payable:				
PT Bagunusa Samudra Gemilang	1,858	1,828	3.55%	3.42%
Total	**2,034**	**2,015**	**3.89%**	**3.77%**

Voyage expenses incurred with related parties are as follows:

	Amount		Percentage to total consolidated voyage expenses	
	2017	2016	2017	2016
	US$'000	US$'000		
Voyage expenses:				
Thai Petra Transport Co. Ltd.	92	38	7.31%	5.14%
Pan Union Agencies Pte. Ltd.	68	2	5.41%	0.27%
PT Garuda Mahakam Pratama	0	2	0.00%	0.27%
Total	**160**	**42**	**12.72%**	**5.68%**

32. LITIGATIONS

On January 26, 2012, following the covenant breach of an agreement covering a loan granted to one of the subsidiaries for which the Company is a guarantor, the Company declared a debt standstill on all of the Group's bank loans, bonds, lease and derivative agreements and other financial obligations, to enable the Group to review its financial position and arrangements. BULL and its creditors are excluded from the debt standstill. Accordingly, several of the Group's creditors declared events of default. On June 14, 2012, Mandiri filed a petition for PKPU proceedings against the Company in the Central Jakarta Commercial Court.

- PKPU proceedings in Indonesia

  On March 14, 2013, the requisite majority of the secured and unsecured creditors of the Company voted to approve a plan put forward by the Company for the restructuring of its debts as part of the PKPU process overseen by the Central Jakarta Commercial Court. The Restructuring Plan was subsequently ratified by the Central Jakarta Commercial Court on March 22, 2013.

  On March 28, 2013, six related Indonesian bondholders filed an appeal to the Supreme Court of the Republic of Indonesia ("Supreme Court") against the decision of the Central Jakarta Commercial Court in ratifying the Restructuring Plan. On July 25, 2013, the Supreme Court dismissed the PKPU appeal of the six Indonesian bondholders.

  On June 16, 2014, the Supreme Court issued a judgment which set out the grounds for its rejection of the PKPU appeal filed by the six Indonesian bondholders.

  On July 18, 2014, the six related Indonesian bondholders filed a civil review against the Supreme Court Decision which was rejected again by the Supreme Court on November 2, 2015.

  Section I paragraph 4 of the Restructuring Plan authorized the Company to amend the PKPU Plan with the approval of at least 50% of the creditors and 66.67% of the amount of claims outstanding from the two classes of creditors (secured and unsecured) attending and voting at a creditor's meeting.

  On July 8, 2015, after the issuance of the PKPU Amendment Plan to the creditors, the same group of Indonesian bondholders filed a lawsuit to nullify the PKPU Amendment Plan.

  The Commercial Court dismissed the lawsuit in its entirety in a hearing on September 7, 2015 and the same group filed an appeal again on September 15, 2015 to the Supreme Court. The Supreme Court has again rejected the plaintiffs' lawsuit on January 27, 2016 with Decision No. 817 K/Pdt.Sus-Pailit/2015/PN Jakarta Pusat.

  On August 26, 2016, the same group challenged the judgment of the Supreme Court through a civil review process.

  As of December 31, 2016, the Group has not yet received a court notification of whether the Supreme Court has rendered its judgment in relation to the group of Indonesian bondholders' civil review challenge.

32. LITIGATIONS (continued)

- Chapter 11 proceedings in the United States

  On December 13, 2012, Gramercy entities (major bondholder of the US$ secured bonds) filed for Chapter 11 Proceedings in the US Bankruptcy Court ("US Court").

  On March 7, 2013, the Company reached an agreement with Gramercy pursuant to which the Chapter 11 proceedings would be indefinitely stayed pending a final order being granted in Chapter 15 proceedings.

  On December 8, 2014, the Company filed a motion with the US Court to dismiss the Chapter 11 proceedings.

  On January 8, 2015, the Chapter 11 Proceedings were dismissed and the case was ordered to be closed.

- Chapter 15 proceedings in the United States

  On March 26, 2013, following the ratification of the Company's Restructuring Plan by the Central Jakarta Commercial Court, the Company filed a petition under Chapter 15 of the United States Bankruptcy Code to recognize the PKPU proceedings as foreign main proceedings.

  On May 21, 2013, the US Court granted recognition of the Indonesian PKPU proceedings as foreign main proceedings. The order for recognition is accompanied by a permanent injunction on all litigation and enforcement proceedings against the Company within the US. The next step in the Chapter 15 process is for the Company to file an application seeking enforcement of the Restructuring Plan in the US.

  On December 8, 2014, the Company filed a motion with the US Court to grant recognition of the Restructuring Plan within the United States.

  On January 8, 2015, the US Court granted recognition of the Indonesian Restructuring Plan including any amendments or modifications and gave the plan full force and effect in US to the same extent that are given effect in Indonesia and each is binding on all Plan Creditors (as defined in the Restructuring Plan) of the Company.

  On August 27, 2015, Chapter 15 Proceedings were closed by order of the US Bankruptcy Court, with the closing order clarifying that any amendments to the Restructuring Plan be given full force and effect with references to the Restructuring Plan in the PKPU Recognition Order including any amendment to the Restructuring Plan.

- Section 210 (10) proceedings in Singapore

  On September 13, 2013, following the ratification of the Company's Restructuring Plan by the Central Jakarta Commercial Court, the Singapore High Court granted certain subsidiaries of the Company ("Relevant Subsidiaries") to convene meetings of the creditors for the purposes of approving a scheme of arrangement between each Relevant Subsidiary and its creditors.

32. LITIGATIONS (continued)

- Section 210 (10) proceedings in Singapore (continued)

  The Relevant Subsidiaries' proposals under their respective schemes of arrangement are part of the implementation of the restructuring initiatives set out in the Restructuring Plan proposed by the Company and approved by the Indonesian courts in the Company's PKPU process. The terms being proposed to each of the Relevant Subsidiaries' creditors under the schemes of arrangement mirror, insofar as possible, the terms proposed to similarly placed creditors of the Company under the Restructuring Plan. The schemes of arrangement do not concern any bank borrowings of the Company or its subsidiaries, which are being restructured separately.

  On February 17, 2014, the Scheme Applicants applied to the High Court of Singapore for their respective schemes of arrangement to be approved by the court. On February 25, 2014, the High Court of Singapore approved each of the schemes of arrangement proposed by the Scheme Applicants.

  On May 25, 2015, the Scheme Applicants apart from Tridonawati Maritime Pte Ltd ("2nd Scheme Applicants") filed applications for leave to call creditors' meetings with a view to proposing another scheme of arrangement between each 2nd Scheme Applicant and its creditors. These schemes of arrangement were intended to facilitate the transactions contemplated in the PKPU Amendment Plan by, among other things, allowing for the transfer of the vessel owned by each 2nd Scheme Applicant to a new company.

  On July 15, 2015 and July 16, 2015, each of the 2nd Scheme Applicants held their respective creditors' meetings in respect of the proposed schemes of arrangement. On July 23, 2015, each of the 2nd Scheme Applicants applied to the High Court of Singapore for their respective schemes of arrangement to be approved by the court.

  On August 17, 2015, the Singapore High Court approved and sanction the schemes of arrangement of all the Relevant Subsidiaries.

The Group's management represents that there are no other ongoing legal cases or arbitration insofar as they are aware which are faced by the Group in addition to those disclosed above.

33. OVERVIEW OF THE RESTRUCTURING PLAN

On March 22, 2013, the Company's Restructuring Plan was ratified by the decision of the Central Jakarta Commercial Court under Case No. 27/PKPU/2012/PN. NIAGA. JKT. PST, wherein all parties must abide by and perform the terms of the Restructuring Plan and the Company will be discharged from the PKPU proceedings.

Prior to the ratification of the Restructuring Plan, there were ongoing restructuring steps taken such as business preservation, cash management improvement, fleet restructuring including renegotiation of leases, tonnage allocation, sale of non-profitable vessels, appointment of third party ship management, sales of ethylene vessels, office rationalization, efficiency of general and administration expenses and the management of operational vessels.

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

Further, the Company agreed with the MLA for a working capital facility of a certain amount, part of which will provide the necessary funding other than funding derived from the sales proceeds of vessels to perform necessary restructuring initiatives. In connection with this working capital facility, the MLA Lenders have set out a number of requirements as a condition for providing the funds, the security, addressing the Group's structure, the secured shares, changes in management, sales of certain vessels, monitoring accountant and assessment of tax implications on restructuring.

PKPU creditors under the Restructuring Plan are classified as follows: (1) secured creditors, comprising of Mandiri, BCA, Deutsche Bank, AG., Bank Mizuho and MLOR; and (2) unsecured creditors, comprising of HSBC Bank USA (trustee of notes payable), HSBC Hong Kong Limited (trustee of convertible bonds), PT Bank CIMB Niaga Tbk (trustee of bonds payable), Gramercy Distressed Opportunity Fund (Gramercy) (bondholders), Cowell & Lee Asia Credit Opportunity Fund (bondholders) and others. The majority of secured and unsecured creditors have agreed to the Restructuring Plan. The ratified Restructuring Plan ("the Plan") provides/prescribes, among others:

a. The Plan has been developed in the face of a number of adverse factors such as the following:

   - challenging and persistently poor shipping market conditions;
   - severe working capital crisis and the need to fund for restructuring initiatives from operating cash flows;
   - simultaneous financial restructuring of BULL, application of Chapter 11 petition by Gramercy against the Company in New York;
   - maritime law requirements and processes in different jurisdictions.

b. The Plan is based upon a fundamental analysis of forecast earnings (taking into account current performance and market forecasts) and having regard to each of the creditors' relative positions including security rights, vessel earnings, currency and stipulated requirements.

c. The Plan relies on key assumptions such as the availability of additional working capital, the successful completion of restructuring initiatives, market growth assumption, future sale of assets, renewal of aging chemical tankers and increasing fleet size by time chartering.

d. The key drivers of improved performance on the forecast are changing better than expected freight rates and/or lower bunker prices.

e. On the basis that the improved Earnings Before Interests Tax Depreciation and Amortization ("EBITDA") is achieved, a proposal for sharing of the surplus cash among the creditors (to amortize debt), while retaining sufficient cash for important capital expenditure initiatives (fleet replenishment) had been developed. A cash flow waterfall will be implemented based upon the payments to be made as stated in the Restructuring Plan.

f. A cash sweep shall be implemented semiannually with respect to surplus cash after payments on the cash flow waterfall are made and the working capital facility is fully paid. The cash sweep enables additional principal repayments to be applied to the outstanding balance (in reverse order) with respect to outstanding secured and unsecured creditors and allocation to a capital expenditures reserve on a pro-rata basis as stated in the Restructuring Plan.

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

g. Key observations from such assumptions and analysis include; (i) secured creditors will be paid substantially quicker by Year 6; (ii) liabilities to unsecured creditors are amortized substantially over the 10-year period commencing Year 3; (iii) the capital expenditure reserve is expected to build up to allow fleet replenishment primarily from cash reserves; and (iv) no capital expenditure requirements in Years 1 to 5.

h. The key principles underpinning the restructuring of the Group's debt are set out as follows:

- Secured creditors will retain 100.0% of their principal debt which will all be denominated in US$ or Rp (as the case may be except for the MLA Lenders whose debt shall at all times remain denominated in US$) with repayments extended up to 10 years in line with the earnings of their vessels;
- Interest rate margins will remain in accordance with original debt facilities but will reflect US$ or Rp cost of the funds;
- The Company and any of the secured creditors may, by mutual consent, convert the currency of their principal debt at any time;
- Unsecured creditors will retain 100.0% of their principal debt, with a bullet repayment in Year 10;
- Interest rates are increased over time in line with forecasts and available funds with interest rates for both Rp and US$ denominated debt reflecting an appropriate currency differential;
- Trade suppliers will receive payments up to 80.0% of the outstanding amounts over 5 years; and
- Fund-raising of a certain amount during the 10-year period.

i. The outstanding amount to each of the secured and unsecured creditors voted on the Plan (the Plan Creditors) for the purposes of the PKPU is determined by reference to the List of Fixed Receivables (PKPU Creditor List) confirmed by the Supervisory Judge on December 5, 2012 or any subsequent, amended or revised List of Fixed Receivables confirmed by the Supervisory Judge (except for certain lease creditors who have agreed or will agree with the Company to have the value of their claim determined by an independent adjudicator). Where there is insufficient cash to pay a quarterly installment of interest or principal owing to a secured creditor, that secured creditor may, in its discretion, by notice in writing to the Company, agree to add the amount of that installment to the next quarterly installment rather than demand immediate payment.

j. A summary of the revised proposed terms for unsecured creditors are as follows:

- Interest payments are subject to a maximum LTV (Loan To Value) of 100.0% on the MLA Lenders' loan facility whereby (Loan To Value) LTV is determined based on the value of the collateralized vessels mortgaged to the MLA Lenders ("LTV Test"); and

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

j. A summary of the revised proposed terms for unsecured creditors are as follows:

- Unsecured creditors shall not be entitled to call an event of default for any nonpayment of interest occurring at the earlier of April 1, 2017, or until such time as the LTV on the MLA Lenders' facility is 70.0% or less, whichever is earlier.

- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company with estimated fair value of US$ 23.3 million or 3,955,764,202 shares.

- Equity in the Company equivalent to a total of 316,461,136 shares or estimated value of US$ 1.9 million will be issued to the holders of the US$ 48.9 million Guaranteed Convertible Bonds and US$ 125 million 12.0% Guaranteed Convertible Bonds for the conversion rights to be given up by the bond holders.

k. Upon approval of the Restructuring Plan by the Court, the Company will obtain recognition of the Restructuring Plan and the PKPU process under Chapter 15 of the United States Bankruptcy Code. The subsidiaries of the Company which have taken out applications under Section 210 (10) of the Companies Act intend to present schemes of arrangement to give effect to the principal and relevant terms of this Restructuring Plan in respect of that particular subsidiary, provided that the MLA Lenders support this course of action. Where necessary, the Relevant Subsidiaries of the Company which successfully put in place schemes of arrangement under Section 210 of the Companies Act intend to obtain recognition of those schemes under Chapter 15 of the United States Bankruptcy Code.

l. The Company and the Plan Creditors agree to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents as may be required by law or as may be necessary to implement and/or give effect to the Restructuring Plan and the transactions contemplated thereby. For the avoidance of doubt, the MLA Lenders are not considered to be the Restructuring Plan Creditors. They will enter into a separate term sheet and definitive restructuring documentation with the borrower and guarantors of the MLA facility with terms and provisions that are consistent with the provisions of this Plan.

ING Bank N.V. is also not considered to be a Plan Creditor. It will enter into a separate term sheet and definitive restructuring documentation with obligors of SBLC with terms and provisions that are consistent with the provisions of this Plan while MLOR, which is a creditor of the Company, will not receive any payments under the Restructuring Plan without the completion of a separate transaction pursuant to BULL'S restructuring to deal with its claims and security. For as long as the Company's obligations under this Restructuring Plan remain outstanding, the Company undertakes that it shall not do certain things as stipulated in the Restructuring Plan.

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

m. Without prejudice to the foregoing, the Company and the Plan Creditors (except the Lease creditors, Other unsecured creditors, trade creditors and intercompany creditors, as those terms are used) may agree to execute and deliver (or procure the execution and delivery of) such documentation as may be necessary under relevant law to record, amend and/or restate the terms and conditions governing each of the debts owed by the Company and/or its subsidiaries to the relevant Plan Creditor such that those terms and conditions are consistent and do not conflict with any of the terms of the Plan and the transactions contemplated hereby, including without limitation one or more voluntary consent solicitations or mandatory exchange offers in accordance with applicable law, including, without limitation, the US$ Bonds term sheet and the documentation contemplated thereunder (the "Definitive Documentation"). An event of default may only arise under the Restructuring Plan and/or Definitive Documentation as a result of a breach of the express terms of the Restructuring Plan itself and not additional terms set out in any Definitive Documentation (excluding for the purposes of this provision, any and all Definitive Documentation relating to the US$ Bonds).

The Company, its relevant subsidiaries and the US$ Bondholders are in the process of entering into a term sheet with respect to the US$ Bonds, setting out certain terms on which the Company, its relevant subsidiaries and the US$ Bondholders expect to restructure the terms of the indebtedness owed (actually or contingently) by the Company and its relevant subsidiaries to the US$ Bondholders under the US$ Bonds outside of the PKPU proceedings pursuant to the separate documents implementing the restructuring of the actual and contingent indebtedness of the Company and its relevant subsidiaries to the US$ Bondholders. The terms and provisions of the US$ Bonds term sheet will be consistent with the provisions of this Restructuring Plan and the Company undertakes to enter into the US$ Bonds term sheet and any and all other documentation contemplated thereunder and to take all steps reasonably necessary to make such documentation effective as soon as practicable following the approval of this Restructuring Plan. The Restructuring Plan also governs requirements adhered to in the Definitive Documentation.

n. The Company and/or its subsidiaries shall be required to fulfill its obligations under this Agreement only insofar as such approvals and consents as may be necessary have been obtained (and have not been withdrawn or amended) from such regulatory or supervisory authorities as may be necessary, including without limitation, the SGX, IDX, OJK or the shareholders of the Company or of BULL, subsequent to the Plan being approved by the Jakarta Court.

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

o. Upon the approval of the Restructuring Plan by the Plan Creditors and the Jakarta Court, any further amendment to the Restructuring Plan will be subject to approval by at least 50.0% in number and 66.7% in value of the aggregate outstanding debt of two classes (secured and unsecured) of Plan Creditors, at such time as such secured and unsecured Plan Creditors vote, provided, however, that:

- Any amendment purporting to include the MLA Lenders and ING Bank N.V. as a Plan Creditor (except by reason of the MLA Lenders and ING Bank N.V.) shall require the written consent of the MLA Lenders or ING Bank N.V.;

- For so long as any amount of indebtedness remains owing to the MLA Lenders, any amendment to certain sections in the Plan shall require the written consent of the MLA Lenders;

- An amendment or waiver to certain sections in the Plan to the rights or obligations of the SBLC Bank, the earnings account of “Gas Bangka”, the earnings of “Gas Bangka” or of any security held by ING Bank N.V. to secure the SBLC Facility may not, so long as any actual or contingent liability remains under the SBLC Facility, be effected without the consent of ING Bank N.V.; and

- No amendment shall be made to the terms described in relation to the US$ Bondholders or to any other term which would affect any such other agreements and documents as agreed between the Company and the US$ Bondholders without the specific written consent of the US$ Bondholders.

Despite the Company’s efforts and commitment to fully implement the aforementioned debt restructuring, a number of events had impeded a successful implementation of the Restructuring Plan, including:

- a delayed market recovery in the shipping market as compared to the forecast set out in the Restructuring Plan;

- a lack of bank financing and investor appetite available for the industry resulting in difficulty in obtaining the fundraising envisaged under the Restructuring Plan;

- inability to obtain approval from the relevant regulatory authorities in Indonesia for the issuance of new shares set out in the Restructuring Plan; and

- the risk of delisting by the IDX due to the Company’s substantial capital deficiency.

In view of the various factors above, the Company had to undertake a further restructuring of the Group’s obligations under the MLA Facility and the Restructuring Plan.

On April 22, 2015, the Company negotiated a consensual arrangement with the MLA Lenders relating to the restructuring of the MLA Facility (“MLA Restructuring”), and signed a binding term sheet and a restructuring support agreement (“RSA”) with, among others, the MLA Lenders. The MLA Restructuring avoided enforcement over all assets which were then secured in favor of the MLA Lenders and retained as much value as possible for the Company and its stakeholders.

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

The amendments to the Restructuring Plan ("PKPU Amendment Plan") was proposed and approved by the requisite majority creditors of both secured and unsecured creditors of the Group on August 14, 2015. The PKPU Amendment Plan received unanimous approval from the Company's secured creditors and the approval of a majority representing 64.67% in number and 86.64% in value of the Group's unsecured creditors.

The key principles underpinning the Proposed Restructuring under PKPU Amendment Plan are set out below:

a) The agreed terms under MLA Restructring, which include:

- The Group shall transfer the MLA Assets to Chembulk Investment Co LLC ("NewCo") in return for forgiveness of all debts outstanding under that MLA Facility.

- The MLA Lenders shall release or procure the release of the following assets to the Group: (i) Teekay JV and Buana which are secured to MLA Lenders under the MLA Facility Documents; (ii) US$ 9.2 million cash collateral and Gas Bangka, which are posted as security under the ING Standby Letter of Credit Facility; and (iii) cash refund of up to 50% of the fees and expenses incurred by the MLA Lenders pursuant to this Proposed Restructuring.

- The MLA Lenders shall issue the following assets to the Group: (i) NewCo Warrants to purchase up to 10% equity in NewCo which are subject to dilution by a market-based management incentive program and any future issuance of equity securities by NewCo; and (ii) NewCo Preferred Equity Interest amounting to US$ 10.0 million to be received in equal annual installments over 5 years;

b) The Surya family has committed to procure a cash injection of US$ 10.0 million into the Group for working capital or business development purposes in exchange for additional share capital in the Company.

One of the key components of the PKPU Amendment Plan is the issuance by the Company of up to 11,673,084,196 new Shares ("New BLT Shares") (equivalent to approximately 45% of the enlarged share capital of the Company after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion) for distribution on a pro rata basis to the unsecured creditors and up to 259,401,872 new Shares ("New CB Shares") (equivalent to approximately 1% of the enlarged share capital of the Company after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion) for distribution to the Convertible Bondholders, subject to the necessary corporate and regulatory approvals being obtained ("Proposed Debt-Equity Swap Share Issuance"). The commercial terms of the Proposed Debt-Equity Swap Share Issuance were arrived at after arm's length negotiations with the unsecured creditors.

Under the IDX listing rules, within twelve (12) months of the date of the listing of the New BLT Shares and the New CB Shares on the IDX, the unsecured creditors shall be subject to a mandatory lock-up period, and accordingly, shall not sell or dispose of any of the New BLT Shares or New CB Shares.

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

Under the PKPU Amendment Plan, the Plan creditors agreed to the following:

a) Secured creditors

- principal amortization from the date of approval of the PKPU Amendment Plan to March 31, 2017 is subject to the cash available in the respective secured creditor's earnings account;
- mandatory principal amortization shall commence from April 1, 2017 onwards with 32 equal quarterly installments in accordance with the Restructuring Plan;
- interest shall be accrued and paid on a quarterly basis commencing April 1, 2015 in accordance with Restructuring Plan; and
- no accelerated repayment from cash sweep

b) Unsecured creditors

- Full debt for equity swap of principal debt. Unsecured Creditors will collectively receive and hold 47% new equity of the enlarged share capital of the Company (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion), comprising:
  - The issuance of new shares consisting of up to 11,673,084,196 shares equivalent to 45% of the enlarged share capital of the Company (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion); and
  - A transfer of 2% of the total shares held by Surya family (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion).

    In each case, distributed on a pro rata basis among the Unsecured Creditors based on the principal debt outstanding.
- The HY Bondholders retains security over the Teekay JV and Buana for their interest payments for the period April 1, 2015 to March 31, 2017 of up to US$ 8.6 million ("HY Interest"). The Group will pay the HY Interest to the HY Bondholders as follows:
  - US$ 1.0 million within five (5) business days of the closing of the PKPU Amendment Plan; and
  - the balance of the HY Interest in accordance with the Restructuring Plan.
- In addition to their allocation of the New BLT Shares and the transfer of 2% shared held by Surya Family, the Convertible Bondholders will, in aggregate, also be given an additional 1% equity stake in the enlarged share capital of BLT (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion), consisting of up to 259,401,872 shares, which is consistent with the Restructuring Plan as consideration for their forfeiture of their conversion rights.
- The Unsecured Creditors to hold, on a pro rata basis, an interest in Buana and Nevaeh through a structure that would deliver the economic benefit of those assets to the Unsecured Creditors.
- Waiver of all interest capitalized.

33. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

c) Trade creditors

- Trade creditors will retain 50% of their outstanding debt balance and will be paid over 5 years.

d) Intercompany Creditors

- No payments to any Intercompany Creditor, as defined in the Restructuring Plan, or satisfaction of any intercompany claim with any Intercompany Creditors until (i) all existing secured creditors are repaid in full, and (ii) the aggregate value of the 48% equity interest held by the Unsecured Creditors, including their successors and nominees, exceeds the total outstanding claims of US$ 1.1 billion.

- Intercompany Creditors will not exercise their voting rights in the PKPU Amendment Plan or otherwise assert or make any claims upon Company in any manner whatsoever; and

- Intercompany claims owned by BULL and/or BULL Subsidiaries, as defined in the Restructuring Plan, shall be paid in priority to other intercompany claims.

Based on Extraordinary General Meeting of Shareholders notarized under deed No. 5 dated November 17, 2015 of Firdhonal, SH, notary in Jakarta, the Company obtained approval from the existing Shareholders for the Proposed Debt-Equity Swap Share Issuance and Proposed Issuance of MCS.

On December 1, 2015, MLA Restructuring has been successfully completed.

In connection with the capital increase arising from the conversion of debt-equity (debt to equity), the Company has amended the articles of association to increase the authorized capital, issued and fully paid as stated in the deed No. 16 dated November 23, 2015 of Firdhonal, S,H., Notary in Jakarta. This amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its letter No. AHU-0947364.AH.01.02 Year 2015 dated December 6, 2015.

The Company announced the implementation of the proposed debt-to-equity conversion on December 15, 2015 and effectively applied on December 31, 2015.

The MLA Restructuring and debt-to-equity swap resulted to recognition of gain on extinguishment of debt - net amounting to US$ 172.8 million in 2015. The restructured terms of trade payable creditors and intercompany creditors resulted to gain on restructuring of US$ 40.6 million in 2015.

34. MANDATORY CONVERTIBLE SECURITIES

Pursuant to PKPU Amendment Plan, the Surya family has committed to procure a cash injection of US$ 10.0 million into the Group for working capital or business development purposes in exchange for additional share capital in the Company.

On October 9, 2015, the Group entered into MCS subscription agreement with PT Elang Megah Inti, a third party investor, for the proposed allocation and issuance of MCS to PT Elang Megah Inti for a consideration of US$ 10.0 million.

Pursuant to the agreement, the aggregate number of conversion shares shall not exceed 2,456,869,565 shares ("Proposed Issuance of MCS"). The Proposed Issuance of MCS will result in PT Elang Megah Inti holding approximately up to 9.5% of the enlarged share capital of the Company after both the Proposed Debt-Equity Swap Share Issuance and the MCS conversion.

Based on Extraordinary General Meeting of Shareholders notarized under deed No. 5 dated November 17, 2015 of Firdhonal, SH, notary in Jakarta, the Company obtained approval from the existing Shareholders for the Proposed Debt-Equity Swap Share Issuance and Proposed Issuance of MCS.

In 2016, the Group received the US$ 10.0 million and recorded it as part of equity. Conversion to the Company's shares will be made on any date after the expiry of one month from the resumption of trading of shares in IDX and/or SGX, provided always that the shares have been traded for at least 25 trading days prior to conversion date and the New BLT Shares and New CB Shares arising from the Proposed debt-to-equity swap have been distributed to certain unsecured creditors of the Group.

35. FINANCIAL INSTRUMENTS

a. Capital risk management

Since the ratification of the Restructuring Plan, the primary objective of the Group's capital risk management has been to ensure the availability of the Group's working capital to run its operations and restructuring initiatives in accordance with the Restructuring Plan.

The Group manages its capital structure and makes adjustments to it, to cope with the changes in economic conditions. Currently, the Group manages its capital by regularly monitoring its working capital requirements in accordance with the PKPU Amendment Plan. As of March 31m 20017 and December 31, 2016, the Group is in deficit position. As such, the Group will continuously apply cost-cutting and restructuring initiatives to review and monitor its capital expenditure.

35. FINANCIAL INSTRUMENTS (continued)

b. Categories of financial instruments

Financial assets

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Cash on hand and in banks	11,964	5,788
Trade receivables - third parties	2,049	1,927
Other receivables - third parties *)	1,145	1,068
Derivative financial asset	12,965	12,965
AFS financial assets	21,929	21,929
Other non-current assets	75	4
Total	**50,127**	**43,681**

Financial liabilities

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Trade accounts payable	6,416	6,083
Accrued expenses	2,729	3,513
Loans payable	29,259	29,433
Other payables	11,329	11,625
Other current liabilities	1,204	1,323
Total	**50,937**	**51,977**

c. Financial risk management policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the operation and development of its business while managing its exposure to foreign exchange risk, interest rate risk, credit risk, fuel risk and liquidity risk. The Group's financial risk management policies are as follows:

Foreign exchange (non-functional currency) risk management

The entities in the Group conduct their respective businesses in currencies other than their functional currencies primarily in rupiah, Singapore dollar, Japanese yen, Chinese renminbi and euro. Foreign currency exposures and fluctuations have material impact on the Group's consolidated financial statements.

The entities in the Group have the policy to manage foreign exchange risks so as to maximize profits. The Group has practices that include the periodic review of the impact of movements in foreign exchange rates on profitability so that the Group can take action to mitigate these risks.

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35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Foreign exchange (non-functional currency) risk management (continued)

The significant financial monetary assets and liabilities in foreign currencies of the Group are as follows:

		March 31, 2017		December 31, 2016	
	Currency	Foreign currencies '000	Equivalent to US$ US$'000	Foreign currencies '000	Equivalent to US$ US$'000
Assets					
Cash on hand and in banks	Rp	26,921,741	1,709	22,962,124	1,709
	EUR	3	4	4	4
	SGD	2	1	1	1
Trade receivables	Rp	7,965,958	770	10,345,720	770
	SGD	6	5	7	5
Total			**2,489**		**2,489**
Liabilities					
Trade accounts payable	Rp	20,461,056	1,536	19,194,363	1,429
	SGD	1,038	744	1,432	701
	JPY	6,404	57	702	6
	EUR	133	124	441	465
Loans payable	Rp	172,347,098	12,938	175,111,000	13,033
Total			**15,399**		**15,634**

The summary of the carrying amounts of the Group's significant financial monetary assets and monetary liabilities denominated in currencies other than US$ as at reporting date is as follows:

	March 31, 2017		December 31, 2016	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Rupiah	2,619	14,474	2,479	14,462
Singapore dollar	7	744	6	701
Euro	3	124	4	465
Yen	-	57	-	6
Total	**2,629**	**15,399**	**2,489**	**15,634**

35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Interest rate risks management

The Group is also exposed to interest rate risk as it also borrows funds in rupiah and US$ at floating interest rates.

The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instrument classified as fixed rate is fixed until the maturity of the instrument and is therefore not subject to interest rate risk.

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rate while enabling benefits to be enjoyed if interest rates fall.

Credit risk management

The Group's exposure to credit risk is primarily attributable to cash in banks, trade receivables, other receivables, other non-current assets, derivative financial asset and AFS financial assets.

In determining the credit terms for customers, the management considers the following factors: (i) the financial strength of the customer, (ii) the customer's historical payment record, (iii) the length of the relationship with the customer and (iv) the distance or duration of a specific voyage. Based on these factors, the Group's credit terms may vary. The credit terms may also be modified based on negotiations with each customer. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to a minimal credit risk. Cash in banks are placed only in credit worthy financial institutions.

The carrying amounts of the above-mentioned financial assets recorded in the consolidated financial statements represent the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Credit quality of financial assets

The credit quality of financial assets is managed by the Group using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.

35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Credit quality of financial assets (continued)

The credit quality of the Group's financial assets follows:

	March 31, 2017				
	Neither past due nor impaired		Past due		
	High quality	Standard quality	but not impaired	Impaired	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks	11,817	-	-	-	11,817
Trade receivables - third parties	902	-	1,147	1,796	3,845
Other receivables - third parties	-	1,145	-	-	1,145
Derivative financial asset	-	12,965	-	-	12,965
AFS financial assets	-	21,929	-	-	21,929
Other non-current assets	-	75	-	-	75
Total	**12,719**	**36,114**	**1,147**	**1,796**	**51,776**

	December 31, 2016				
	Neither past due nor impaired		Past due		
	High quality	Standard quality	but not impaired	Impaired	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks	5,719	-	-	-	5,719
Trade receivables - third parties	1,112	-	815	1,796	3,723
Other receivables - third parties	-	1,068	-	-	1,068
Derivative financial asset	-	12,965	-	-	12,965
AFS financial assets	-	21,929	-	-	21,929
Other non-current assets	-	4	-	-	4
Total	**6,831**	**35,966**	**815**	**1,796**	**45,408**

Fuel risk management

The Group's earnings are affected by changes in the price of bunker fuel. The strategy for managing the risk on fuel price aims to provide its protection against sudden and significant increase in bunker fuel prices. In meeting these objectives, the fuel management program allows for the prudent use of approved instruments such as bunker swaps with approved counterparties and within approved credit limits.

The Group consistently monitors bunker consumption with ship managers and implement bunker savings controls such as bunker management software to track bunker consumption.

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.

The Group's earnings are affected by changes in the price of bunker fuel. The strategy for managing the risk on fuel price aims to provide its protection against sudden and significant increase in bunker fuel prices. In meeting these objectives, the fuel management program allows for the prudent use of approved instruments such as bunker swaps with approved counterparties and within approved credit limits.

Liquidity risk management

The Group's liquidity requirements mainly come from repayments of principal and interest on its loans and long-term other payables. The liquidity problems faced by the Group arose from its failure to fulfill contractual obligations to make timely repayments of such debts.

35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Liquidity risk management (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date of which the Group can be required to pay. The table includes both interest and principal cash flows.

Financial liabilities

	March 31, 2017				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Trade accounts payable	6,416	-	-	-	6,416
Accrued expenses	2,729	-	-	-	2,729
Loans payable	1,478	4,360	20,060	16,025	41,923
Other payables	546	1,188	1,776	63,133	66,643
Other current liabilities	1,204	-	-	-	1,204
Total	**12,373**	**5,548**	**21,836**	**79,158**	**118,915**

	December 31, 2016				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Trade accounts payable	6,083	-	-	-	6,083
Accrued expenses	3,513	-	-	-	3,513
Loans payable	628	4,382	20,784	16,564	42,358
Other payables	546	1,188	2,172	63,133	67,039
Other current liabilities	1,323	-	-	-	1,323
Total	**12,093**	**5,570**	**22,956**	**79,697**	**120,316**

The Group manages liquidity risk by maintaining reserves, banking facilities, and equity financing; by continuously monitoring forecast and actual cash flows; and by matching the maturity profiles of its financial assets and liabilities.

On January 26, 2012, the Company decided to temporarily cease repayment of all the Company's bank loans, bonds payable, payment on ship leases and on similar obligations of its subsidiaries, except for BULL, to enable the Group to review its financial position and arrangements.

In March 2013, the Group's Restructuring Plan was ratified by the Court. The Restructuring Plan sets out the restructuring term sheet and repayment plans to respective creditors to finance and repay the debts. The repayment schedule of significant liabilities of the Group was restructured over a 10-year period.

In August 2015, the Group's restructuring plan was further amended through the required voting standard set in the restructuring plan. The repayment schedule of secured creditors and trade creditors of the Group was restructured over a 10-year period and a 5-year period, respectively.

35. FINANCIAL INSTRUMENTS (continued)

d. Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities approximate their fair values.

	March 31, 2017	December 31, 2016
	US$'000	US$'000
Financial Assets		
Cash on hand and in banks	11,964	5,788
Trade receivables - third parties	2,049	1,927
Other receivables - third parties *)	1,145	1,068
Derivative financial asset	12,965	12,965
AFS financial assets	21,929	21,929
Other non-current assets	75	4
Total	**50,127**	**43,681**
**) excluding preferred redeemable equity interest*		
Financial Liabilities		
Trade accounts payable	6,416	6,083
Accrued expenses	2,729	3,513
Loans payable	29,259	29,433
Other payables	11,329	11,625
Other current liabilities	1,204	1,323
Total	**50,937**	**51,977**

As of March 31, 2017 and December 31, 2016, the following table presents the Group's assets that are measured at fair value.

	March 31, 2017			
	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Derivative financial asset	-	12,965	-	12,965
AFS financial assets	-	-	21,929	21,929
Total	**-**	**12,965**	**21,929**	**34,894**

	December 31, 2016			
	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Derivative financial asset	-	12,965	-	12,965
AFS financial assets	-	-	21,929	21,929
Total	**-**	**12,965**	**21,929**	**34,894**

35. FINANCIAL INSTRUMENTS (continued)

d. Fair value of financial instruments (continued)

The carrying values of cash on hand and in banks, trade receivables, other receivables, other non-current assets, trade accounts payable, accrued expenses, and other current liabilities approximate their fair values because of their short-term nature. Derivative financial asset is carried at fair value based on the significant observable data. Available for sale financial asset - SVL is carried at fair value based on discounted cash flow in 2016 and at book value in 2015. Available for sale financial asset - NL is carried at book value since fair value cannot be readily determined based on observable market data. The carrying value of loans payable and other payables are discounted using prevailing market interest rates with similar terms to these financial liabilities.

The following table provides valuation analysis methods of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

In 2016, there were no transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.

36. NON-CASH TRANSACTIONS

The Group entered into non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows, with details as follows:

- In 2017 and 2016, the Group recognized share on profit from its investments in associates and JV amounting to US$ 2.3 million and US$ 0.1 million, respectively.

37. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed and authorized for issue on May 17, 2017.

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