

CAPITALISING ON OUR STRENGTHS

ANNUAL REPORT **2016**



SEROJA

INVESTMENTS LIMITED

Company Registration No. 196300847M



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SEROJA

INVESTMENTS LIMITED

Company Registration No. 198300847M





We are principally engaged in the provision of vessel chartering services to transport dry bulk cargo. As at 31 December 2016, we own and operate a fleet of 65 vessels consisting of tugboats and barges which mainly navigate waters around the Indonesian archipelago.

Our tugboats and barges are used to transport mainly thermal coal, sand and other quarry materials, with the transport of thermal coal from coal mines to thermal power stations and cement companies which operate their own thermal power plants in Indonesia. Our major customers include PT Adaro Indonesia, a leading coal producer in Indonesia, and PT Indocement Tunggol Perkasa, one of Indonesia's largest cement producers. We enter into freight or time charters which range from a period of one to five years. Our freight charters typically involve domestic routes in Indonesia from Kalimantan to various ports in Java and Sulawesi while our time charters involve mainly domestic routes around the Sumatra Island.

Our fleet of tugboats and barges is relatively young with an average age of less than 16 years which is the estimated useful lives of such vessels under normal wear and tear conditions. All of our tugboats are installed with Global Positioning System (GPS) to assist in deploying our vessels more efficiently as the GPS enables us to track and monitor the routes and locations of our vessels on real time basis.





Chairman's Message

Dear Valued Shareholders,

On behalf of the Board of Directors of Seroja Investments Limited ("Seroja" or the "Group"), I am pleased to present to you the Annual Report of the Group for the financial year ended 31 December 2016 ("FY 2016").

Overview of FY2016

The results of FY2016 was negatively affected by the impairment loss of vessels in Indonesia as well as losses incurred by an associated company which together accounted for about US\$11.6 million or 81% of the total net loss of US\$14.4 million in FY2016. The impairment was made for 6 tugboats and 9 barges which have no existing charter contracts unlike the other tugboats and barges which are assigned to our major customer under contracts of affreightment. The associated company owned a floating storage and offtake ("FSO") vessel which was leased out to Petrochina International Jabung Ltd. The lease was not renewed upon expiry due to strong competition and a unanimous decision was made by all shareholders of the associated company to dispose of the FSO vessel due to the high costs of maintaining the vessel without securing a long term charter contract. Excluding the impairment loss and results of the associated company, the Group would have incurred a lower net loss of US\$2.8 million in FY2016 as compared to a net loss of US\$4.6 million in FY2015. With the prevailing low freight rate affecting the shipping industry, the Group's revenue decreased by 26.2% from US\$47.0 million in FY2015 to US\$34.7 million in FY2016.

The Group managed to increase its cargo load despite the weak economy. Total tonnage delivered by its fleet of vessels in Indonesia increased by about 3.8% or 500,000 MT in FY2016 over the previous financial year. It is also encouraging to see that new customers contributed to about 80% of the increase in cargo volume. However, majority of the cargo volume is still generated by existing and major customers. The Group will continue to build and maintain strong bonding with such customers to ensure that most of their required shipments continue to be handled by our vessel fleet.

Opportunities & Threats

Notwithstanding the weak economy, the demand for our vessels was undented as indicated by higher tonnage shipped. This was mainly due to more transshipments of coal which is still widely used by some countries to generate electricity due to its low cost. Similarly, in Indonesia, demand for coal will remain strong as the government will be building more coal-fired power plants to cater to the increase in power consumption which will drive the demand for our vessels to transport coal to the power plants.

Credit crunch was greatly felt by most companies in the marine and offshore industry. However, we managed to secure refinancing from our bankers which continued to extend their support to us during the year. With strong financial support, we will have the means to grow our fleet to cater to increases in demand or capitalize on any new growth opportunities as and when they arise.

There are challenges ahead due to economic uncertainty and volatility in commodity prices. Freight rate has remained relatively weak and is not expected to recover strongly in the new financial year. This will cause our margin to remain depressed and we will need to operate our vessels more efficiently to keep costs to the minimum.



Edwin Soeryadjaya

Chairman



Capitalising on our strengths

We have disposed of non-core assets to concentrate our resources on operating the fleet of tugboats and barges which are still widely used for transportation of commodities across the many islands in Indonesia. The Group has seen positive signs of demand growing for such vessels and have added two tugboats and one barge in the beginning of the new financial year to cater to the increase in demand from customers.

Indonesia has the largest population in South East Asia and the demand for energy, mining and infrastructure resources is expected to rise substantially given its growing middle class with higher means of consumption. We will capitalize on our strengths to grow our fleet size and operate efficiently to meet the strong demand for marine transportation of commodities and other resources in Indonesia. At the same time, Seroja will also be exploring for potential growth areas as and when such opportunities arise.

A Note of Appreciation

I would like to take this opportunity to extend my heartfelt thanks to my fellow Board Directors for their invaluable contributions and guidance during the year. On behalf of the Board, I would also like to express my appreciation to our management and staff for their commitment to the Group as well as to our valued shareholders for their continuing support.

Edwin Soeryadjaya
Chairman

Board of Directors

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Mr Edwin Soeryadjaya
Chairman

Mr Edwin Soeryadjaya is the non-executive Chairman and also non-executive Director of the Group. He currently serves as the Chairman of PT Saratoga Investama Sedaya Tbk, PT Tower Bersama Infrastructure Tbk, PT Adaro Energy Tbk, PT Mitra Pinasthika Mustika Tbk and is the Vice Chairman of PT Merdeka Copper and Gold Tbk. Mr Edwin Soeryadjaya is also the non-executive Chairman and Director of Interra Resources Limited, listed on the SGX-ST.

In 1978, Mr Edwin Soeryadjaya joined PT Astra International Tbk and was responsible for its financial restructuring and public listing. He left the Astra Group as Vice President Director in 1993. In 1995, under a Kerja Sama Operasi ("KSO") scheme designed by the Government of Indonesia in cooperation with the World Bank, Mr Edwin successfully led Ariawest team to win a 15-year KSO funding worth of about US\$900 million. In 1998, Mr Edwin Soeryadjaya and Mr Sandiaga Uno founded Saratoga Capital, an investment company focusing on natural resources, infrastructure and consumer products.

Mr Edwin Soeryadjaya was awarded Ernst & Young Entrepreneur of the Year 2010. As a long-time proponent of education, he remains active in the community through his role as Co-Founder of the William Soeryadjaya Foundation and is on the Board of Trustees of the Ora Et Labora Foundation.

Mr Edwin Soeryadjaya is the second son of the late Mr William Soeryadjaya, founder of PT Astra International Tbk. He graduated with a Bachelor of Business Administration from the University of Southern California, Los Angeles in 1974.

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Mr Andreas Tjahjadi
Executive Director

Mr Andreas Tjahjadi has been re-designated from Non-Executive Director to Executive Director with effect from 6 March 2015. He is also President Director of our subsidiaries, PT PSJ and PT PSJP since 2014.

He started out in the US as a real estate associate with California Business and Industry Northridge from 1978 to 1981 and then as a General Manager with North Hollywood Auto and Service, North Hollywood, California from 1982 to 1990. Mr Tjahjadi subsequently returned to Indonesia.

From 1991 to 2009, he was the President Director at PT Japirex, a company engaged in the export of rattan products. From 1994 to 1997, Mr Tjahjadi was Commissioner of PT Bhuwanatala Indah Permai Tbk, a property management company listed on the Indonesia Stock Exchange.

Since 2006, Mr Tjahjadi is the President Commissioner of PT Mitra Investindo Tbk, an oil and gas and mining company listed on the Indonesia Stock Exchange. He has been re-designated from President Commissioner to Commissioner with effect from 25 June 2014. Mr Tjahjadi graduated from Northrop University in the US with a Bachelor's degree in Engineering Technology in 1976. He subsequently obtained his Masters of Science (Marketing), Northrop University in 1978.

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Mr Masdjan
Executive Director

Mr Masdjan is the Chief Operating Officer of the Group. He was Director of our subsidiaries, PT PSJ and PT PSJP from 1999 to 2014 and a Commissioner of our associated company, PT Sinar Mentari Prima since 2014. Mr Masdjan is the founder of the PSJ Group and is currently responsible for managing the Group's day-to-day activities.

From 1993 to 1998, Mr Masdjan was the director of PT Sumber Matra Kencana, a crude palm oil shipping company where he was responsible for the management of the company. In 1999, he founded PT PSJ and was instrumental in formulating business strategies and spearheading the growth of its business.

Board of Directors



Mr Ng Soon Kai
Non-Executive Director

Mr Ng Soon Kai is a Non-Executive Director. Mr Ng is a lawyer by profession and is currently a partner in Messrs Lee & Lee. He has vast experience in mergers and acquisitions, corporate restructuring, reverse takeovers and schemes of arrangement. He obtained Second Class Upper Division Honours in Law from the National University of Singapore in 1989.



Mr Yap Kian Peng
Independent Director

Mr Yap Kian Peng is an Independent Director of the Group. Since 2005, he has been the Executive Director of Capital Equity Holdings Pte Ltd, a private equity investment company and has interests in food and beverage as well as property investment and development. He is presently an Executive Director and Deputy Chairman of Jackspeed Corporation Limited which is listed on the SGX-ST.

He was the Executive Director of CKG Chemicals Pte Ltd from 2004 to 2010. From 2001 to 2004, he was employed by Maybank, initially as a Senior Business Development Manager and subsequently as the Team Head of the Trade Finance Business Development Group. From 1998 to 2000, Mr Yap was a Director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading glass sheets.

He joined Oversea-Chinese Banking Corporation Limited in 1992 and when he left in 1998, he was an Assistant Manager at the bank. Mr Yap graduated from RMIT University, Australia, with a Bachelor's degree in Business (Business Administration). He is an independent director and the Chairman of the Audit Committee of M Development Limited, listed on the SGX-ST. He is also an independent director of Soon Lian Holdings Limited which is listed on the SGX-Catalist.



Mr Ng Yuen
Independent Director

Mr Ng Yuen is an Independent Director of the Group. He is currently a partner in Messrs Malkin & Maxwell LLP, which he joined in 1999. Mr Ng started his career as a State Counsel in the Attorney-General's Chambers in 1986. He was subsequently called to the Bar in 1989 and has been in private practice since, starting at Messrs Lee & Lee from 1991 as an associate, at Messrs Shook Lin & Bok LLP in 1992 as a partner and then at Messrs Ng & Koh in 1999.

Mr Ng graduated from the Law Faculty of National University of Singapore, Singapore with a Bachelor's degree in Law in 1985. He is an accredited adjudicator of the Singapore Mediation Centre and an accredited arbitrator with the Singapore Institute of Arbitrators, as well as a member of the Law Society of Singapore and the Singapore Academy of Law.



Operational and Financial Review

Operations and Financial Review

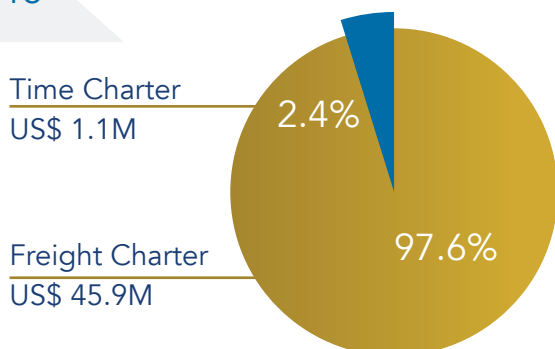
The Group recorded a decline in revenue in FY2016 as compared to FY2015. Net loss attributable to shareholders in FY2016 was US\$7.4 million which was lower than net loss attributable to shareholders in FY2015 of US\$8.5 million. Our operations and performance review for FY2016 is presented below in more detail.

Revenue

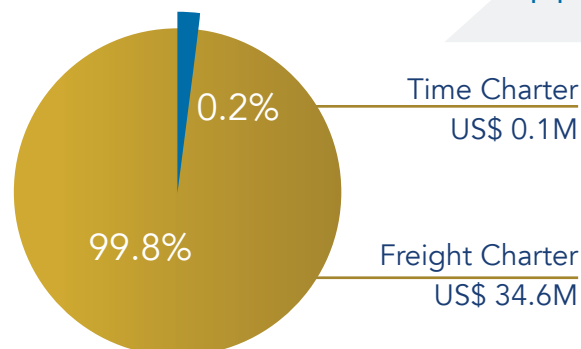
The Group's revenue decreased by 26.2% or US\$12.3 million from US\$47.0 million in FY2015 to US\$34.7 million in FY2016. The lower revenue was due to decrease in both the freight charter revenue as well as time charter revenue. Freight charter revenue decreased by US\$11.3 million from US\$45.9 million in FY2015 to US\$34.6 million in FY2016 due to lower average freight rate for the current financial year despite increase in tonnage shipped. Time charter revenue decreased by US\$1.0 million from US\$1.1 million in FY2015 to US\$0.1 million in FY2016. This was mainly due to the disposal of a panamax vessel in September 2015, resulting in a reduction in time charter revenue. There were also no significant time charter contracts secured in Indonesia for tugboats and barges as customers prefer to charter under spot or per voyage basis due to prevailing weak freight rates. The breakdown of freight charter and time charter revenue for FY2016 and FY2015 is presented in the diagrams as follows:-

BREAKDOWN BETWEEN FREIGHT AND TIME CHARTER REVENUE AS FOLLOWS

FY 2015



FY 2016



Profitability

Gross profit decreased by 57.0% or US\$6.4 million from US\$11.3 million in FY2015 to US\$4.9 million in FY2016 mainly due to lower revenue which was partly offset by lower operating expenses incurred during the financial year. Gross profit margin decreased from 24.0% in FY2015 to 14.0% in FY2016. This was mainly attributed to the lower average freight rate and higher depreciation charges which was partly offset by lower fuel costs from lower fuel price for the current financial year.

Other losses in FY2016 was mainly due to impairment loss on property, plant and equipment of US\$7.1 million which is partly offset by foreign exchange gain of US\$0.1 million from currency fluctuation. The impairment loss on property, plant and equipment was due to writing down the net book value of tugboats and barges without contracts to its market value as at year end. Other losses in FY2015 comprise mainly loss on disposal of a panamax vessel amounting to US\$10.3 million as well as foreign exchange loss of US\$0.5 million from currency fluctuation.

Administrative expenses increased by 71.9% or US\$2.4 million from US\$3.2 million in FY2015 to US\$5.6 million in FY2016 mainly due to write off of VAT receivables and impairment of trade receivables of US\$2.3 million and US\$0.2 million respectively. The write off of VAT receivables by a subsidiary, PT PSJ, was required under a tax amnesty program implemented in FY2016. The tax amnesty program will waive the requirements for audit by tax authority for 10 years prior to 31 December 2015. The impairment of trade receivables was due to debts outstanding from 2 customers for more than a year due to one customer undergoing bankruptcy and no resolution of dispute with another customer over some invoices billed. Excluding the VAT receivables written off and impairment of trade receivables, administrative expenses would be US\$3.1 million for FY2016 which is US\$0.1 million lower than administrative expenses of US\$3.2 million for FY2015 mainly due to cost control. Finance expenses decreased by 15.0% or US\$0.3 million from US\$2.1 million in FY2015 to US\$1.8 million in FY2016. The decrease was mainly due to lower bank borrowings as a result of repayments made which is partly offset by one-off upfront fee of US\$0.3 million incurred for refinancing of loan by PT PSJ.



The share of results of associated companies turned from profits of US\$0.8 million in FY2015 to a loss of US\$4.5 million in FY2016 as a result of disposal by an associated company of its sole operating FSO vessel.

Other comprehensive income for FY2016 comprised of foreign currency translation gain of overseas subsidiaries of US\$44k and gains on remeasurement of post-employment benefits plan amounting to US\$57k whereas other comprehensive loss for FY2015 comprised of foreign currency translation loss of overseas subsidiaries of US\$180k which is partly offset by gains on remeasurement of post-employment benefits plan amounting to US\$60k.

Arising from the above, net loss attributable to shareholders decreased by 13.2% or US\$1.1 million from US\$8.5 million in FY2015 to US\$7.4 million in FY2016. Total comprehensive loss attributable to shareholders decreased by 14.3% or US\$1.2 million from US\$8.5 million in FY2015 to US\$7.3 million in FY2016.

The Group's losses per ordinary share in FY2016 was 1.89 US cents as compared to losses per ordinary share of 2.18 US cents in FY2015. Net asset value per ordinary share decreased from 8.69 US cents in FY2015 to 6.81 US cents in FY2016.

Financial Position

Trade and other receivables decreased from US\$9.1 million as at 31 December 2015 to US\$7.8 million as at 31 December 2016 was mainly due to VAT receivables written off and allowance for impairment of trade receivables as abovementioned. Inventories increased by US\$0.4 million from US\$0.9 million as at 31 December 2015 to US\$1.3 million as at 31 December 2016 was mainly due to increased purchase of fuel at low price to hedge against expected price increases. The increase in other current assets of US\$2.3 million from US\$0.5 million as at 31 December 2015 to US\$2.8 million as at 31 December 2016 was mainly due to deposits made of US\$2.0 million for 2 tugboats pending construction as well as advance payments made for spare parts and supplies ordered for vessels' use and maintenance.

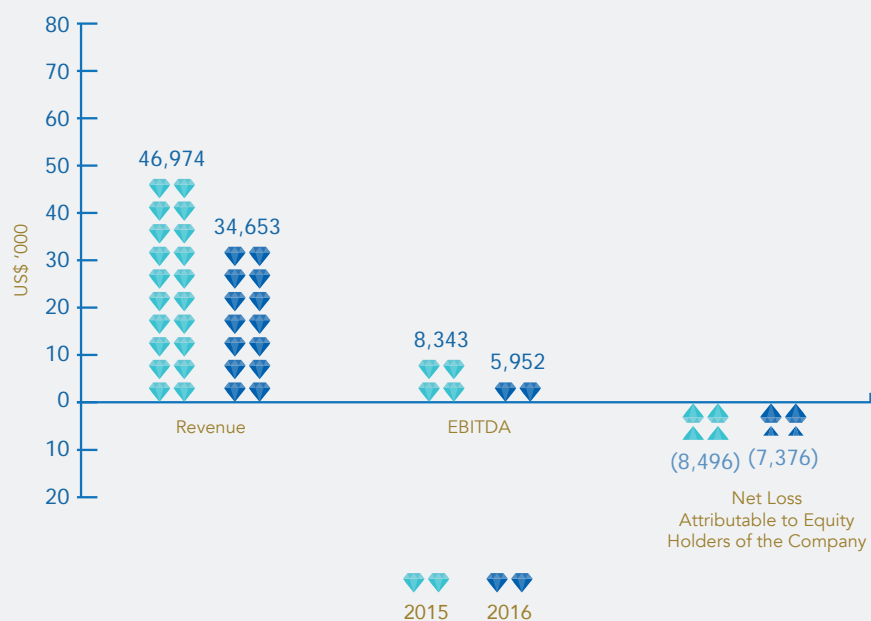
Investments in associated companies decreased by US\$5.1 million from US\$5.5 million as at 31 December 2015 to US\$0.4 million as at 31 December 2016 due to the share of losses of US\$4.5 million from associated companies and remittance of US\$0.6 million from a capital reduction exercise undertaken by an associated company. Property, plant and equipment decreased from US\$79.9 million as at 31 December 2015 to US\$65.7 million as at 31 December 2016. This was mainly due to depreciation charges as well as impairment losses made as abovementioned. The decrease was partly offset by addition of a tugboat under construction as well as drydocking costs capitalized.

The decrease in trade and other payables from US\$4.7 million as at 31 December 2015 to US\$4.2 million as at 31 December 2016 was in line with the decrease in business activities for the year under review. Total borrowings (current and non-current) decreased by US\$7.3 million from US\$26.4 million as at 31 December 2015 to US\$19.1 million as at 31 December 2016. The decrease was due to partial repayment of bank borrowings and full repayment of finance lease obligations during the year under review which was partly offset by a bank loan obtained from refinancing by PT PSJ to finance its working capital. The Group overcame its negative working capital position of US\$7.4 million as at 31 December 2015 to have positive working capital position of US\$4.6 million as at 31 December 2016. This was mainly due to refinancing of a bank loan as well as full repayment of its finance lease liabilities for the current year under review which resulted in significant lower current liabilities of US\$12.8 million for FY2016 as compared to current liabilities of US\$27.5 million for FY2015.

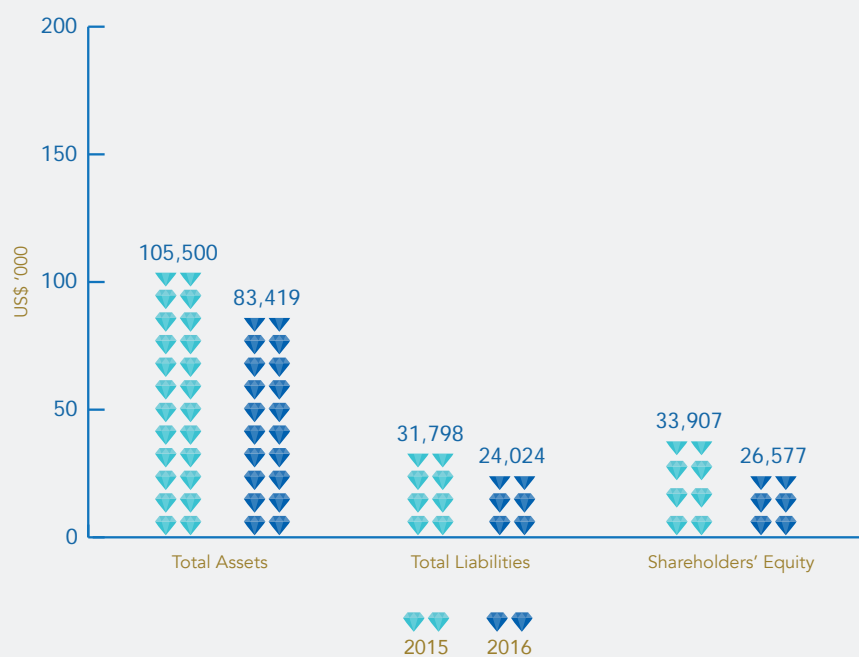
Net cash generated from operating activities amounted to US\$10.3 million which was partly offset by net cash used in investing activities and financing activities of US\$5.3 million and US\$9.7 million respectively. Cash used in investing activities was mainly due to deposits made for 2 tugboats vessels pending construction, payments made for one tugboat under construction as well as drydocking expenditures incurred for existing fleet of tugboats and barges in Indonesia which was partly offset by funds received from capital reduction of an associated company which has disposed of its FSO vessel. Cash used in financing activities was for repayments of bank borrowings, finance lease obligations and interest costs which was partly offset by a bank loan obtained from refinancing. Arising from the above, the Group generated a net decrease in cash and cash equivalents of US\$4.7 million from US\$9.6 million as at 31 December 2015 to US\$4.9 million as at 31 December 2016.

Financial Highlights

Profit and Loss Statement Review

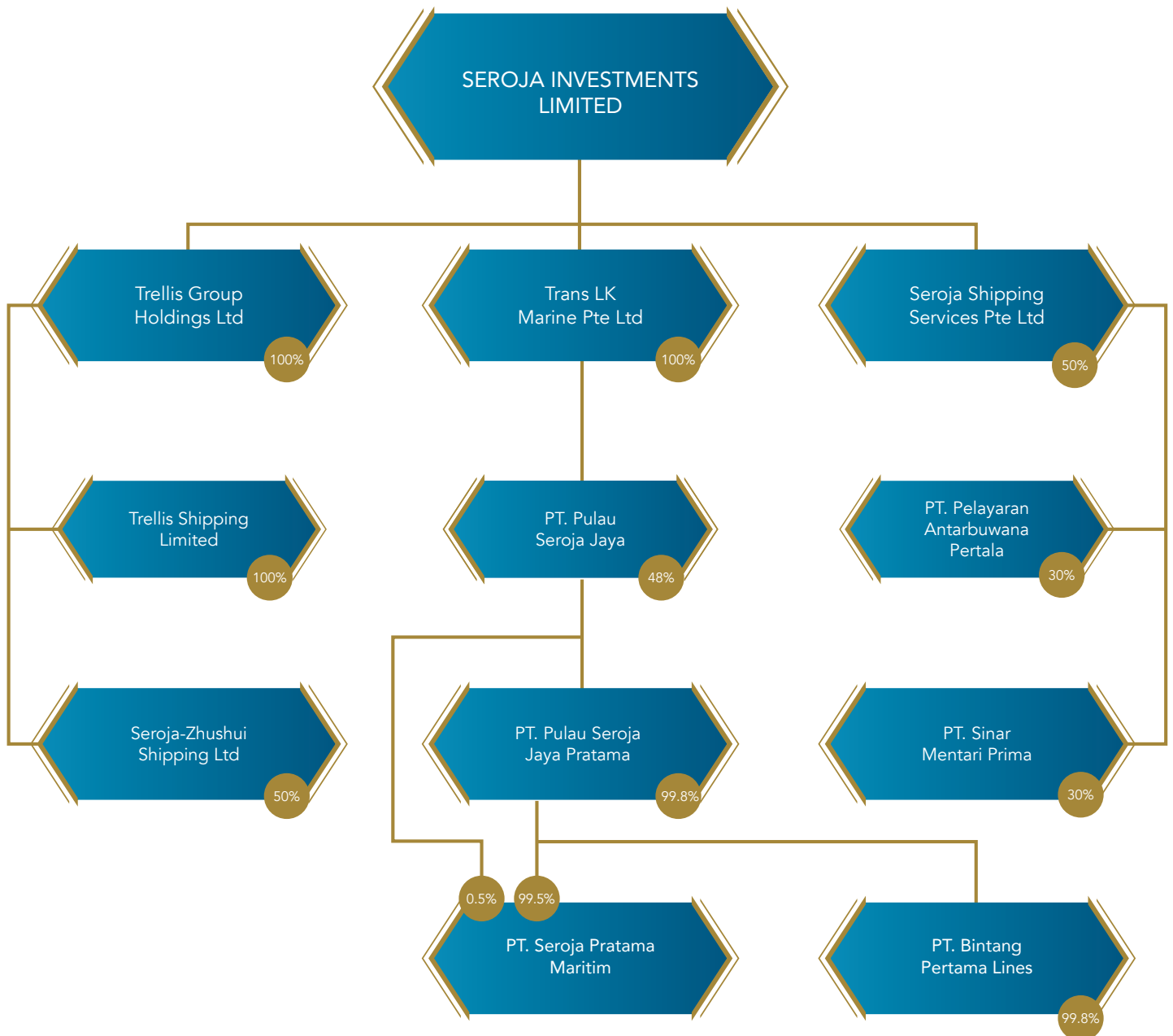


Balance Sheet Review



Per share data	FY2015	FY2016
Losses - Basic (US cents)	2.18	1.89
Net tangible assets (US cents)	8.69	6.81

Group Structure



Board of Directors

Edwin Soeryadjaya, Non-Executive Chairman
Masdjan, Chief Operating Officer
Andreas Tjahjadi, Executive Director
Ng Soon Kai, Non-Executive Director
Yap Kian Peng, Independent Director
Ng Yuen, Independent Director

Audit Committee

Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

Nominating Committee

Ng Yuen, Chairman
Edwin Soeryadjaya
Yap Kian Peng

Remuneration Committee

Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

Company Secretary

Ng Soon Kai, LLB (Hons). (Singapore)

Independent Auditor

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road,
Shaw Tower #30-00,
Singapore 189702.

Director-in-charge

Chan Siew Ting
(appointed from financial year ended 31 December 2016)

Principal Place of Business

15 Scotts Road,
#08-05, Thong Teck Building,
Singapore 228218.
Tel: (65) 6438 4221
Fax: (65) 6438 8782

Registered Office

50 Raffles Place,
#06-00 Singapore Land Tower,
Singapore 048623.

Tel: (65) 6557 4857

Fax: (65) 6557 4899

Company Registration Number

198300847M

Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road,
#02-00,
Singapore 068898.

Principal Bankers

UOB Limited, Singapore
PT. Bank UOB Buana



CAPITALISING ON
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Corporate Governance Report



The Board of Directors (the “Board”) is committed to maintaining a high standard of corporate governance and transparency within the Group to protect the interests of its shareholders and enhance long-term shareholder value. This report describes the Company's corporate governance processes and practices which have been adopted in line with the spirit of the Code of Corporate Governance 2012 (the “Code”), with specific reference to the principles and guidelines of the Code.

The Company adheres largely to the principles and guidelines as set out in the Code, and endeavours to specify and explain any deviation from the Code.

BOARD MATTERS

BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

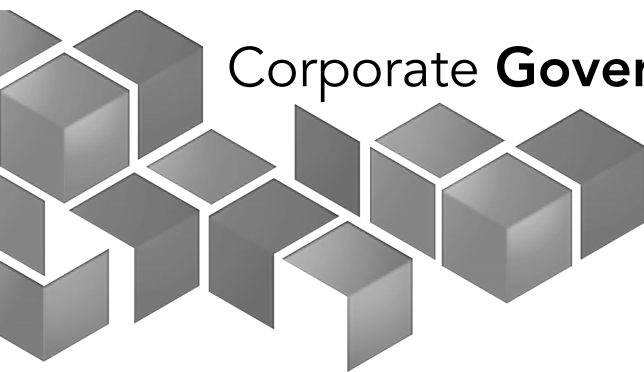
The Board has overall responsibility for the corporate governance of the Company so as to protect and enhance long-term shareholder value. It provides leadership, sets the strategic aims of the Company and supervises executive management and monitors their performance. The principal functions of the Board are to:

- (i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- (ii) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
- (iii) to review management performance;
- (iv) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;
- (v) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (vi) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

To assist in the discharge of its duties and responsibilities, the Board has, without abdicating its responsibility, established an Audit Committee, a Nominating Committee and a Remuneration Committee which are all chaired by Independent Directors. These Committees function within clearly defined terms of references and operating procedures, to address their respective areas of focus. The effectiveness of each Committee is reviewed by the Board on a regular basis.

The Board is to meet regularly at least 4 times a year and as warranted by particular circumstances, to review and deliberate on the key activities and business strategies of the Group, being matters reserved for the Board's decision and require the Board's approval, including reviewing and approving significant acquisitions and disposals, reviewing financial performance and to approve the public release of quarterly and annual financial results. The Board also periodically reviews the effectiveness of each Committee. Additional meetings may be held when necessary to address significant transactions or issues.

The Company's Constitution provides for meetings to be held via telephone and video conferencing whereby all directors participating in the meeting are able to communicate as a group without requiring the directors' physical presence at the meeting. All relevant information on material events and transactions are circulated to Directors as and when they arise.



Corporate Governance Report

The attendance of the Directors at Board Meetings and Committee Meetings during the financial year ended 31 December 2016 is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	4	1	1
Mr Edwin Soeryadjaya	-	-	-	-
Mr Masdjan	1	1*	1*	1*
Mr Andreas Tjahjadi	4	4*	1*	1*
Mr Ng Soon Kai	4	4*	1*	1*
Mr Ng Yuen	4	4	1	1
Mr Yap Kian Peng	4	4	1	1

* By invitation

There was no new appointment of directors in FY2016. If a new director is appointed, a formal letter of appointment setting out the terms and conditions of appointment and the director's duties and obligations will be given to him or her. The Company is responsible for conducting briefing sessions for new directors to enable them to be familiar with the structure and operations of the Group. Existing Directors and key executive officers will be available to answer any queries the new Directors may have of the Company.

All Directors will be provided with updates on new laws and regulations affecting the Group's operating environment through regular meetings conducted as well as email correspondences. Directors are encouraged to attend seminars and participate in discussions to keep themselves abreast of the changes and developments underlying the Group's business. Visits to operation sites, at the Company's expense, may be arranged to enable Directors to have a better understanding of the business operations of the Group.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises two Executive Directors, two Non-Executive Directors and two Independent Directors. The current Board Members comprise directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge of the Company. The Board Members also provide core competencies such as accounting, finance, business, legal, management experience, industry knowledge and strategic planning experience and hence would be able to provide a balanced view within the Board. Although the Board does not currently have a female director, the Board does appreciate the relevance of gender diversity and takes this into account as one of many factors that must be considered in relation to the composition of the Board. Key information regarding the Directors is given in the section titled "Board of Directors" in this Annual Report.

The composition of the Board enables management to benefit from a broad and objective perspective as each Director brings to the Board a diverse background, experience and knowledge which provide for effective direction for the Group. The Board adopts the Code's definition of what constitutes an Independent Director in assessing the independence of the Directors.

The Board, having considered the views of the Nominating Committee, is of the opinion that the two Independent Directors (who represent one-third of the Board) are independent in character and judgement and that there are no relationships which are likely to affect or could appear to affect the director's judgement. None of the Independent Directors have served on the Board for more than nine years. No individual or small group of individuals dominates the decision making process of the Board.

Corporate Governance Report



The Board considered its current size is adequate and appropriate for effective decision-making, taking into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board has also assessed that the present composition of the Board allows it to effectively exercise objective judgement independently of the management. The composition and renewal of the Board, including the need for progressive refreshing of the Board, will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience and possesses the necessary competencies for effective decision making.

The Non-Executive and Independent Directors make active contributions during and outside of Board meetings. The Non-Executive Directors constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Non-Executive and Independent Directors communicate amongst themselves and with the Company's auditors and management. When necessary, the Company will coordinate informal meetings for Non-Executive and Independent Directors for discussions without the presence of management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and Chief Executive Officer ("CEO") are undertaken by two separate persons who are not related to each other, and each has his own responsibilities.

Mr Edwin Soeryadjaya, the Chairman, bears responsibilities for the strategic planning and development of the Group's business and spearheading the expansion and growth of the Group as well as ensuring the integrity and effectiveness of the governance process of the Board. He is also responsible for amongst others, the proper carrying out of the business of the Board including:

- (i) Ensuring that Board meetings are held periodically or when necessary;
- (ii) setting the agenda of the Board meetings to discuss operational, financial and in particular strategic issues of the Company and ensuring all agenda items are given adequate time to be addressed;
- (iii) promoting a culture of openness and debate at the Board and management level to gather feedback that will be constructive to the Company;
- (iv) Ensuring that management provides the Board with complete, adequate and timely information;
- (v) Ensuring the proper flow of information between the Board, management and shareholders;
- (vi) Encouraging constructive relationships within the Board and between the Board and management to ensure the Board and management work well together to achieve the Company's goals set by the Board; and
- (vii) Facilitating the effective contribution of non-executive Directors in particular.

Mr Andreas Tjahjadi, an Executive Director, is undertaking the role of CEO without official appointment after the previous CEO, Mr Husni Heron, left the Company upon the expiry of his employment contract with the Company on 31 May 2015. The responsibilities of the CEO include overseeing the overall management and operations as well as formulating the business model and growth strategies of the Group. He is responsible for the day-to-day management of the Group's corporate affairs and ensuring that strategies and policies adopted by the Board are implemented.

The Board noted the guideline under the Code that independent directors should make up at least half of the Board where the Chairman is not an independent director. The Board is of the view that based on current size and operations of the Group as well as the relevant experience and expertise of existing directors in the Board, it is not necessary to have at least half of the Board made up of independent directors, but will take the relevant guideline into consideration during a review of its succession plans in the next few years. Currently, the Company has not appointed a Lead Independent Director but is reviewing this issue and is taking steps to appoint one as soon as possible. In the meantime, the Board is available to shareholders where they have concerns which cannot be resolved through the normal channels of the Chairman, Executive Directors or management.



Corporate Governance Report

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee ("NC") comprises three members, majority of whom including the chairman of the NC are Independent Directors. The chairman of the NC is Mr Ng Yuen and the other members are Mr Edwin Soeryadjaya and Mr Yap Kian Peng.

The NC's responsibilities include the following:

- (i) reviewing and making recommendations to the Board on all board appointments, re-nomination, re-election and removal of all directors of the Company and directors of subsidiary, PT Pulau Seroja Jaya ("PT PSJ"), who are appointed as representatives of the Company, having regard to the relevant director's contribution and performance;
- (ii) reviewing and approving, together with the Board, the exercising of vote by subsidiary, Trans LK Marine Limited, at any shareholders' meeting in respect of the appointment of directors of PT PSJ;
- (iii) ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;
- (iv) determining on an annual basis whether or not a director is independent;
- (v) assessing the performance of the Board and contribution of each director to the effectiveness of the Board; and
- (vi) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The NC reviews and recommends to the Board the re-nomination of retiring Directors for re-election at each Annual General Meeting ("AGM") and the appointment of new Directors. The review ensures that the Director to be re-nominated or appointed is able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership capacity, high level of professional skills and appropriate personal qualities. Each member of the NC shall abstain from voting on any resolution relating to his own re-nomination as a director.

The NC has reviewed the independence of each director based on the Code's definition of independence and is satisfied that both Mr Yap Kian Peng and Mr Ng Yuen are independent as they have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could affect or appear to affect their independent judgement.

The NC is of the view that it is not necessary to impose a limit on the number of listed company board representations of each Director as long as each Director is able to dedicate sufficient time and attention to discharge his duties to the Company. Nevertheless, the NC will continue to review annually the board representations and other principal commitments of each Director to ensure that the Directors are able to discharge their duties adequately.

There was no new appointment of Director during the year and the Company has no Alternate Director. If there is a need for a new Director, the NC has in place an internal process to facilitate the search, selection and nomination of a suitable Director. The NC determines the selection criteria and identifies candidates with the appropriate expertise, experience and his/her likely contribution to the Board. Subsequently, interviews would be conducted before the NC makes its recommendation to the Board. The Board shall make the final determination for the appointment.

The date of initial appointment and last re-election of each Director are set out below:

Name	Appointment	Date of initial Appointment	Date of last re-election
Mr Edwin Soeryadjaya	Non-Executive Chairman and Director	20 April 1998	28 April 2015
Mr Masdjan	Executive Director and Chief Operating Officer	14 August 2009	28 April 2016
Mr Andreas Tjahjadi	Executive Director	14 August 2009	28 April 2016
Mr Ng Soon Kai	Non-Executive Director	12 May 2015	Not applicable
Mr Ng Yuen	Independent Director	14 August 2009	28 April 2014
Mr Yap Kian Peng	Independent Director	14 August 2009	28 April 2014

Key information of the current Directors is set out in the Board of Directors section of this Annual Report.

Corporate Governance Report



BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board is tasked with making sound commercial decisions and setting strategic directions so as to act in the best interests of the Company and its shareholders.

In line with the principles of good corporate governance, the NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole and its Board Committees as well as to assess the contribution of each Director to the effectiveness of the Board. Factors taken into consideration for the assessment of each Director include attendance at meetings, adequacy of preparation, participation, industry knowledge and functional expertise. Factors for assessment of the Board as a whole include the board structure, conduct of meetings, corporate strategy, risk management and internal controls, business and financial performance, compensation, financial reporting and communication with the shareholders.

After the end of the financial year, all Directors are requested to complete a Board performance evaluation questionnaire as well as appraisal forms for the respective Board Committees. The Board performance evaluation questionnaire is to assess the overall effectiveness of the Board and the appraisal forms are to assess the overall effectiveness of each Board Committee. The responses are collated for review by the NC and the NC will submit to the Board together with its recommendations for the Board's deliberation and decision. For FY2016, the Board did not appoint any external facilitators to assist in the assessment of the Board, the Board Committees and the Directors. The Chairman, together with the Board, having reviewed the feedback from the NC, has assessed that the current Board is effective and competent to meet its performance objectives going forward.

The Chairman, in consultation with the NC takes into account the performance of individual Directors in their re-appointment and re-election and also takes into account specific needs which may arise from time to time in any appointment of new directors.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to fulfill its responsibilities, the management will provide adequate and timely information in the form of financial reports, budgets, forecasts, board papers, operational updates and any ad-hoc reports that are deemed necessary to aid in decision making of the Board. Material variances between actual results and projections or prior results of comparative period in such reports will be disclosed and explained. The Board has unrestricted access to the Company's records and information.

The Board has separate and independent access to the Company Secretary and to other key executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary or his representative attends all Board meetings and meetings of the Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also assists with the circulation of Board papers, updates the Directors on changes in laws and regulations relevant to the Company as well as advises the Board on all governance matters. The appointment and removal of the Company Secretary are subject to the Board's approval.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

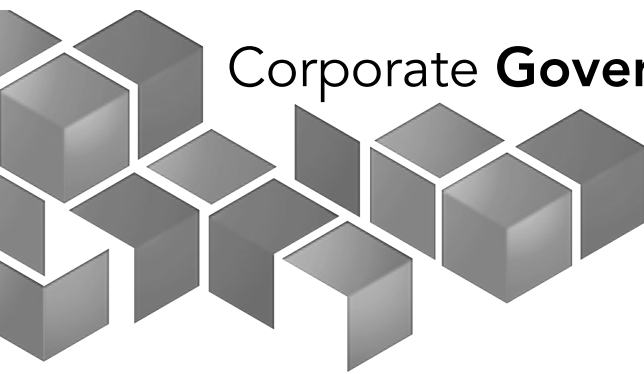
REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises all the Independent Directors and Mr Edwin Soeryadjaya. The Chairman is Mr Yap Kian Peng, and the other members are Mr Edwin Soeryadjaya and Mr Ng Yuen.

The RC is primarily responsible for recommending to the Board a framework of remuneration for the Board and the key executives and determining the specific remuneration packages for each Executive Director. The recommendations will be submitted for endorsement by the Board.



Corporate Governance Report

The main duties of the RC include the following:

- (i) recommending a framework and reviewing the procedure for fixing the remuneration packages of Executive Directors and key executives of the Group;
- (ii) reviewing from time to time the appropriateness of remuneration awarded to Directors including, but not limited to, Director's fees, salaries, allowances, bonuses, share options and benefits in kind;
- (iii) reviewing on an annual basis the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees; and
- (iv) recommending a formal and transparent process for determining Directors' fees for the Non-Executive Directors of the Company.

The RC recommends a framework of remuneration policies for Directors as well as the remuneration package of key management personnel and submitted them for endorsement by the entire Board. For Directors, the review covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, and benefits-in-kind. Each RC member will abstain from voting on any resolution in respect of his own remuneration. The RC is not proposing any changes to the existing framework and deemed it not necessary to engage remuneration consultants. However, the RC is provided with access to expert professional advice on remuneration matters, if required, and the expenses of such services will be borne by the Company.

No new appointment of executive Director or key management personnel was made during the year. The RC reviews the Company's obligations arising in the event of termination of executive Directors' or key management personnel's contracts of service and the terms and conditions of such employment to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration for Executive Directors and key management personnel takes into account the performance of the Group and the individual. The remuneration packages include a fixed salary and a variable performance related bonus which is designed to align the interests of the Executive Directors and key management personnel with those of shareholders and promote the long-term success of the Group. Such performance-related remuneration also takes into account the risk policies and risk tolerance of the Company, as well as the time horizon of risks. No Director is involved in deciding his own remuneration. In determining the actual quantum of remuneration of executive Directors and key management personnel, the RC had taken into account the extent to which their performance conditions have been met. These performance conditions are selected by the RC as they support how the Group achieves its strategic objectives. For FY2016, the RC is of the view that the performance conditions have been met.

The Executive Directors have service agreements which cover the terms of employment, salaries and other benefits. The service agreements include a fixed term of appointment with termination by either party giving to the other not less than three months prior written notice. The Non-Executive Directors receive Directors' fees in accordance with their contribution, taking into consideration factors such as effort and time spent and responsibilities of the Directors. The Directors' fees are recommended by the entire Board for shareholders' approval at each AGM. The RC is mindful Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

No incentive scheme has been implemented by the Company for its Directors and key management personnel as at date of this report. However, the Board is considering implementing an employee share option scheme in the near future to better align the interests of Directors and key management personnel with the interests of shareholders. However, such share option schemes are subjected to shareholders' approval.

The RC has the discretion not to award the variable performance related bonus in any year if an executive is directly involved in a material misstatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to the Company.

Corporate Governance Report



DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

While the Company endeavours to provide adequate disclosure of its Directors', CEO's, and key management personnel's remuneration in order to enhance transparency between the Company and shareholders, for competitive reasons, the Company will only disclose the remuneration of Directors and Key Executives in bands of S\$250,000. The Board also believes that it is for the benefit of the Company and the Group that the remuneration of the Directors and Key Executives are kept confidential, due to its sensitive nature.

There were only 2 key management personnel (who are not Directors or the CEO) whom the Company considered to be key executives of the Group. The details of the remuneration of Directors and top 2 key executives of the Group for services rendered during the financial year ended 31 December 2016 are as follows:

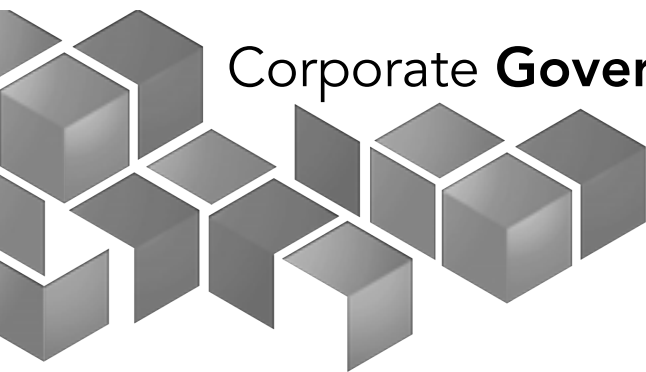
	Salary %	Bonus %	Fees %	Allowances and Other Benefits %	Total Compensation %
Directors					
<u>S\$250,000 to below S\$500,000</u>					
Mr Andreas Tjahjadi	82.5	3.2	12.6	1.7	100
<u>Below S\$80,000</u>					
Mr Edwin Soeryadjaya	-	-	100	-	100
Mr Masdjan	-	-	100	-	100
Mr Ng Soon Kai	-	-	100	-	100
Mr Ng Yuen	-	-	100	-	100
Mr Yap Kian Peng	-	-	100	-	100
Key Executives					
<u>Below S\$250,000</u>					
Boby Susanto ⁽¹⁾	88.1	7.3	-	4.6	100
Lim Poh Chen	93.1	6.9	-	-	100

(1) Mr Boby Susanto is the son of Mr Masdjan, the Chief Operating Officer and Executive Director of the Company. Mr Boby Susanto's remuneration falls between the range of S\$100,000 to S\$150,000.

The remuneration of key management personnel generally comprises primarily a basic salary component and a variable component which is the bonuses based on the performance of the Company and the Group as a whole and the individual performance of each key management personnel.

No termination, retirement and post-employment benefits have been granted to the Directors or key management personnel.

The aggregate remuneration paid to the top two key executives of the Company (who are not Directors or the CEO) for FY2016 is US\$178,000. Save as disclosed above, there are no employees who are immediate family members of a Director or the CEO whose remuneration exceeded S\$50,000 during the financial year ended 31 December 2016.



Corporate Governance Report

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to comply with statutory requirements and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Announcements of the quarterly and full year financial results as well as ad hoc updates are released by the Board with the objective of providing shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

The management provides regular financial reports and other ad-hoc reports to the Board to enable the Board to discharge its duties and responsibilities. The Directors have separate and independent access to all levels of key personnel in the Company.

The Board is also responsible for ensuring compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Rules and will seek guidance from the Company Secretary and other legal advisers as and when necessary.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board has delegated the AC with the responsibility of overseeing the risk management framework and policies of the Company which includes determining the Company's levels of risk tolerance and risk policies and overseeing the Management in the design, implementation and monitoring of the risk management and internal control systems. The Management will regularly assess and review the Company's operational environment with other senior department heads to identify areas of significant business and financial risks and to implement appropriate measures to control and mitigate such risks. The AC also reviews the audit plans and the findings of the external and internal auditors and ensures that the management follows up on the auditors' recommendations raised, if any, during the audit process.

The Board, supported by the AC, reviewed the adequacy and effectiveness of the Group's risk management and system of internal controls, including financial, operational, compliance and information technology controls. During the financial year, the AC has reviewed the reports by the external and internal auditors as well as discussed with management and is satisfied that the Group's internal control system is adequate to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained to ensure preparation of reliable financial statements and compliance with applicable internal policies, laws and regulations are adhered to.

The Board recognizes its responsibilities for the overall internal control framework but notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. Based on the reports of the external and internal auditors and the various management controls put in place, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational and compliance and information technology controls and risk management system were adequate and effective for the financial year ended 31 December 2016.

The Board has also received assurance from the Executive Director undertaking the role of CEO and the Group Financial Controller at the Board meeting held on 28 February 2017 that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) that the Company's risk management and internal control systems in place are effective.

Corporate Governance Report



AUDIT COMMITTEE ("AC")

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

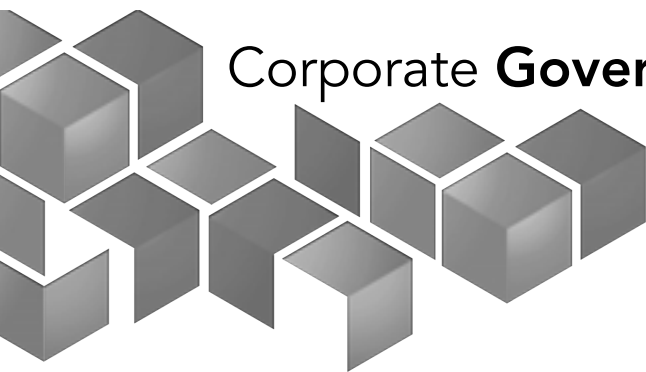
The AC comprises three members, two of whom are Independent Directors. The AC is chaired by Mr Yap Kian Peng and the other members are Mr Edwin Soeryadjaya and Mr Ng Yuen.

The main responsibilities of the AC are to assist the Board in fulfilling its statutory and other duties relating to corporate governance, financial and accounting matters and reporting practices of the Group. The AC meets periodically to perform the following functions:

- (i) review with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;
- (ii) review the quarterly, half-yearly and annual financial statements before submission to the Board for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (iii) review the internal control and procedures and co-ordination between the external auditors and the management, review the assistance given by the management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
- (iv) ensure that annual internal controls audit are commissioned until such time it is satisfied that the Group's internal controls are robust and effective enough;
- (v) review and approve all formal hedging and trading policies, and ensure that adequate procedures are in place, prior to implementation by the Group;
- (vi) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (vii) consider the appointment or re-appointment of the external auditors, the audit fee, and matters relating to the resignation or dismissal of the auditors;
- (viii) review and approve all interested person transactions of the Group prior to entry;
- (ix) review any potential conflicts of interest;
- (x) review all minutes of meetings conducted by the board of directors of PT PSJ, at least on a quarterly basis, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (xi) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- (xii) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

Apart from the duties above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.



Corporate Governance Report

The Board is of the view that the Chairman and members of the Audit Committee, whose professions or principal commitments require them to keep abreast of changes to accounting standards and issues, are appropriately qualified and have recent and relevant accounting or related financial management expertise or experience to discharge the Audit Committee's functions and responsibilities. In the course of their work or profession, members of the AC will also attend courses and seminars related to accounting or related financial management topics. Furthermore, the AC was also informed and briefed by the external auditors during AC meetings in respect of the latest changes to accounting standards and issues which have a direct impact on the financial statements.

During the financial year, the AC met with the management and the external auditors on four (4) and two (2) occasions respectively. These meetings included, amongst other things, a review of the Group's financial statements, any recommendations on internal control arising from statutory audit, prospects of the Group, independence of the external auditors, changes in accounting standards and issues which have a direct impact on financial statements. The AC members will also meet up with external and internal auditors without the presence of management during one of the AC meetings. The AC reviews the independence of the external auditors and the nature and extent of non-audit services provided by the external auditors to the Group and is satisfied that such services will not prejudice the independence and objectivity of the external auditors. During the year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to US\$57,000 and US\$2,000 respectively. The AC has recommended to the Board that Nexia TS Public Accounting Corporation, Singapore be nominated for re-appointment as external auditors at the forthcoming AGM.

Besides Nexia TS Public Accounting Corporation, the AC has also assessed the appointments of different auditors for the Group's associated companies and is satisfied that such appointments would not compromise the standard and effectiveness of the Group's audit. Accordingly, the AC and the Board are satisfied that the Group has complied with Rule 712 and Rule 716 of the Listing Manual of SGX-ST in relation to its auditing firms.

The AC has reviewed the Company's whistle blowing framework which was put in place to establish a confidential line of communication for employees to report in confidence, without fear of reprisal, concerns about possible improprieties in matters of financial reporting or other matters. This policy is to assist the AC in managing allegations of fraud or other misconduct; disciplinary and civil actions that are initiated following the completion of the investigations are appropriate and fair; and actions are taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence. Employees of the Company may, in confidence, report any such violations in writing to the Company Secretary or any Director of the Company. During FY2016, the AC had noted that there were no complaints or other matters received from the channel established under the whistle-blowing policy.

Each member of the AC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the AC in respect of matters he is interested in.

None of the AC members were previous partners or directors of the Company's external auditor, Nexia TS Public Accounting Corporation, within the last twelve months or hold any financial interest in the external auditor.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group has outsourced its internal audit function to a qualified accounting firm, Johan Malonda Mustika & Rekan which is an independent member of Baker Tilly International to strengthen the internal audit function so as to assist the Group to maintain a sound system of internal controls to safeguard shareholders' interest. The internal auditor meets or exceeds the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC reviews and approves the engagement, evaluation and compensation of the internal auditor. The internal auditor reports primarily to the AC Chairman and has full access to the documents, records, properties and personnel of the Group. The findings and recommendations of the internal auditor are discussed at the AC meeting and management is required to follow up on such recommendations to strengthen the internal control system of the Group. The AC reviews annually the adequacy and effectiveness of the internal audit function and is satisfied that the internal audit is staffed by qualified and experienced personnel and the internal audit function has been adequately carried out. The AC is also satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company.



SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company does not practice selective disclosure. In line with continuing disclosure obligations of the Company pursuant to the Listing Rules of the SGX-ST, the Board's policy is that all shareholders should be informed on a timely basis of all major developments that impact the Group. Information will first be disseminated through SGXNET and where relevant, followed by a news release. The Company will also make announcements from time to time to update shareholders on developments that are of interest to them.

To facilitate the exercise of ownership rights by all shareholders, the Company is committed to proactive communication with shareholders and to provide shareholders with timely and material information. Such information has been disclosed or communicated in a fairly and timely manner through:

- (i) Annual Reports which are prepared and issued to all shareholders;
- (ii) Quarterly and full year financial results announcements which are published on the SGXNet;
- (iii) notices of and explanatory memoranda for AGMs and EGMs (if any);
- (iv) major announcements which are published on the SGXNet.

The Company is currently in the process of setting up its corporate website to facilitate active engagement and communication with shareholders by using the website as a means to inform shareholders of new corporate developments.

Shareholders are entitled to attend the general meetings and are given the opportunity to participate effectively in and vote at the general meetings of the Company. They are informed of general meetings through notice of general meetings published in the local newspapers and announcement via SGXNet as well as Annual Reports sent to them. The rules and voting procedures governing the meetings of shareholders are clearly communicated to shareholders by the scrutineer at such meetings.

During the general meetings, the Board and Management will engage shareholders to solicit and gather their views and inputs through dialogue sessions to address any concerns the shareholders may have on the Company. While the Company does not have a formal investor relations policy, to have regular and timely communication other than the general meetings, the Company intends to engage the service of an investor relation firm to manage relations with shareholders, analysts and media when there are major developments that will be of interest to the investing community. Currently, the investor relation role is delegated to Management to explain and clarify the Company's financial results and industry operations which shareholders, analysts and media may have queries on.

The Company does not have a fixed dividend policy and no dividends will be paid for FY2016. The form, frequency and amount of dividends will depend on the Group's financial results, capital requirements, cash flow, development plans and other factors as the directors may deem appropriate. If there is intention to declare dividends, this will be clearly communicated to the shareholders via announcements through SGXNet.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to be kept updated on the Group's strategies and goals. The Company will make announcement via SGXNET and advertise in local newspapers the notice of the AGMs. The Company's Constitution allows shareholders who are unable to attend the general meetings to appoint up to two (2) proxies each to attend and vote on their behalf as long as their proxy forms are duly lodged in advance with the Company. Shareholders whose



Corporate Governance Report

shares are held through nominees are allowed to attend general meetings as observers with advance notice from the nominees to the Company. The Company has decided not to provide for other absentia voting methods such as voting via mail, e-mail or fax until security and other pertinent issues relating to shareholder identity authentication are satisfactorily resolved.

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings to which explanatory notes are furnished in the general meetings' notices. At the general meetings, the Chairpersons of the AC, NC and RC are usually present and available to address any queries by shareholders. The Company Secretary and External Auditors are also present to assist the Directors in addressing any relevant queries from shareholders. Minutes of the meetings including substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, are documented and are available to shareholders for inspection upon their request.

The Company has been conducting poll voting for all resolutions passed at its AGMs. An independent firm was appointed as the scrutineer to conduct the polling process. The results of the poll voting on each resolution tabled at the last AGM, including the total number of votes cast for and against each resolution and the respective percentages, were also announced via SGXNet after the AGM. Until it is cost effective to do so, the Company will continue to employ manual polling in view of the small number of voters at its general meetings.

DEALINGS IN SECURITIES

The Group has adopted an internal code which prohibits the Directors and officers of the Group from dealing in the Company's shares during the period commencing two weeks and one month, as the case may be, before the announcement of the Group's quarterly and full-year financial results and ending on the date of announcement of the relevant results or if they are in possession of unpublished material price-sensitive information of the Group. In addition, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period and are discouraged from dealing in securities for short term consideration.

INTERESTED PERSON TRANSACTIONS

The Company ensures that all interested person transactions comply with its internal control procedures and Chapter 9 of the Listing Manual of SGX-ST, and are carried out on an arm's length basis and will not be prejudicial to the interests of the shareholders and will be properly documented. The AC reviews all interested person transactions, to ensure that they are carried out on normal commercial basis and in accordance with the internal control procedures.

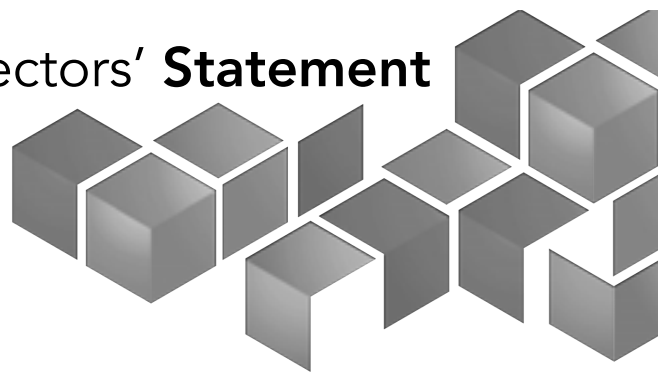
The details of interested person transactions for the financial year ended 31 December 2016 are set out below:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate (excluding transactions less than \$100,000) pursuant to Rule 920
	US\$ '000	US\$ '000
Freight charter revenue from PT Adaro Indonesia	-	7,316
Freight charter revenue from PT Maritim Barito Perkasa	-	9,962

RISK MANAGEMENT POLICIES AND PROCESSES

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Group also considers the various financial risks and management policies, details of which are found on pages 69 to 75 of the Annual Report.

Directors' Statement



For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 32 to 80 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Edwin Soeryadjaya
 Andreas Tjahjadi
 Masdjan
 Yap Kian Peng
 Ng Yuen
 Ng Soon Kai

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2016	As at 31.12.2016	As at 1.1.2016	As at 31.12.2016
The Company				
(No. of ordinary shares)				
Edwin Soeryadjaya	24,270,349	24,270,349	90,812,988	90,812,988
Andreas Tjahjadi	-	-	17,491,703	17,491,703
Masdjan	-	-	36,325,195	36,325,195
Ng Soon Kai	-	-	4,225,446	4,225,446
Subsidiary Corporation				
Seroja Shipping Services Pte Ltd				
(No. of ordinary shares)				
Masdjan	-	-	1,302,880	1,302,880



Directors' Statement

For the financial year ended 31 December 2016

Directors' interests in shares or debentures (continued)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2017.

By virtue of Section 7 of the Singapore Companies Act (Cap. 50), Edwin Soeryadjaya is deemed to have interest in the shares of all the subsidiary corporations at the end of the financial year.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of option to take up unissued shares of the Company or its subsidiary corporations.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiary corporations under option.

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Yap Kian Peng (Chairman), Independent director
Edwin Soeryadjaya
Ng Yuen, Independent director

All members of the AC were non-executive directors.

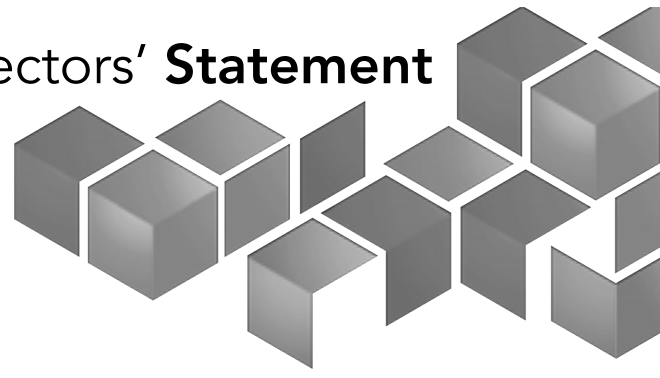
The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors.

Apart from the above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. The AC has full access to and co-operation of the management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

During the financial year, the AC met with the management and the independent auditor on four (4) and two (2) occasions respectively. These meetings included, amongst other matters, a review of the Group's financial statements, any recommendations on internal control arising from the statutory audit and independence of the independent auditor. The independent auditor also met with the AC members without the presence of the management. The AC reviews the independence of the independent auditor and the nature and extent of non-audit services provided by the independent auditor to the Group and is satisfied that such services will not prejudice the independence and objectivity of the independent auditor. Accordingly, the AC recommends to the Board that Nexia TS Public Accounting Corporation, Singapore be nominated for re-appointment as independent auditor at the forthcoming Annual General Meeting of the Company.

Directors' Statement



For the financial year ended 31 December 2016

Audit Committee (continued)

The Company has in place a whistle blowing framework for employees and other parties to report in confidence, without fear of reprisal, concerns about possible improprieties in matters of financial reporting or other matters. This policy is to assist the AC in managing allegations of fraud or other misconduct; disciplinary and civil actions that are initiated following the completion of the investigations are appropriate and fair; and actions are taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence.

Independent auditor

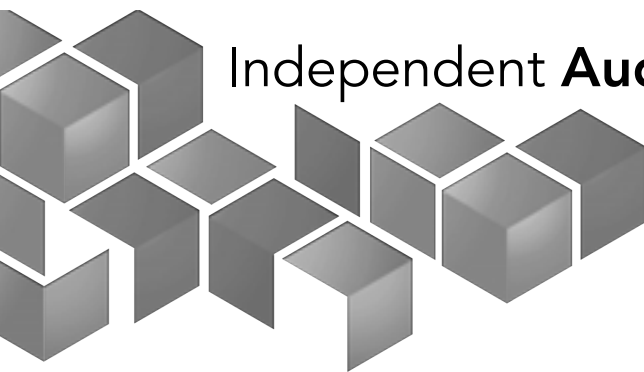
The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Andreas Tjahjadi
Director

Masdjani
Director

31 March 2017



Independent Auditor's Report

To the members of Seroja Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Seroja Investments Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 80.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

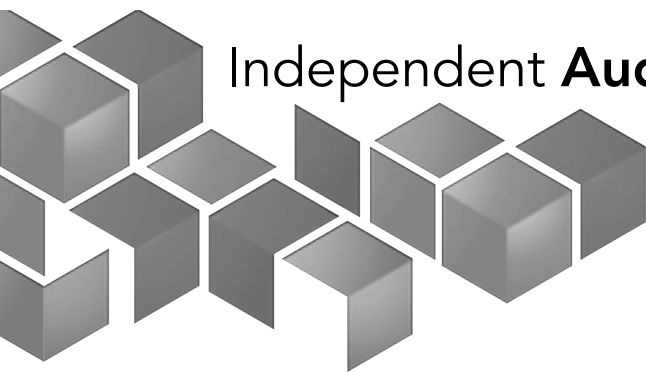
Independent Auditor's Report



To the members of Seroja Investments Limited

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Carrying amount of property, plant and equipment Refer to note 3(ii) and note 17 to the financial statements As at 31 December 2016, the carrying amount of vessels (tugboats and barges) was US\$59,640,000 which accounted for 71% of the Group's total assets. Management assessed whether there is any objective evidence or indication that assets may be impaired. There is increased risk of impairment due to decrease in market freight rate, intense competition in the industry and not all the vessels secured with long-term barging contract. The impairment tests were significant to our audit because the assessment involved significant management's judgement and assumptions. For the purpose of impairment test over the vessels with no long-term barging contract, management determined the fair value less cost to sell based on the estimated market values provided by an independent external valuer. An impairment loss of US\$7,132,000 has been recorded to reduce the carrying amounts of certain vessels to their estimated recoverable amount.	 We reviewed management's assessment of impairment indication for property, plant and equipment by assessing the appropriateness of the assumption or justifications used and rationale applied by the management. We evaluated the independent external valuer's competency, capabilities and objectivity. We assessed the methodologies and reasonableness of the assumptions used by the independent external valuer to estimate the market value of respective vessels and their consistency with other available evidence.
Litigation and claim Refer to note 30 to the financial statements The Group has an ongoing legal case arising from an accident involving the tugboat and barge of its subsidiary corporation in the financial year of 2011. We focused on this area as the eventual outcome of the claim is uncertain and the position taken by management is based on the application of material judgement. Therefore, unexpected adverse outcome could significantly impact the Group's results and financial position. As at the date of this report, the Group has not provided any loss for the case, based on management's internal assessment and the fact of a precedent decision made by the High Court of Jakarta, Indonesia on 11 August 2016 which was in favour of its subsidiary corporation, but has made disclosure of a contingent liability.	 We discussed the status and legal position with management to evaluate management's assessment of the outcome of the case by reviewing the correspondence with lawyer. We challenged management's judgement and corroborated it by obtaining confirmation from lawyer to confirm our understanding of the outstanding litigation. We considered whether any new factors had arisen subsequent to the financial year end that would impact the appropriateness of continuing to disclose this matter as contingent liabilities. We also considered the adequacy and appropriateness of the disclosures made in the financial statements.



Independent Auditor's Report

To the members of Seroja Investments Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report



To the members of Seroja Investments Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Ms Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
31 March 2017

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Note	2016 US\$'000	2015 US\$'000
Revenue	4	34,653	46,974
Cost of services		(29,795)	(35,681)
Gross profit		4,858	11,293
Other losses - net	5	(6,998)	(10,802)
Expenses			
- Administrative		(5,581)	(3,246)
- Finance	8	(1,832)	(2,155)
Share of (loss)/profit of associated companies	16	(4,479)	810
Loss before income tax		(14,032)	(4,100)
Income tax expense	9	(376)	(511)
Net loss		(14,408)	(4,611)
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		44	(180)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of post-employment benefits plan	22	57	60
Other comprehensive income/(loss)		101	(120)
Total comprehensive loss		(14,307)	(4,731)
Net (loss)/profit attributable to:			
Equity holders of the Company		(7,376)	(8,496)
Non-controlling interests		(7,032)	3,885
		(14,408)	(4,611)
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Company		(7,330)	(8,554)
Non-controlling interests		(6,977)	3,823
		(14,307)	(4,731)
Losses per share attributable to equity holders of the Company (US cents per share)			
Basic and diluted	10	(1.89)	(2.18)

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

Balance Sheets

As at 31 December 2016

		Group		Company	
	Note	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
ASSETS					
Current assets					
Cash and bank balances	11	5,512	9,557	2,172	2,537
Trade and other receivables	12	7,759	9,103	6,905	24,265
Inventories	13	1,301	949	-	-
Other current assets	14	2,762	512	45	52
		<u>17,334</u>	<u>20,121</u>	<u>9,122</u>	<u>26,854</u>
Non-current assets					
Investments in subsidiary corporations	15	-	-	22,916	23,440
Investments in associated companies	16	367	5,446	-	-
Property, plant and equipment	17	65,718	79,933	4	46
		<u>66,085</u>	<u>85,379</u>	<u>22,920</u>	<u>23,486</u>
Total assets		<u>83,419</u>	<u>105,500</u>	<u>32,042</u>	<u>50,340</u>
LIABILITIES					
Current liabilities					
Trade and other payables	18	4,167	4,717	467	174
Borrowings	19	8,600	20,271	-	-
Finance lease liabilities	20	-	2,496	-	-
		<u>12,767</u>	<u>27,484</u>	<u>467</u>	<u>174</u>
Non-current liabilities					
Borrowings	19	10,500	3,600	-	-
Deferred income tax liabilities	21	219	264	-	-
Post-employment benefits	22	538	450	-	-
		<u>11,257</u>	<u>4,314</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>24,024</u>	<u>31,798</u>	<u>467</u>	<u>174</u>
NET ASSETS		<u>59,395</u>	<u>73,702</u>	<u>31,575</u>	<u>50,166</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	31,801	31,801	56,951	56,951
Currency translation reserves		(500)	(519)	-	-
Other reserve	24	(305)	(305)	-	-
(Accumulated losses)/retained profits	25	(4,419)	2,930	(25,376)	(6,785)
		<u>26,577</u>	<u>33,907</u>	<u>31,575</u>	<u>50,166</u>
Non-controlling interests	15	32,818	39,795	-	-
Total equity		<u>59,395</u>	<u>73,702</u>	<u>31,575</u>	<u>50,166</u>

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

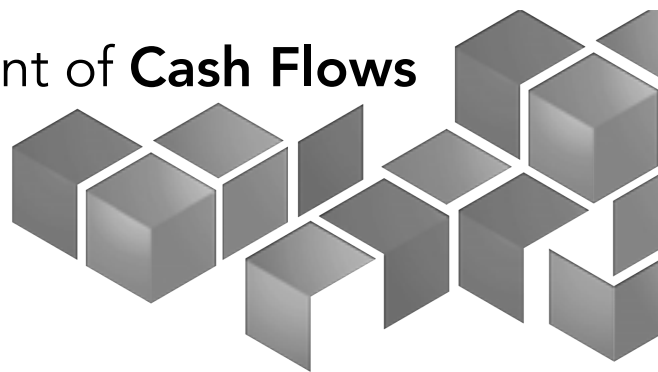
Consolidated Statement of Changes in Equity

As at 31 December 2016

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Currency translation reserve	Other reserve	(Accumulated losses)/retained profits	Total		
2016	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2016	31,801	(519)	(305)	2,930	33,907	39,795	73,702
Net loss for the year	-	-	-	(7,376)	(7,376)	(7,032)	(14,408)
Remeasurements of post-employment benefits plan	-	-	-	27	27	30	57
Foreign currency translation	-	19	-	-	19	25	44
Total comprehensive income/(loss) for the year	-	19	-	(7,349)	(7,330)	(6,977)	(14,307)
As at 31 December 2016	31,801	(500)	(305)	(4,419)	26,577	32,818	59,395
2015							
As at 1 January 2015	31,801	(432)	(305)	11,397	42,461	35,972	78,433
Net (loss)/profit for the year	-	-	-	(8,496)	(8,496)	3,885	(4,611)
Remeasurements of post-employment benefits plan	-	-	-	29	29	31	60
Foreign currency translation	-	(87)	-	-	(87)	(93)	(180)
Total comprehensive (loss)/income for the year	-	(87)	-	(8,467)	(8,554)	3,823	(4,731)
As at 31 December 2015	31,801	(519)	(305)	2,930	33,907	39,795	73,702

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

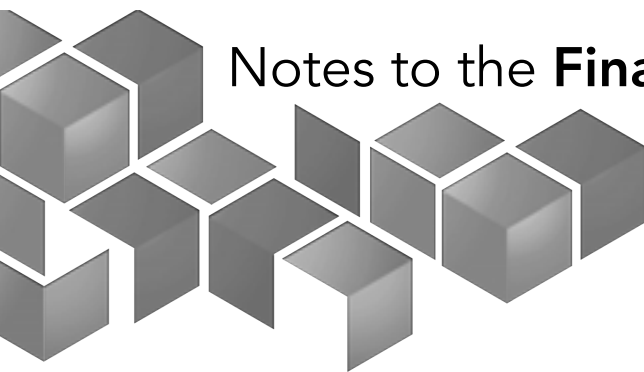
Consolidated Statement of Cash Flows



As at 31 December 2016

		Group	
	Note	2016 US\$'000	2015 US\$'000
Cash flows from operating activities			
Loss before income tax		(14,032)	(4,100)
Adjustments for:			
Depreciation of property, plant and equipment	6	11,020	10,288
Impairment loss on property, plant and equipment	5	7,132	-
Interest expense	8	1,832	2,155
Interest income	5	(22)	(14)
Share of loss/(profit) of associated companies	16	4,479	(810)
Loss on disposal of property, plant and equipment	5	-	10,320
Unrealised currency translation loss		13	186
Operating profit before working capital changes		10,422	18,025
Changes in working capital:			
Trade and other receivables		1,344	(1,572)
Inventories		(352)	609
Other current assets		(250)	608
Trade and other payables		(559)	(481)
Provision for post-employment benefits		145	55
Cash generated from operation		10,750	17,244
Income tax paid		(421)	(556)
Interest received		22	14
Net cash provided by operating activities		10,351	16,702
Cash flows from investing activities			
Capital reduction in an associated company	16	600	-
Deposits paid for purchase of property, plant and equipment		(2,000)	-
Purchase of property, plant and equipment	17	(3,907)	(3,993)
Proceeds from disposal of property, plant and equipment		-	13,002
Net cash (used in)/provided by investing activities		(5,307)	9,009
Cash flows from financing activities			
Proceeds from borrowings		17,588	7,750
Repayment of borrowings		(22,359)	(25,568)
Repayment of finance lease		(2,496)	(3,010)
Restricted cash		(604)	-
Interest paid		(1,823)	(1,821)
Net cash used in financing activities		(9,694)	(22,649)
Net (decrease)/increase in cash and cash equivalents		(4,650)	3,062
Cash and cash equivalents			
Beginning of financial year		9,557	6,511
Effects of currency translation		1	(16)
End of financial year	11	4,908	9,557

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



Notes to the Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with resolution of the directors on 31 March 2017.

1 General information

Seroja Investments Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 50 Raffles Place, #06-00, Singapore Land Tower, Singapore 048623 and its principal place of business is 15 Scotts Road, #08-05, Thong Teck Building, Singapore 228218.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiary corporations and associated companies are set out in Note 15 and Note 16 to the financial statements respectively.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are expressed in thousands of US dollar ("US\$'000") except for loss per share.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Group accounting

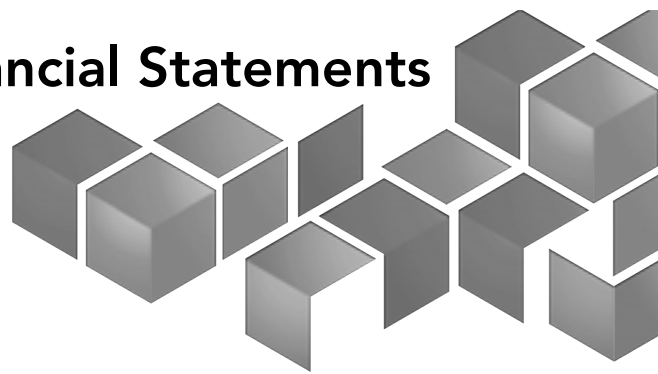
(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements



For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(i) *Consolidation (continued)*

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company or respective entities.



Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisition

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

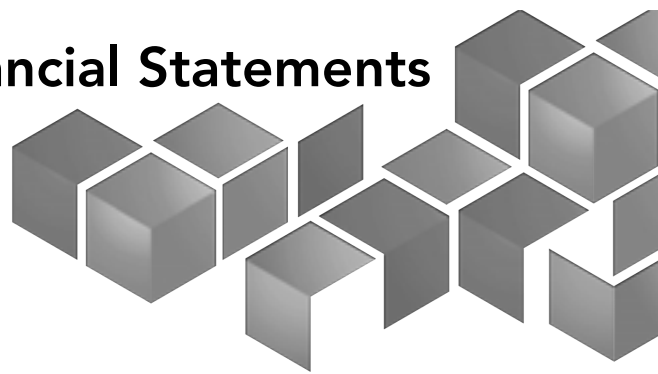
Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company or respective entities.

Notes to the Financial Statements



For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Rendering of services*

Revenue from freight charter is recognised when the services are rendered.

Revenue from time charter is recognised based on a time apportionment basis.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Land and building*

Land and building are initially recognised at cost. Freehold land is subsequently carried at the cost less accumulated impairment losses. Building is subsequently carried at the cost less accumulated depreciation and accumulated impairment losses.

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

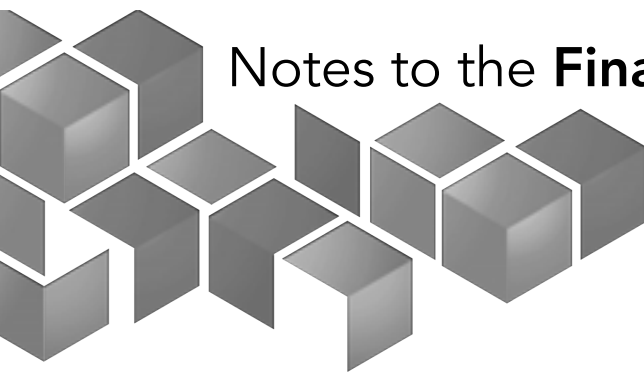
(iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs incurred on drydocking of vessels are capitalised and depreciated over the period to the next drydocking date.

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Buildings	20 years
Vessels	16 years
Drydocking	2 ½ years
Machinery and equipment	4 years
Motor vehicles	4 - 5 years
Office equipment	3 - 4 years
Furniture and fittings	3 - 10 years



Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation (continued)

Construction-in-progress represent the costs of property, plant and equipment under development. When construction-in-progress are completed and are ready for their intended use, they are recognised as property, plant and equipment and depreciated over their useful lives.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within "other losses, net".

2.5 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporations and associated companies are carried at cost less accumulated impairment losses in the Company's and respective entities' balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Impairment of non-financial assets

Property, plant and equipment

Investments in subsidiary corporations and associated companies

Property, plant and equipment and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

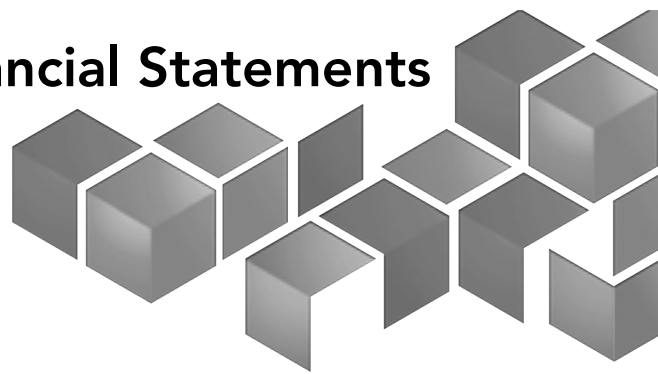
For the purpose of impairment testing of the assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

Notes to the Financial Statements



For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. There are no financial assets other than loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and bank balances" (Note 11) on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(c) Measurement

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

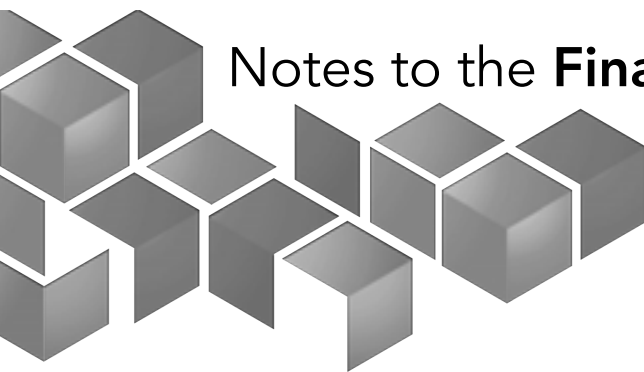
(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.



Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.8 Financial assets (continued)

(d) Impairment (continued)

Loans and receivables (continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Inventories

Inventories comprise of bunkers, materials and parts to be consumed in the course of rendering of services. Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.11 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date in which case they are presented as non-current liabilities.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

Notes to the Financial Statements



For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.13 Derivative financial instruments and hedging activities (continued)

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Cash flow hedge

Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

2.14 Fair value estimation of financial assets and liabilities

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest that are available to the Group for similar financial liabilities.

2.15 Leases

(a) When the Group is the lessee:

(i) *Lessee - Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee - Operating leases*

Lease of office unit where substantially all risks and rewards incidental to ownership is retained by the lessors is classified as operating lease. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

(i) *Lessor - Operating leases*

Lease of vessels where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Charter hire income from operating leases is recognised in profit or loss.



Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liabilities is recognised for all temporary differences arising on investments in subsidiary corporations and associated companies except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that tax arises from a transaction which is recognised directly in equity.

2.17 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

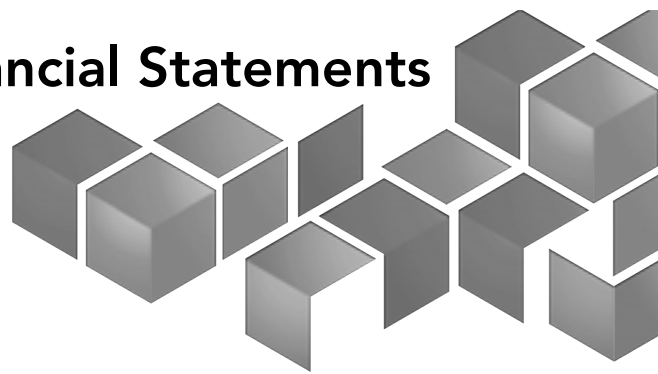
2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

Notes to the Financial Statements



For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.18 Employee compensation (continued)

(a) Defined benefit plans (continued)

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

The Group provides defined post-employment benefits to its employees in accordance with Indonesia Labor Law No. 13/2003.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(c) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar, which is the functional currency of the Company.

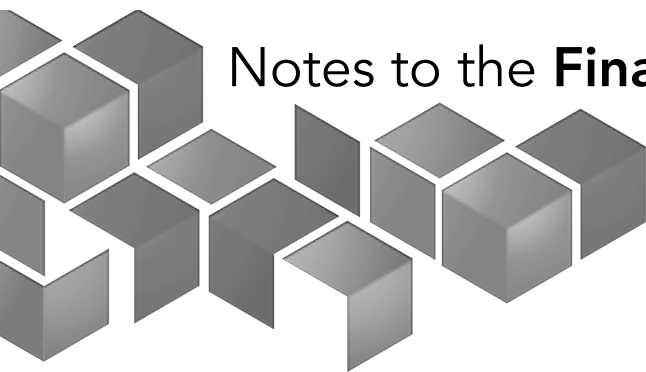
(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.



Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.19 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

3 Critical accounting estimates, assumptions and judgements

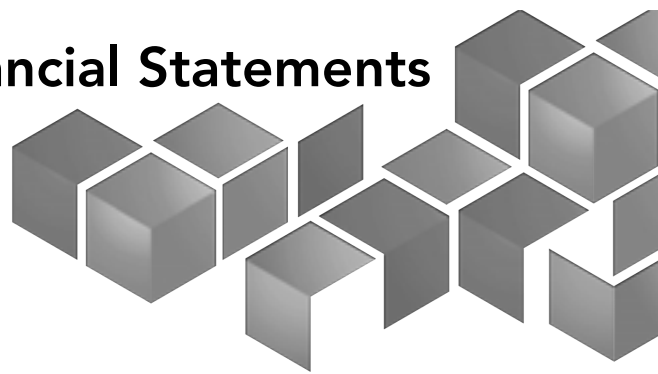
Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated impairment of non-financial assets

Investments in subsidiary corporations and property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and where applicable, CGU, have been determined based on higher of the fair value less cost to sell or value-in-use calculations. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the difference.

Notes to the Financial Statements



For the financial year ended 31 December 2016

3 Critical accounting estimates, assumptions and judgements (continued)

Estimated impairment of non-financial assets (continued)

(i) *Impairment of investments in subsidiary corporations*

The recoverable amounts of investments in subsidiary corporations have been determined based on value-in-use. The management estimated that the value-in-use for those investments in subsidiary corporations to be nil after taking into account the financial condition, no operations and future business plan of these subsidiary corporations. An impairment loss of US\$524,000 (2015: Nil) was made for investments in certain subsidiary corporations during the financial year ended 31 December 2016 which reduced the carrying amounts of investments in subsidiary corporations from US\$23,440,000 to US\$22,916,000.

The carrying amounts of investments in subsidiary corporations are disclosed in Note 15.

(ii) *Impairment of property, plant and equipment*

The recoverable amounts of property, plant and equipment has been determined based on the fair value less costs to sell determined by an independent external valuer. An impairment loss of US\$7,132,000 (2015: Nil) was made for vessels during the financial year ended 31 December 2016, which reduced the carrying amount of property, plant and equipment from US\$79,933,000 to US\$65,718,000.

If the valuation of property, plant and equipment had been higher/lower by 10%, the Group would have increased/decreased the carrying amount of property, plant and equipment by US\$713,000 (2015: Nil).

The carrying amounts of property, plant and equipment are disclosed in Note 17.

4 Revenue

	Group	
	2016	2015
	US\$'000	US\$'000
Freight charter	34,599	45,867
Time charter	54	1,107
	<u>34,653</u>	<u>46,974</u>

5 Other losses - net

	Group	
	2016	2015
	US\$'000	US\$'000
Interest income	22	14
Impairment loss on property, plant and equipment (Note 17)	(7,132)	-
Foreign exchange gain/(loss)	112	(496)
Loss on disposal of property, plant and equipment (Note 17)	-	(10,320)
	<u>(6,998)</u>	<u>(10,802)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2016

6 Expenses by nature

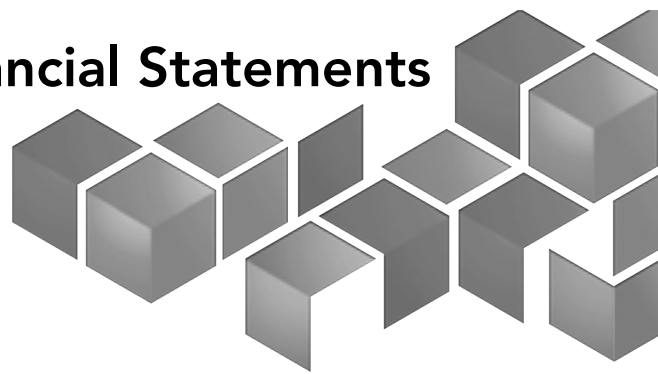
	Group	
	2016	2015
	US\$'000	US\$'000
Audit fees paid/payables to:		
- auditors of the Company	57	57
- other auditor*	36	34
Allowance for impairment of trade receivables (Note 28(b)(ii))	178	-
Changes in inventories	(352)	609
Depreciation of property, plant and equipment (Note 17)	11,020	10,288
Directors' fees	198	197
Entertainment	540	489
Employee compensation (Note 7)	3,068	2,894
Insurance	1,095	1,260
Port and agency fees	1,961	1,721
Professional fees	306	401
Purchases of fuel	5,720	10,965
Rental of operating lease	70	70
VAT receivables written off (Note 12)	2,342	-
Vessel charter	2,843	2,452
Vessel/crew costs	2,204	2,199
Vessel disposal costs	-	150
Vessel maintenance	522	1,206
Vessel supplies	1,799	1,841
Others	1,769	2,094
	<u>35,376</u>	<u>38,927</u>

* Included the network of member firms of Nexia International.

7 Employee compensation

	Group	
	2016	2015
	US\$'000	US\$'000
Salaries and wages	2,972	2,820
Defined benefit plans (Note 22)	86	63
Employer's contributions to Central Provident Fund ("CPF")	10	11
	<u>3,068</u>	<u>2,894</u>

Notes to the Financial Statements



For the financial year ended 31 December 2016

8 Finance expense

	Group	
	2016	2015
	US\$'000	US\$'000
Interest expense		
- Bank borrowings	1,440	1,792
- Finance lease liabilities	392	363
	<u>1,832</u>	<u>2,155</u>

9 Income taxes

	Group	
	2016	2015
	US\$'000	US\$'000
Tax expense attributable to loss is made up of:		
Current income tax – Indonesia	421	556
Deferred income tax (Note 21)	(45)	(45)
	<u>376</u>	<u>511</u>

The tax on the Group's loss differs from the amount that would arise using the tax calculated at domestic rates of income tax as explained below:

	Group	
	2016	2015
	US\$'000	US\$'000
Loss before income tax	(14,032)	(4,100)
Share of loss/(profit) of associated companies, net of tax (Note 16)	4,479	(810)
Loss before tax and share of loss/(profit) of associated companies	<u>(9,553)</u>	<u>(4,910)</u>
Tax calculated at tax rate of 17% (2015: 17%)	(1,624)	(835)
Effects of:		
- difference tax rate in other countries	(1,117)	(694)
- expenses not deductible for tax purposes	3,117	2,040
	<u>376</u>	<u>511</u>

There are no current income tax liabilities as at balance sheet date and no tax impact relating to the components of other comprehensive income during the financial year.

Deferred tax assets as at 31 December 2016 amounting to US\$Nil (2015: US\$13,404) not recognised were derived from the unutilised business tax losses incurred by the dormant and investment holding entities. It is not recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10 Losses per share

Basic losses per share is calculated by dividing the net losses attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted losses per share, losses attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares outstanding during the year and therefore basic and diluted losses per share are the same.

	Group 2016	2015
Net loss attributable to equity holders of the Company (US\$'000)	<u>(7,376)</u>	<u>(8,496)</u>
Weighted average number of ordinary shares ('000)	<u>390,388</u>	<u>390,388</u>
Basic and diluted loss (US cents per share)	<u>(1.89)</u>	<u>(2.18)</u>

11 Cash and bank balances

	Group 2016 US\$'000	2015 US\$'000	Company 2016 US\$'000	2015 US\$'000
Cash at bank and on hand	3,707	7,256	367	236
Short-term bank deposits	<u>1,805</u>	<u>2,301</u>	<u>1,805</u>	<u>2,301</u>
	<u>5,512</u>	<u>9,557</u>	<u>2,172</u>	<u>2,537</u>

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the followings:

	Group 2016 US\$'000	2015 US\$'000
Cash and bank balances (as above)	5,512	9,557
Less: Restricted cash	<u>604</u>	<u>-</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>4,908</u>	<u>9,557</u>

Short-term bank deposits are made for varying periods of between 14 days to 31 days depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. Included in cash and bank balances are bank deposits amounting to US\$604,000 (2015: Nil) which are restricted in relation to security granted for certain borrowings (Note 19).

Notes to the Financial Statements



For the financial year ended 31 December 2016

12 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables				
- Non-related parties	4,230	4,806	-	-
Less: Allowance for impairment of trade receivables (Note 28(b)(ii))	(178)	-	-	-
	4,052	4,806	-	-
- Related parties	3,378	1,836	-	-
	7,430	6,642	-	-
Other receivables				
- Related party	280	-	-	-
- Subsidiary corporations	-	-	24,261	24,265
Less: Allowance for impairment of other receivables	-	-	(17,356)	-
Other receivables - net	-	-	6,905	24,265
Advances to staff	49	42	-	-
VAT receivables	-	2,419	-	-
	7,759	9,103	6,905	24,265
Movement in allowance for impairment of other receivables:				
Beginning of financial year	-	-	-	-
Allowance made	-	-	17,356	-
End of financial year	-	-	17,356	-

Trade receivables are pledged as securities granted for certain bank borrowings (Note 19).

Non-trade amount due from related party and subsidiary corporations are unsecured, interest-free and are repayable on demand.

Allowance for impairment loss of other receivables from certain subsidiary corporations were made after taking into account the financial condition, operations and future business plan of the subsidiary corporations.

In September 2016, the subsidiary corporations of the Group, opted in for the Tax Amnesty Program ("Program") that was implemented by the Indonesian Ministry of Finance, as a result, the VAT receivables was written off in accordance with the terms and conditions as set out in the Program (Note 6).

Notes to the Financial Statements

For the financial year ended 31 December 2016

13 Inventories

	Group	
	2016	2015
	US\$'000	US\$'000
Fuel	926	519
Consumables	375	430
	<u>1,301</u>	<u>949</u>

Inventories of the Group have been pledged as security granted for certain bank borrowings (Note 19).

The cost of inventories recognised as an expense and included in "cost of services" amounted to US\$7,167,000 (2015: US\$13,415,000).

14 Other current assets

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Prepayments	206	500	39	40
Deposits	2,556	12	6	12
	<u>2,762</u>	<u>512</u>	<u>45</u>	<u>52</u>

Included in deposits of US\$2,000,000 is a downpayment made by a subsidiary corporation for the acquisition of tugboats.

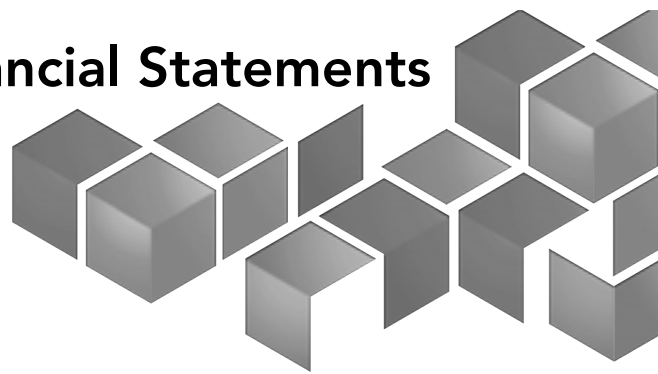
15 Investments in subsidiary corporations

	Company	
	2016	2015
	US\$'000	US\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	23,440	23,440
Allowance for impairment	(524)	-
End of financial year	<u>22,916</u>	<u>23,440</u>

Movement in allowance for impairment of investments in subsidiary corporations:

Beginning of financial year	-	-
Allowance made	524	-
End of financial year	<u>524</u>	<u>-</u>

Notes to the Financial Statements



For the financial year ended 31 December 2016

15 Investments in subsidiary corporations (continued)

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investments in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts. The recoverable amounts of investments in certain subsidiary corporations have been determined based on value-in-use. The management estimated that value-in-use for those investments in subsidiary corporations to be nil after taking into account the financial condition, no operations and future business plan for the subsidiary corporations.

The Group had the following subsidiary corporations as at 31 December 2016 and 2015:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by the respective entities		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<u>Held directly by the Company</u>								
Trans LK Marine Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	100	100	100	-	-
Trellis Group Holdings Ltd ⁽⁴⁾	Investment holding	British Virgin Islands	100	100	100	100	-	-
Seroja Shipping Services Pte Ltd ^{(1) (5)}	Investment holding	Singapore	50	50	50	50	50	50
<u>Held by Trans LK Marine Pte Ltd</u>								
PT. Pulau Seroja Jaya ^{(2) (5)}	Provision of marine transportation of drybulk freight	Indonesia	48	48	48	48	52	52
<u>Held by PT. Pulau Seroja Jaya</u>								
PT. Pulau Seroja Jaya Pratama ^{(2) (5)}	Provision of marine transportation of drybulk freight	Indonesia	99.8	99.8	47.9	47.9	52.1	52.1
PT. Seroja Pratama Maritim ^{(4) (5)}	Provision of marine transportation of drybulk freight	Indonesia	0.5	0.5	0.2	0.2	0.3	0.3
<u>Held by PT. Pulau Seroja Jaya Pratama</u>								
PT. Bintang Pertama Lines ^{(2) (5)}	Provision of marine transportation of drybulk freight	Indonesia	99.8	99.8	47.9	47.9	51.9	51.9
PT. Seroja Pratama Maritim ^{(4) (5)}	Provision of marine transportation of drybulk freight	Indonesia	99.5	99.5	47.8	47.8	51.7	51.7

Notes to the Financial Statements

For the financial year ended 31 December 2016

15 Investments in subsidiary corporations (continued)

The Group had the following subsidiary corporations as at 31 December 2016 and 2015 (continued):

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by the respective entities		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<u>Held by Trellis Group Holdings Ltd</u>								
Trellis Shipping Limited ⁽⁴⁾	Provision of marine transportation of drybulk freight	British Virgin Islands	100	100	100	100	-	-
Seroja-Zhushui Shipping Ltd ^{(4) (5)}	Provision of marine transportation of drybulk freight	British Virgin Islands	50	50	50	50	50	50

- (1) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International.
 (2) Audited by KAP Kanaka Puradiredja Suhartono, Indonesia, an independent member firm of Nexia International.
 (3) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International for consolidation purposes.
 (4) Not required to be audited or it is presently dormant.
 (5) Regarded as subsidiary corporations on the basis that the Group controls the entity based on the exposure to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Carrying value in non-controlling interests

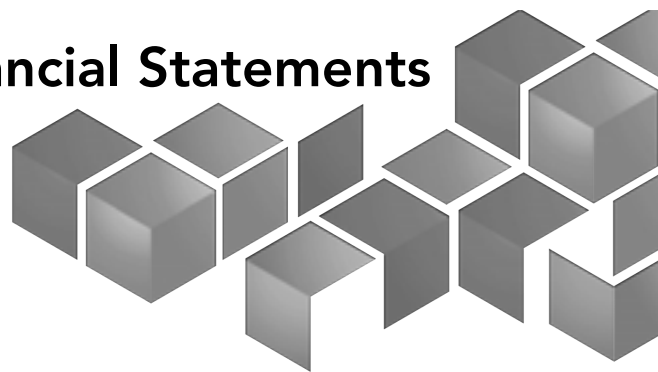
	2016 US\$'000	2015 US\$'000
PT. Pulau Seroja Jaya and its subsidiary corporations	28,849	33,583
Seroja-Zhushui Shipping Ltd	3,494	3,496
Seroja Shipping Services Pte Ltd	475	2,716
Total	<u>32,818</u>	<u>39,795</u>

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no material transactions with non-controlling interests for the financial years ended 31 December 2016 and 2015.

Notes to the Financial Statements



For the financial year ended 31 December 2016

15 Investments in subsidiary corporations (continued)

Summarised balance sheet

	PT. Pulau Seroja Jaya and its subsidiary corporations		Seroja-Zhushui Shipping Ltd	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
Assets	14,837	17,534	34,168	34,168
Liabilities	(14,110)	(28,949)	(27,180)	(27,176)
Total current net assets/(liabilities)	727	(11,415)	6,988	6,992
Non-current				
Assets	65,586	80,048	-	-
Liabilities	(10,834)	(4,050)	-	-
Total non-current net assets	54,752	75,998	-	-
Net assets	55,479	64,583	6,988	6,992

Summarised statement of comprehensive income

	PT. Pulau Seroja Jaya and its subsidiary corporations		Seroja-Zhushui Shipping Ltd	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	34,653	45,914	-	-
(Loss)/profit before income tax	(8,326)	6,466	(4)	(259)
Income tax expense	(421)	(556)	-	-
Net (loss)/profit	(8,747)	5,910	(4)	(259)
Other comprehensive income	104	120	-	-
Total comprehensive (loss)/income	(8,643)	6,030	(4)	(259)
Total other comprehensive (loss)/income allocated to non-controlling interests	(4,494)	3,136	(2)	(130)

Notes to the Financial Statements

For the financial year ended 31 December 2016

15 Investments in subsidiary corporations (continued)

Summarised statement of cash flows

	PT. Pulau Seroja Jaya and its subsidiary corporations		Seroja-Zhushui Shipping Ltd	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Cash generated from operations	9,126	18,738	-	(281)
Interest paid	(1,822)	(500)	-	(97)
Income tax paid	(421)	(545)	-	-
Net cash provided by/(used in) operating activities	6,883	17,693	-	(378)
Net cash used in investing activities	(5,769)	(3,984)	-	-
Net cash used in financing activities	(5,398)	(12,356)	-	-
Net (decrease)/increase in cash and cash equivalents	(4,284)	1,353	-	(378)
Cash and cash equivalents at beginning of year	7,021	5,668	-	378
Cash and cash equivalents at end of year	2,737	7,021	-	-

16 Investments in associated companies

	Group	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	5,446	4,636
Capital reduction	(600)	-
Share of (loss)/profits for the year (Note 9)	(4,479)	810
End of financial year	367	5,446

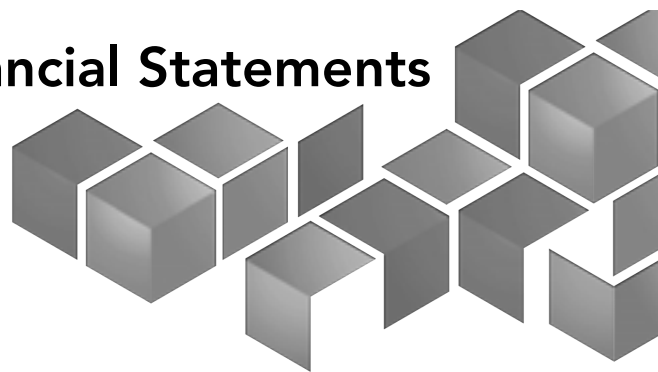
Set out below are the associated companies of the Group as at 31 December 2016 and 2015. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held by a subsidiary corporation of the Group. The country of incorporation is also their principal place of business.

Name of entities	Principal activities	Country of incorporation	% of ownership interest	
			2016	2015
<u>Held by Seroja Shipping Services Pte Ltd</u>				
PT. Sinar Mentari Prima ⁽¹⁾⁽²⁾	Provision of marine transportation	Indonesia	30	30
PT. Pelayaran Antarbuwana Pertala ⁽¹⁾⁽²⁾	Provision of marine transportation	Indonesia	30	30

(1) Audited by KAP Siddharta Widjaja & Rekan, Indonesia, a member firm of KPMG.

(2) For consolidation purpose, limited review/audit procedures were performed by Nexia TS Public Accounting Corporation, Singapore.

Notes to the Financial Statements



For the financial year ended 31 December 2016

16 Investments in associated companies (continued)

There are no contingent liabilities relating to the Group's interest in the associated companies.

Summarised financial information for associated company

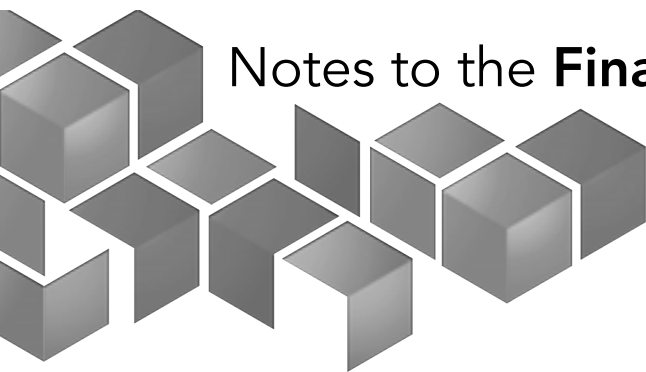
Set out below are the summarised financial information for PT. Sinar Mentari Prima, which is material to the Group.

Summarised balance sheet

	2016 US\$'000	2015 US\$'000
Current assets	<u>1,146</u>	<u>1,864</u>
Includes:		
- Cash and cash equivalents	82	975
Current liabilities	<u>-</u>	<u>(1,207)</u>
Non-current assets	<u>-</u>	<u>20,983</u>
Non-current liabilities	<u>-</u>	<u>(4,392)</u>
Includes:		
- Financial liabilities	-	(4,392)
Net assets	<u>1,146</u>	<u>17,248</u>

Summarised statement of comprehensive income

	2016 US\$'000	2015 US\$'000
Revenue	4,489	7,354
Interest income	1	3
Expenses		
Includes:		
- Depreciation	(1,735)	(2,084)
- Interest expense	(99)	(172)
(Loss)/profit before tax	(14,048)	2,807
Income tax expense	<u>(54)</u>	<u>(88)</u>
Net (loss)/profit, representing total comprehensive (loss)/income	<u>(14,102)</u>	<u>2,719</u>



Notes to the Financial Statements

For the financial year ended 31 December 2016

16 Investments in associated companies (continued)

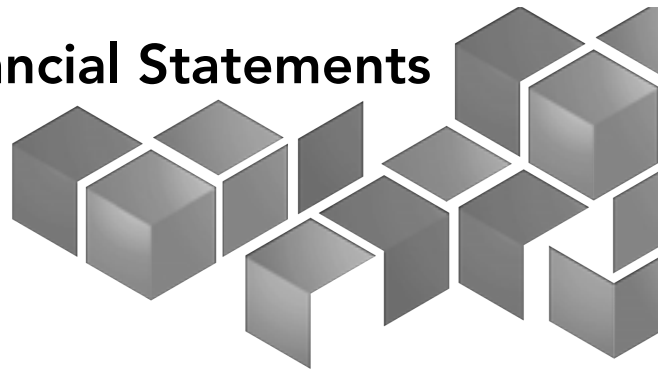
The information above reflects the amounts presented in the financial statements of the associate company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and associated company.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:-

	2016 US\$'000	2015 US\$'000
Net assets – At 1 January	17,248	14,529
Capital reduction	(2,000)	-
(Loss)/profit for the year	<u>(14,102)</u>	<u>2,719</u>
Net assets – At 31 December	<u>1,146</u>	<u>17,248</u>
Carrying value/Interest in associated company (30%)	344	5,174
Add: Carrying value of immaterial associated company	<u>23</u>	<u>272</u>
Carrying value of Group's interest in associated companies	<u><u>367</u></u>	<u><u>5,446</u></u>

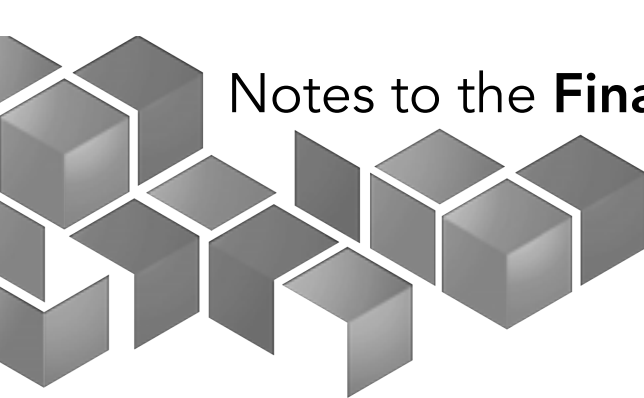
Notes to the Financial Statements



For the financial year ended 31 December 2016

17 Property, plant and equipment

Group	Land	Buildings	Vessels	Drydocking	Machinery and Equipment		Motor Vehicles	Office Equipment	Furniture and Fittings		Construction-in-Progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2016												
Cost												
Beginning of financial year	79	582	137,760	14,834	720	595	113	7	-	-	154,690	
Additions	-	-	-	2,769	-	-	3	-	-	1,135	3,907	
Currency translation differences	-	-	92	9	2	-	-	-	-	-	103	
End of financial year	79	582	137,852	17,612	722	595	116	7	1,135	158,700		
Accumulated depreciation and impairment losses												
Beginning of financial year	-	191	62,968	10,220	720	544	109	5	-	-	74,757	
Impairment loss (Note 5)	-	-	7,132	-	-	-	-	-	-	-	7,132	
Depreciation charge (Note 6)	-	29	8,063	2,871	-	51	5	1	-	-	11,020	
Currency translation differences	-	-	49	22	2	-	-	-	-	-	73	
End of financial year	-	220	78,212	13,113	722	595	114	6	-	-	92,982	
Net book value												
End of financial year	79	362	59,640	4,499	-	-	2	1	1,135	65,718		



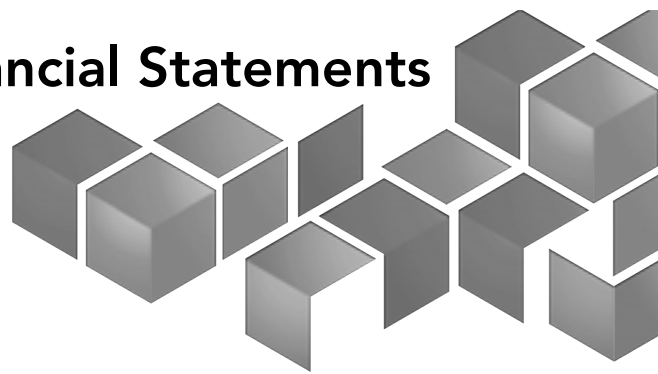
Notes to the Financial Statements

For the financial year ended 31 December 2016

17 Property, plant and equipment (continued)

Group	Land	Buildings	Vessels	Drydocking	Machinery and equipment	Motor Vehicles	Office Equipment	Furniture and fittings	Total
2015	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<i>Cost</i>									
Beginning of financial year	79	582	164,400	10,850	720	618	113	7	177,369
Additions	-	-	-	3,993	-	-	-	-	3,993
Disposal	-	-	(26,479)	-	-	(23)	-	-	(26,502)
Currency translation differences	-	-	(161)	(9)	-	-	-	-	(170)
End of financial year	79	582	137,760	14,834	720	595	113	7	154,690
<i>Accumulated depreciation</i>									
Beginning of financial year	-	162	58,664	7,398	639	498	103	4	67,468
Depreciation charge (Note 6)	-	29	7,520	2,587	81	64	6	1	10,288
Disposal	-	-	(3,157)	-	-	(23)	-	-	(3,180)
Currency translation differences	-	-	(59)	235	-	5	-	-	181
End of financial year	-	191	62,968	10,220	720	544	109	5	74,757
Net book value									
End of financial year	79	391	74,792	4,614	-	51	4	2	79,933

Notes to the Financial Statements



For the financial year ended 31 December 2016

17 Property, plant and equipment (continued)

- (a) Bank borrowings of the Group are secured by the vessels of subsidiary corporations with carrying amount of approximately US\$5,257,000 (2015: US\$6,612,000) (Note 19).
- (b) Vessels with carrying amount of approximately nil (2015: US\$8,670,000) are held under finance leases (Note 20).
- (c) During the financial year ended 31 December 2016, the Group recognised an impairment loss for property, plant and equipment of approximately US\$7,132,000 (2015: Nil) included within "Other losses, net" in the statement of comprehensive income. The impairment loss has arisen from Indonesia freight charter business segment as a result of the lower market freight rate and intense competition in the industry. The recoverable amount of the relevant assets has been determined on the basis of higher of the fair value less cost to sell.

Impairment test for property, plant and equipment

Property, plant and equipment is allocated to the Group's cash-generating units ("CGUs") identified according to vessels. For the purpose of impairment test, the recoverable amount of the Group's vessels with no long-term barging contract was determined based on the fair value less costs to sell.

Valuation process of the Group

The Group engaged external, independent and qualified valuer to determine the fair value of the Group's vessels as at 31 December 2016 based on the vessels' highest and best use. These vessels are measured based on market approach. Under the market approach method, a vessel is valued in comparison to the recent sale of a comparable vessel, adjusted for age, cargo carrying capacity, vessel specifications, development to shipping within the region, supply and demand of vessels and market condition.

Fair value hierarchy – Recurring fair value measurements

Description	Fair value measurements using		
	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	US\$'000	US\$'000	US\$'000
31 December 2016			
Vessels	-	11,715	-
31 December 2015			
Vessels	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2016

17 Property, plant and equipment (continued)

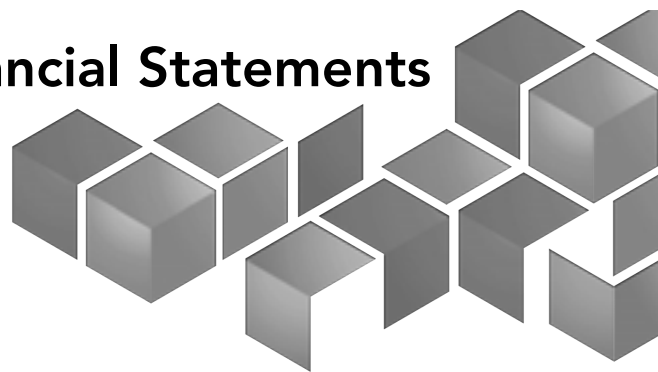
Company	Motor Vehicle	Office Equipment	Furniture and Fittings	Total
2016	US\$'000	US\$'000	US\$'000	US\$'000
Cost				
Beginning of financial year	293	9	7	309
Additions	-	3	-	3
End of financial year	293	12	7	312
<i>Accumulated depreciation</i>				
Beginning of financial year	248	9	6	263
Depreciation charge	43	1	1	45
End of financial year	291	10	7	308
Net book value				
End of financial year	<u>2</u>	<u>2</u>	<u>-</u>	<u>4</u>
2015				
Cost				
Beginning and end of financial year	293	9	7	309
<i>Accumulated depreciation</i>				
Beginning of financial year	189	9	5	203
Depreciation charge	59	-	1	60
End of financial year	248	9	6	263
Net book value				
End of financial year	<u>45</u>	<u>-</u>	<u>1</u>	<u>46</u>

18 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables:				
- Non-related parties	3,231	3,860	-	-
Other payables:				
- Subsidiary corporations	-	-	303	-
- Non-related parties	83	169	-	-
	83	169	303	-
Accrued operating expenses	853	688	164	174
	<u>4,167</u>	<u>4,717</u>	<u>467</u>	<u>174</u>

The non-trade amount due to subsidiary corporations are unsecured, interest-free and are repayable on demand.

Notes to the Financial Statements



For the financial year ended 31 December 2016

19 Borrowings

	Group	
	2016	2015
	US\$'000	US\$'000
Bank loans - secured		
Current	8,600	20,271
Non-current	10,500	3,600
Total	<u>19,100</u>	<u>23,871</u>

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
6 months or less	4,300	18,471
6 – 12 months	4,300	1,800
1 – 5 years	10,500	3,600
	<u>19,100</u>	<u>23,871</u>

There are three (2015: two) secured loans held by the Group as at 31 December 2016. The terms of repayment are as follows:

		Group	
		2016	2015
		US\$'000	US\$'000
	Maturity date		
Floating rate	September 2017 and April 2019 (2015: April 2016 and September 2017)	<u>19,100</u>	<u>23,871</u>

Notes to the Financial Statements

For the financial year ended 31 December 2016

19 Borrowings (continued)

(a) Security granted

Total borrowings include secured liabilities of US\$19,100,000 (2015: US\$23,870,000) for the Group.

Bank borrowings of the Group are secured by the following:

- certain vessels of subsidiary corporations (Note 17);
- pledge of the shares of subsidiary corporations by certain shareholders;
- an assignment of all moneys and rights to receive money in respect of any of the pledged vessels, and their respective insurances;
- an assignment of all rights in respect of certain coal barging contracts;
- a charge on the cash, receivables and inventories of subsidiary corporations;
- corporate guarantees by certain directors of related parties.

(b) Fair value of non-current borrowings

The fair values of non-current borrowings are as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Bank loans	9,295	3,382

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2016	2015
Bank loans	6%	6%

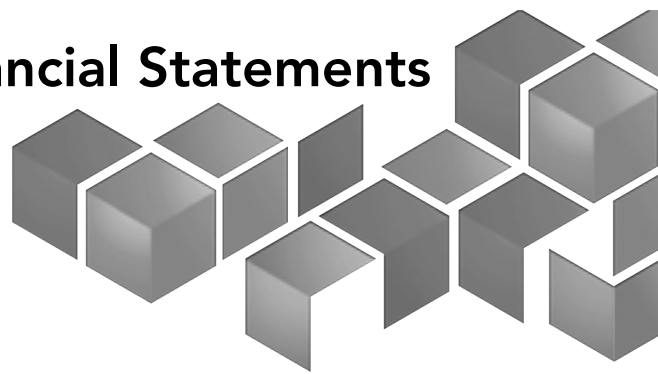
The fair values are within Level 2 of the fair values hierarchy.

20 Finance lease liabilities

The Group leases vessels from non-related parties under finance leases.

	Group	
	2016	2015
	US\$'000	US\$'000
Minimum lease payments due		
- Not later than one year	-	2,888
Less: Future finance charges	-	(392)
Present value of finance lease liabilities	-	2,496

Notes to the Financial Statements



For the financial year ended 31 December 2016

21 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Deferred income tax liabilities (to be settled after one year):		
Fair value gains on property, plant and equipment on acquisition of subsidiary corporation		
Beginning of financial year	264	309
Credited to profit or loss (Note 9)	(45)	(45)
End of financial year	<u>219</u>	<u>264</u>

No deferred tax liabilities has been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiary corporations established in Indonesia as the Group is in a position to control the timing of earning and it is not probable that these subsidiary corporations will distribute such earnings in the foreseeable future. The deferred tax liabilities not recognised are approximately US\$4,700,000 (2015: US\$4,900,000).

22 Post-employment benefits

The Group's subsidiary corporations operate in Indonesia have unfunded defined benefit plans for its employees. These plans are final salary retirement and severance benefits.

	Group	
	2016	2015
	US\$'000	US\$'000
Obligation recognised in the balance sheet for:		
Defined benefit plans	<u>538</u>	<u>450</u>
Expenses charged to profit or loss:		
Defined benefit plans (Note 7)	<u>86</u>	<u>63</u>
Remeasurement for:		
Defined benefit plans	<u>57</u>	<u>60</u>
The amount recognised in the balance sheet is determined as follows:		
Present value of unfunded defined benefit obligation recognised in the balance sheet	<u>538</u>	<u>450</u>

Notes to the Financial Statements

For the financial year ended 31 December 2016

22 Post-employment benefits (continued)

The movement in present value of the unfunded defined benefit obligation is as follows:

	Group	
	2016 US\$'000	2015 US\$'000
Beginning of financial year	450	456
Current service cost	86	92
Interest expense	42	35
	128	127
Remeasurements:		
- Actuarial gain	(57)	(60)
	(57)	(60)
Currency translation	17	(18)
Benefits paid during the year	-	(55)
End of financial year	538	450

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	8%	9%
Salary growth rate	5%	7%
Mortality rate ("MR") *	TMI '11	TMI '11
Disability rate	10% of MR	10% of MR

*Based on Indonesian Mortality Table

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 5.05% to 9%	Increase by 5.70% to 10.24%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the balance sheet date) has been applied as when calculating the post-employment benefits liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis are consistent with the previous reporting period.

Notes to the Financial Statements



For the financial year ended 31 December 2016

23 Share capital

	Group		Company	
	Number of ordinary shares '000	Amount US\$'000	Number of ordinary shares '000	Amount US\$'000
2016 and 2015				
<i>Issued and fully paid</i>				
Beginning and end of financial year	390,388	31,801	390,388	56,951

There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

Reverse acquisition

At Group level

The acquisition of Trans LK Marine Limited ("Trans LK") in 2009 has been accounted for as a reverse acquisition in the consolidated financial statements of the Group. Trans LK, which is the legal subsidiary, is considered the acquirer for accounting purposes. Accordingly, the consolidated statement of comprehensive income, balance sheets, statement of changes in equity and cash flow statement of the Group have been prepared as a continuation of Trans LK's financial statements.

24 Other reserve

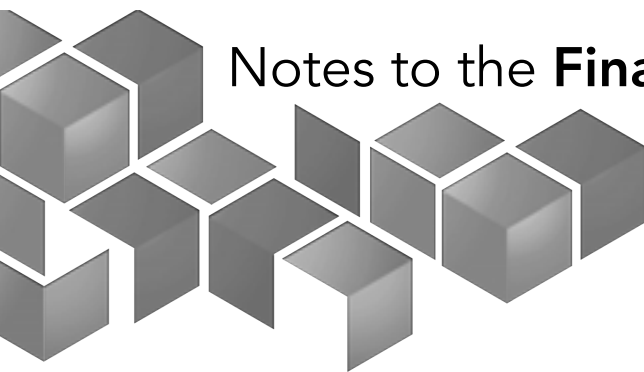
The other reserve represents the effect of the changes in the Group's ownership interest in a subsidiary corporation that do not result in loss of control over the subsidiary corporation.

25 (Accumulated losses)/retained profits

- (a) Retained profits are distributable except for accumulated retained profits of associated companies amounting to nil (2015: US\$2,840,000).
- (b) Movement in (accumulated losses)/retained profits for the Group and the Company is as follows:

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Beginning of financial year	2,930	11,397	(6,785)	(5,962)
Net loss	(7,376)	(8,496)	(18,591)	(823)
Remeasurement of post-employment benefit liabilities*	27	29	-	-
End of financial year	(4,419)	2,930	(25,376)	(6,785)

* The remeasurement of post-employment benefit liabilities for the financial year amounted to US\$57,000 (2015: US\$60,000) (Note 22) out of which the non-controlling interests share amounted to US\$30,000 (2015: US\$31,000).



Notes to the Financial Statements

For the financial year ended 31 December 2016

26 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

- (a) Sales and purchases of goods and services

	Group	
	2016	2015
	US\$'000	US\$'000
Freight charter revenue from related party	<u>17,278</u>	<u>27,563</u>

Outstanding balances as at 31 December 2016 and 2015, arising from related transactions are disclosed in Note 12.

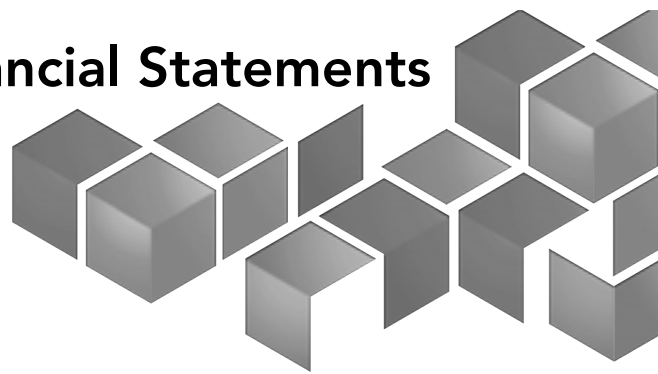
Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

- (b) Key management personnel compensation is as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Salaries and bonuses	340	322
Directors' fees	198	197
Employers' contributions to CPF	<u>10</u>	<u>8</u>
	<u>548</u>	<u>527</u>

Included in the salaries and bonuses above are total directors' remunerations of US\$173,000 (2015: US\$162,000).

Notes to the Financial Statements



For the financial year ended 31 December 2016

27 Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Property, plant and equipment	<u>2,865</u>	<u>-</u>

(b) Operating lease commitments – where the Group is a lessee

The Group leases office premises from non-related parties under non-cancellable operating lease agreements.

The future minimum lease payments payable under the non-cancellable operating leases as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Not later than one year	<u>17</u>	<u>17</u>

28 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

The Group operates in Singapore and Indonesia. The entities of the Group regularly transact in their respective functional currencies. Transactions in currencies other than their respective functional currencies ("foreign currency") are denominated mainly in Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR").

Notes to the Financial Statements

For the financial year ended 31 December 2016

28 Financial risk management (continued)

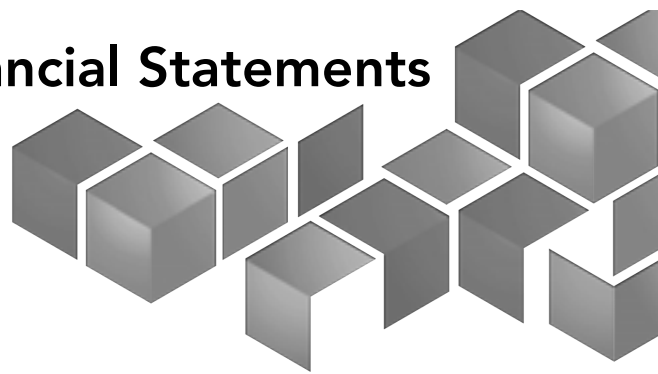
(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	USD US\$'000	SGD US\$'000	IDR US\$'000	Total US\$'000
At 31 December 2016				
Financial assets				
Cash and bank balances	3,662	1	1,849	5,512
Trade and other receivables	151	-	7,608	7,759
Other current assets	556	-	-	556
Receivables from subsidiary corporations	101,148	-	-	101,148
	<u>105,517</u>	<u>1</u>	<u>9,457</u>	<u>114,975</u>
Financial liabilities				
Trade and other payables	(607)	(164)	(3,396)	(4,167)
Borrowings	(19,100)	-	-	(19,100)
Payables to subsidiary corporations	(101,148)	-	-	(101,148)
	<u>(120,855)</u>	<u>(164)</u>	<u>(3,396)</u>	<u>(124,415)</u>
Net financial (liabilities)/assets	<u>(15,338)</u>	<u>(163)</u>	<u>6,061</u>	<u>(9,440)</u>
Less: Net financial liabilities denominated in the functional currencies of respective entities	15,338	-	-	15,338
Currency exposure	<u>-</u>	<u>(163)</u>	<u>6,061</u>	<u>5,898</u>
At 31 December 2015				
Financial assets				
Cash and bank balances	9,339	36	182	9,557
Trade and other receivables	2,025	-	7,078	9,103
Other current assets	12	-	-	12
Receivables from subsidiary corporations	75,324	-	-	75,324
	<u>86,700</u>	<u>36</u>	<u>7,260</u>	<u>93,996</u>
Financial liabilities				
Trade and other payables	(848)	(174)	(3,695)	(4,717)
Finance lease liabilities	(2,496)	-	-	(2,496)
Borrowings	(23,871)	-	-	(23,871)
Payables to subsidiary corporations	(75,324)	-	-	(75,324)
	<u>(102,539)</u>	<u>(174)</u>	<u>(3,695)</u>	<u>(106,408)</u>
Net financial (liabilities)/assets	<u>(15,839)</u>	<u>(138)</u>	<u>3,565</u>	<u>(12,412)</u>
Less: Net financial liabilities denominated in the functional currencies of respective entities	15,839	-	-	15,839
Currency exposure	<u>-</u>	<u>(138)</u>	<u>3,565</u>	<u>3,427</u>

Notes to the Financial Statements



For the financial year ended 31 December 2016

28 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD	SGD	Total
	US\$'000	US\$'000	US\$'000
At 31 December 2016			
Financial assets			
Cash and bank balances	2,171	1	2,172
Trade and other receivables	6,905	-	6,905
Other current assets	6	-	6
	<u>9,082</u>	<u>1</u>	<u>9,083</u>
Financial liabilities			
Trade and other payables	(303)	(164)	(467)
	<u>(303)</u>	<u>(164)</u>	<u>(467)</u>
Net financial assets/(liabilities)	8,779	(163)	8,616
Less: Net financial assets denominated in the functional currency of the Company	(8,779)	-	(8,779)
Currency exposure	-	(163)	(163)
At 31 December 2015			
Financial assets			
Cash and bank balances	2,501	36	2,537
Trade and other receivables	24,265	-	24,265
Other current assets	12	-	12
	<u>26,778</u>	<u>36</u>	<u>26,814</u>
Financial liabilities			
Trade and other payables	-	(174)	(174)
	<u>-</u>	<u>(174)</u>	<u>(174)</u>
Net financial assets/(liabilities)	26,778	(138)	26,640
Less: Net financial assets denominated in the functional currency of the Company	(26,778)	-	(26,778)
Currency exposure	-	(138)	(138)

Notes to the Financial Statements

For the financial year ended 31 December 2016

28 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SGD and IDR change against USD by 5% (2015: 5%) and 9% (2015: 5%) respectively with all other variables held constant, the effects arising from the net currency exposure would increase/(decrease) profit before income tax by the amounts shown below:

	2016 US\$'000	2015 US\$'000
Group		
SGD against USD		
- strengthened	(8)	(7)
- weakened	8	7
 IDR against USD		
- strengthened	545	178
- weakened	(545)	(178)
 Company		
SGD against USD		
- strengthened	(8)	(7)
- weakened	8	7

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings at floating interest rates.

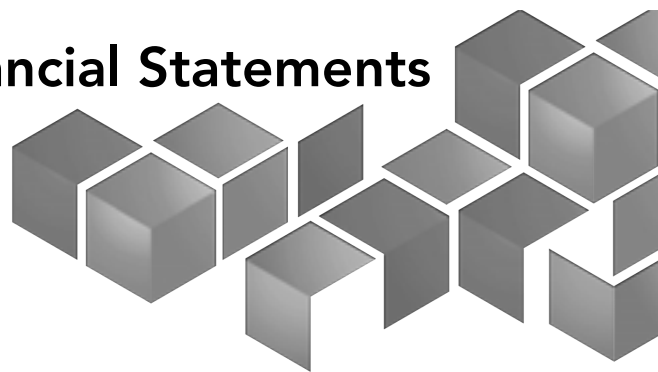
The Group's exposure to cash flow interest rate risks arises mainly from variable-rate bank borrowings. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swap.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the head of credit control based on an on-going credit evaluation. The Group's trade receivables comprise 2 debtors (2015: 5 debtors) that represent 63% (2015: 75%) of trade receivables. As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. The Group's major classes of financial assets are trade receivables.

Notes to the Financial Statements



For the financial year ended 31 December 2016

28 Financial risk management (continued)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
<u>By types of customers</u>		
Indonesian local companies		
- Non-related parties	4,052	4,806
- Related parties	3,378	1,836
	<u>7,430</u>	<u>6,642</u>

(i) Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due but not impaired

There is no other class of financial assets that is past due and impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Past due < 3 months	4,284	2,153
Past due 3 to 6 months	225	-
Past due over 6 months	-	173
	<u>4,509</u>	<u>2,326</u>

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Past due over 6 months	178	-
Less: Allowance for impairment (Note 12)	(178)	-
	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the financial year ended 31 December 2016

28 Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due but not impaired (continued)

	Group	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	-	-
Allowance made (Note 6)	178	-
End of financial year	<u>178</u>	<u>-</u>

The impaired trade receivables arise from customers that are in financial difficulties and in dispute which the management is of the opinion that payments are not forthcoming.

The Group believes that the trade receivables that are past due but not impaired are collectible, based on historical payment behaviour and credit worthiness of the customers.

(c) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year US\$'000	Between 2 and 5 years US\$'000
Group		
At 31 December 2016		
Trade and other payables	4,167	-
Borrowings	<u>8,600</u>	<u>10,928</u>
	<u>12,767</u>	<u>10,928</u>
At 31 December 2015		
Trade and other payables	4,717	-
Finance lease liabilities	2,888	-
Borrowings	<u>20,271</u>	<u>3,780</u>
	<u>27,876</u>	<u>3,780</u>
Company		
At 31 December 2016		
Trade and other payables	<u>467</u>	<u>-</u>
At 31 December 2015		
Trade and other payables	<u>174</u>	<u>-</u>

Notes to the Financial Statements



For the financial year ended 31 December 2016

28 Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return of capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio and compliance of externally imposed capital requirements which were unchanged from 2015. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total of borrowings, finance lease liabilities and trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Net debt	17,755	21,527	-	-
Total equity	59,395	73,702	31,575	50,166
Total capital	<u>77,150</u>	<u>95,229</u>	<u>31,575</u>	<u>50,166</u>
Gearing ratio	<u>23%</u>	<u>23%</u>	<u>-</u>	<u>-</u>

The Group is in compliance with all externally imposed capital requirements where the Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

(e) Fair value measurements

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Loans and receivables	13,827	18,672	9,083	26,814
Financial liabilities at amortised cost	<u>23,267</u>	<u>31,084</u>	<u>467</u>	<u>174</u>

Notes to the Financial Statements

For the financial year ended 31 December 2016

29 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") for the purpose of making strategic decisions, allocate resources, and assess performance. For each of the strategic business units, the BOD (the chief operating decision maker) reviews internal management reports on at least quarterly.

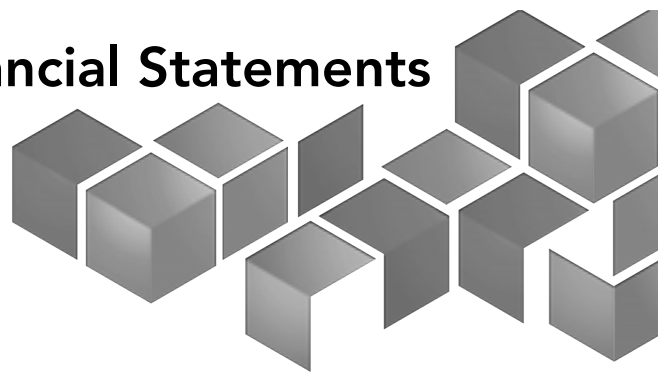
The BOD comprises two independent directors and four non-independent directors. The BOD considers the business from both geographic and business segment perspective. The Group operates primarily in two geographical areas, namely Indonesia and Singapore. The Group has two reportable business segments, namely the freight charter and time charter.

Other services within Singapore include investment holding and the provision of management services, but these are not included within the reportable operating segments, as they are not included in the segment reports provided to the BOD. Although BOD receives separate reports for other operations, they have been aggregated under "All Other Segments".

The segment information provided to the BOD for the reportable segments are as follows:

	Indonesia Freight and Time Charter	Singapore Time Charter	All Other Segments	Total Reporting Segment
	US\$'000	US\$'000	US\$'000	US\$'000
2016				
Group				
Revenue				
Sales to external customers	34,653	-	1,905	34,653
Adjusted EBITDA	13,615	(2)	(684)	12,929
Depreciation of property, plant and equipment	10,975	-	45	11,020
Impairment loss on property, plant and equipment	7,132	-	-	7,132
Share of loss of associated companies	-	-	4,479	4,479
Finance expenses	1,832	-	-	1,832
Total assets	80,551	-	2,868	83,419
Total assets includes:				
Capital expenditures (tangible assets)	65,714	-	4	65,718
Total liabilities	23,588	-	436	24,024
2015				
Group				
Revenue				
Sales to external customers	45,914	1,060	-	46,974
Adjusted EBITDA	18,774	(38)	(897)	17,839
Depreciation of property, plant and equipment	9,841	393	54	10,288
Share of profit of associated companies	-	-	810	810
Finance expenses	1,601	427	127	2,155
Total assets	97,420	-	8,080	105,500
Total assets includes:				
Capital expenditures (tangible assets)	79,887	-	46	79,933
Total liabilities	31,353	-	445	31,798

Notes to the Financial Statements



For the financial year ended 31 December 2016

29 Segment information (continued)

There is no inter-segment revenue. The revenue from external customers reported to the BOD is measured in a manner consistent with that in the statement of comprehensive income. The BOD assesses the performance of the operating segments based on a measure of Earnings before interest income, tax, depreciation and amortisation ("adjusted EBITDA"). This measurement basis excludes the effects of expenditure from the operating segments such as impairment and reversal of impairment that are not expected to recur regularly in every period and are analysed separately.

Reconciliations

(i) Segments losses

A reconciliation of adjusted EBITDA to loss before income tax is provided as follows:

	2016 US\$'000	2015 US\$'000
Adjusted EBITDA for reportable segments	13,613	18,736
Adjusted EBITDA for other segments	(684)	(897)
Depreciation of property, plant and equipment	(11,020)	(10,288)
Finance expenses	(1,832)	(2,155)
Impairment loss on property, plant and equipment	(7,132)	-
Allowance for impairment of trade receivables	(178)	-
VAT receivables written off	(2,342)	-
Loss on disposal of property, plant and equipment	-	(10,320)
Share of (loss)/profit of associated companies	(4,479)	810
Interest income	22	14
Loss before income tax	(14,032)	(4,100)

(ii) Segments assets

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All assets are allocated to the reportable segments other than short-term bank deposits.

Reportable segments' assets are reconciled to total assets as follows:

	2016 US\$'000	2015 US\$'000
Segment assets for reportable segments	80,551	97,420
Other segment assets	1,063	5,779
Unallocated:		
Short-term bank deposits	1,805	2,301
	83,419	105,500

Notes to the Financial Statements

For the financial year ended 31 December 2016

29 Segment information (continued)

Reconciliations (continued)

(iii) Segments liabilities

The amounts provided to the BOD with respect to the total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2016 US\$'000	2015 US\$'000
Segment liabilities for reportable segments	23,588	31,353
Other segment liabilities	436	445
	<u>24,024</u>	<u>31,798</u>

(iv) Revenue from major customers

Revenue of approximately US\$21,184,000 (2015: US\$34,045,000) are derived from two single customers which is attributable to Indonesia freight and time charter segment.

(v) Geographical information

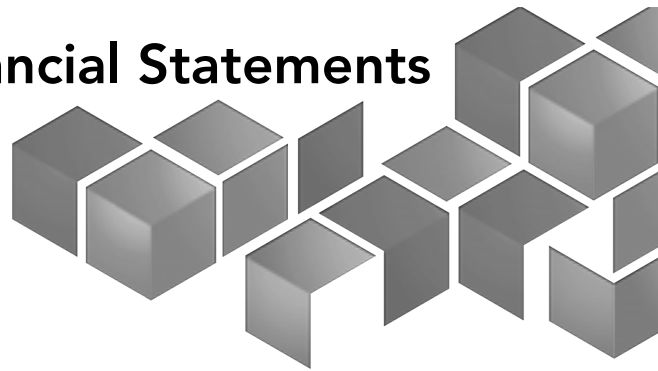
The Group is principally engaged in the provision of domestic marine cargo and coal transportation services in Indonesia and Singapore. Beside segment revenue as disclosed in Note 4, management also reviews segment revenue by geography.

	Revenue	
	2016 US\$'000	2015 US\$'000
Indonesia	34,653	45,914
Singapore	-	1,060
	<u>34,653</u>	<u>46,974</u>

Non-current assets of the Group included property, plant and equipment and investments in associated companies. The following are the Group's non-current assets located in respective country of domicile:

	Non-current assets	
	2016 US\$'000	2015 US\$'000
Indonesia	65,714	79,887
Singapore	371	5,492
	<u>66,085</u>	<u>85,379</u>

Notes to the Financial Statements



For the financial year ended 31 December 2016

30 Contingent liabilities

On 26 September 2013, a subsidiary corporation of the Group, PT. Pulau Seroja Jaya ("PSJ") filed a lawsuit against PT Prima Eksekutif ("PE"), PT Prima Vista ("PV") and PT Asuransi Mega Pratama ("AMP") pertaining to the occurrence of an accident on 26 September 2011, where a passenger ship which was operated and owned by PV collided with a tugboat and barge of PSJ. As a result of the accident, the tugboat and barge of PSJ suffered a total loss of IDR4 billion (equivalent to US\$440,000).

While the assessment of the above lawsuit is still on-going, PE together with AMP had on 15 November 2013 filed a claim against PSJ at the Central Jakarta District Court ("District Court") for the sum of IDR244 billion (equivalent to US\$21,000,000).

On 12 November 2014, the District Court concluded that PSJ was liable and had to make a compensation of IDR93 billion (equivalent to US\$7,600,000). PSJ then filed a memorandum of appeal to the High Court of Jakarta ("High Court"), where the High Court had on 11 August 2016 decided in favour of PSJ and dismissed the decision of the District Court.

On 7 October 2016, PE and AMP filed an application of cassation on the judgement made by the High Court and submitted an appeal of memorandum on 20 October 2016 to the Supreme Court of the Republic of Indonesia ("Supreme Court").

On 11 November 2016, PSJ submitted the contra appeal memorandum to the Supreme Court through District Court. There is no decision taken by the Supreme Court as at the date of these financial statements.

Management is of the view that the eventual outcome of the legal case is dependent on the outcome of future events, therefore, the financial effect for the application of cassation made by PE and AMP and the timing of the cash outflow cannot be reliably measured at the balance sheet date.

31 New or revised accounting standards and interpretations

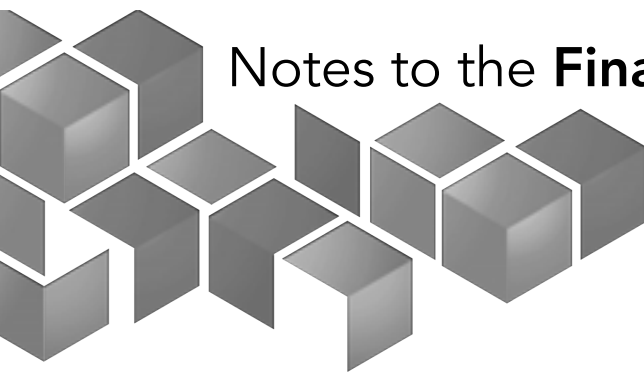
Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are effective for the financial year beginning 1 January 2017 onwards:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 *Disclosure Initiative*
- Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Improvements to FRSs (December 2016)
 - Amendments to FRS 112 *Disclosure of Interests in Other Entities*

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments*
- Amendments to FRS 40 Transfers of Investment Property
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers
- INT FRS 122 Foreign Currency Transactions and Advance Consideration
- Improvements to FRSs (December 2016)
 - Amendments to FRS 28 *Investments in Associates and Joint Ventures*
 - Amendments to FRS 101 *First-Time Adoption of Financial Reporting Standards*
- FRS 115 Revenue from Contracts with Customers



Notes to the Financial Statements

For the financial year ended 31 December 2016

31 New or revised accounting standards and interpretations (continued)

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases**

Effective date: to be determined

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors do not anticipate that the adoption of the above FRS in future financial periods will have a material impact on the financial statements of the Group except for the following:

*FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

The Group's financial assets currently represent financial assets at amortised cost. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

**FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has only short-term and low-value leases. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

Statistics of Shareholdings



As at 17 March 2017

Share Capital

Number of shares issued : 390,388,110

Class of shares : Ordinary shares

Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 MARCH 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10,382	61.43	205,073	0.05
100 - 1,000	4,225	25.00	1,415,324	0.36
1,001 - 10,000	1,225	7.25	4,833,484	1.24
10,001 - 1,000,000	1,044	6.18	66,914,029	17.14
1,000,001 AND ABOVE	23	0.14	317,020,200	81.21
TOTAL	16,899	100.00	390,388,110	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2017

No.	SHAREHOLDER'S NAME HELD	NUMBER OF SHARE	%
1	UOB KAY HIAN PTE LTD	92,982,447	23.82
2	CITIBANK NOMINEES SINGAPORE PTE LTD	83,602,486	21.42
3	REAVIS GLOBAL LTD	36,325,195	9.30
4	RAFFLES NOMINEES (PTE) LTD	24,973,116	6.40
5	MAYBANK KIM ENG SECURITIES PTE LTD	18,478,126	4.73
6	QUARTO CAPITAL INVESTMENT LIMITED	13,213,530	3.38
7	ATTICA FINANCE LTD	6,760,714	1.73
8	KOH HANG HENG	5,728,000	1.47
9	EMAS FORTUNA LIMITED	4,225,446	1.08
10	LEVEN GROUP LTD	4,081,299	1.05
11	OCBC SECURITIES PRIVATE LTD	3,699,312	0.95
12	MITO INVESTMENTS LIMITED	3,380,357	0.87
13	NG KAR WENG	2,730,800	0.70
14	NG HWEE KOON	2,591,500	0.66
15	FIENNES HOLDING CORPORATION	2,491,703	0.64
16	LEE KAI HENG	2,300,000	0.59
17	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,658,700	0.42
18	JEREMY LEE SHENG POH	1,450,000	0.37
19	DBS NOMINEES PTE LTD	1,376,143	0.35
20	PHILLIP SECURITIES PTE LTD	1,350,736	0.35
	TOTAL	313,399,610	80.28



Statistics of Shareholdings

As at 17 March 2017

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 17 March 2017.

Name of Substantial Shareholders	Number of shares registered in the name of substantial shareholders	Number of shares in which the substantial shareholder is deemed to have an interest	Total	%
PT Saratoga Investama Sedaya Tbk	90,812,988	-	90,812,988	23.26
Reavis Global Ltd	36,325,195	-	36,325,195	9.30
Mr Edwin Soeryadjaya ⁽¹⁾	24,270,349	90,812,988	115,083,337	29.48
Mr Sandiaga Salahuddin Uno ⁽²⁾	-	97,573,702	97,573,702	24.99
Mr Masdjan ⁽³⁾	-	36,325,195	36,325,195	9.30

⁽¹⁾ Mr Edwin Soeryadjaya is deemed interested in the shares held by PT Saratoga Investama Sedaya Tbk by virtue of Section 7 of the Companies Act, Chapter 50.

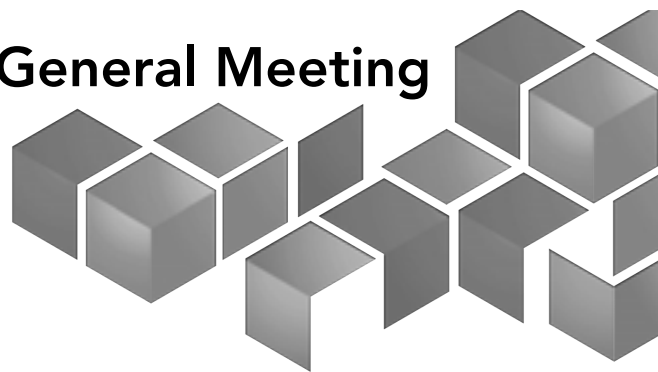
⁽²⁾ Mr Sandiaga Salahuddin Uno is deemed interested in the shares held by Attica Finance Ltd and PT Saratoga Investama Sedaya Tbk by virtue of Section 7 of the Companies Act, Chapter 50.

⁽³⁾ Mr Masdjan is deemed interested in the shares held by Reavis Global Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 17 March 2017, approximately 48.63% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Friday, 28 April 2017 at 2:00 p.m.

AS ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the audited accounts for the financial year ended 31 December 2016 together with the Directors' Statement and Independent Auditor's Report thereon. (Resolution 1)
2. To re-elect the following Directors retiring pursuant to Article 99 of the Company's Articles of Association:
 - (i) Mr Yap Kian Peng (Resolution 2)
 - (ii) Mr Ng Yuen (Resolution 3)
3. To approve the payment of Directors' fees of up to S\$277,000/- for the financial year ending 31 December 2017 and the payment thereof on a quarterly basis (2016: S\$277,000/-). (Resolution 4)
4. To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditor of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

5. General authority to issue and allot shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

- (A)
 - (i) issue and allot shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:
 - (i) without prejudice to sub-paragraph (1)(ii) below, the aggregate number of shares to be issued shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per centum (20%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

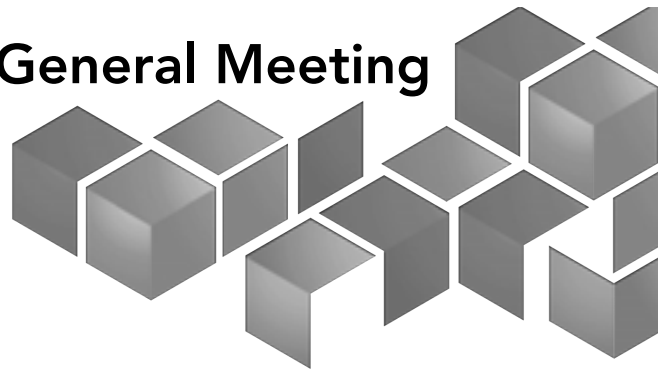


Notice of Annual General Meeting

- (ii) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below ("**Additional Limit**");
 - (iii) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;
 - (iv) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;
 - (v) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;
- (2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);
- (3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);
- (4) subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1)(i) and (1)(ii) above, the total number of issued shares (**excluding treasury shares**) shall be based on the total number of issued shares (**excluding treasury shares**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions, rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (6) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 6)

Notice of Annual General Meeting



6. Proposed Renewal of the General Mandate for Interested Person Transactions

That:

- (i) approval be and is hereby given for the renewal of the mandate for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, as set out in the Appendix to the Annual Report (the “**Appendix**”), with any party who falls within the classes of Interested Persons as described in the Appendix and that such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (ii) approval given in paragraph (i) above shall, unless either revoked or varied by the Company in general meeting, continue to be in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier;
- (iii) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and to implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (iv) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to this Resolution.

(Resolution 7)

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Ng Soon Kai
Company Secretary

13 April 2017



Notice of Annual General Meeting

Explanatory Notes on Resolutions to be Transacted:

1. Mr Yap Kian Peng will upon re-election as a Director of the Company, remain as an Independent Director of the Company, Chairman of the Audit Committee and Remuneration Committee, and a member of the Nominating Committee.
2. Mr Ng Yuen will upon re-election as a Director of the Company, remain as an Independent Director of the Company, Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee.
3. Resolution 4 proposed above, is to facilitate payment of Directors' fees during the financial year in which the fees are incurred.
4. Resolution 6 proposed above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (**excluding treasury shares**) at the time Resolution 6 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to Resolution 6, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company ("**the Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it will grant the Company flexibility to raise funds for working capital purposes or for expansion activities.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

Notes :

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. When a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
3. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SEROJA INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)
(UEN : 198300847M)

Board of Directors :

Mr Edwin Soeryadjaya (Non-Executive Chairman)
Mr Andreas Tjahjadi (Executive Director)
Mr Masdjan (Executive Director)
Mr Ng Soon Kai (Non-Executive Director)
Mr Ng Yuen (Independent Director)
Mr Yap Kian Peng (Independent Director)

Registered Office :

50 Raffles Place
#06-00 Singapore Land Tower
Singapore 048623

7 April 2017

To : The Shareholders of Seroja Investments Limited

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH ADARO GROUP

1. Introduction

Seroja Investments Limited (the "**Company**") has issued a notice (the "**Notice**") convening the Annual General Meeting (the "**AGM**") of the Company to be held on 28 April 2017.

Proposed Resolution 7 of the Notice of the AGM relates to the renewal of a general mandate to authorise the Group to continue to enter into transactions with Adaro Group in compliance with Chapter 9 of the Listing Manual.

The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to and to seek Shareholders' approval at the AGM for the renewal of the Shareholders' Mandate for transactions with Adaro Group.

2. Overview of the Adaro Group

The Adaro Group comprises PT Adaro Energy Tbk ("**Adaro Energy**") (listed on the Indonesia Stock Exchange since July 2008) and its existing subsidiaries (including PT Adaro Indonesia ("**PT Adaro**") and PT Maritim Barito Perkasa) and associated companies together with any of its future subsidiaries and associated companies which may be newly set up or acquired by it from time to time.

Our non-executive chairman, Mr Edwin Soeryadjaya, is the President Commissioner of Adaro Energy. Adaro Energy is technically not an associate of Mr Edwin Soeryadjaya within the meaning of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as he is interested in less than 30% of Adaro Energy. Nonetheless, for the purpose of adopting a higher standard of corporate governance, the Company has treated the Adaro Group as an associate of Mr Edwin Soeryadjaya, and accordingly, transactions with the Adaro Group shall be treated as interested person transactions for the purposes of the Shareholders' Mandate for Adaro Transactions.

3. Shareholders' Mandate for Adaro Transactions

At the Annual General Meeting of the Company held on 28 April 2016 (the "**AGM**"), the Company had obtained a general mandate from Shareholders (the "**Shareholders' Mandate**") to authorise the Company, its subsidiaries and associated companies (the "**Group**") to enter into certain business transactions falling within the categories of interested person transactions described in the Company's Letter to Shareholders dated 7 April 2016 with any party who is of the class or classes of interested persons described in the said Letter, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of the interested person transactions as described in the said Letter.



Appendix

4. Proposed Renewal of Shareholders' Mandate for Adaro Transactions

4.1 Chapter 9 of the Listing Manual

Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, three per cent. (3%) of the latest audited consolidated net tangible assets (the "**NTA**") of the listed company and its subsidiaries; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to three per cent. (3%) or more of the latest audited consolidated NTA of the listed company and its subsidiaries. An announcement will also have to be made immediately of the latest transaction and all future transactions entered into with the same interested person during the financial year; and

Shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, five per cent. (5%) of the latest audited consolidated NTA of the listed company and its subsidiaries; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, five per cent. (5%) of the latest audited consolidated NTA of the listed company and its subsidiaries. The aggregation will exclude any transaction that has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders.

For the purposes of aggregation, any Interested Person Transaction which is below S\$100,000 is to be excluded.

For illustration purposes, based on the audited consolidated accounts of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2016, the audited consolidated NTA of the Group as at 31 December 2016 was US\$26.6 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year, Shareholders' approval will be required where:

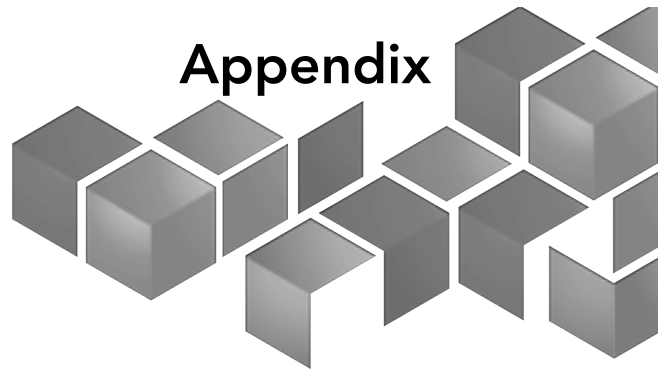
- (a) the transaction is of a value equal to, or more than, US\$1.3 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, US\$1.3 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group.

Chapter 9 of the Listing Manual however provides that a listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials which may be carried out with the listed company's interested persons, but not in respect of the purchase or sale of assets, undertakings or businesses.

4.2 Definitions

For the purposes of Chapter 9 of the Listing Manual:

- (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;



- (b) an **“associate”** means:
 - (i) in relation to any director, chief executive officer or Controlling Shareholder (being an individual):
 - (1) his immediate family member (that is, the person’s spouse, child, adopted child, step-child, sibling and parent);
 - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
 - (ii) in relation to a Controlling Shareholder (being a company), its subsidiary or holding company or a subsidiary company of such holding company or a company in which it and/or they taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (c) **“Control”** means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (d) a **“Controlling Shareholder”** in relation to a listed company means a person who:
 - (i) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued shares excluding treasury shares in the company (unless the SGX-ST has determined such a person not to be a Controlling Shareholder of the company); or
 - (ii) in fact exercises Control over the company,
 or such other definition as the SGX-ST may from time to time determine;
- (e) an **“entity at risk”** means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (f) an **“interested person”** means:
 - (i) a director, chief executive officer or Controlling Shareholder of the listed company; or
 - (ii) an associate of such director, chief executive officer or Controlling Shareholder;
- (g) an **“interested person transaction”** means a transaction between an entity at risk and an interested person.

4.3 Shareholders’ Mandate

4.3.1 Rationale for and Benefits of the Shareholders’ Mandate

The Adaro Transactions (as defined below) are transactions which are likely to recur with some degree of frequency and arise at any time and from time to time.

The Shareholders’ Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the Group’s ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders’ prior approval for entering into such



Appendix

transactions. This will substantially reduce the expenses associated with the convening of the general meetings on an ad hoc basis, improve administrative efficacy, and allow major manpower resources and time to be channelled towards attaining other corporate objectives.

The Shareholders' Mandate is intended to facilitate the Adaro Transactions, provided that they are carried out at arm's length basis and on normal commercial terms, and are not prejudicial to the Company and its minority Shareholders.

4.3.2 Scope of the Shareholders' Mandate

The Shareholders' Mandate will cover a range of transactions arising in the ordinary course of business operations of the Group as set out in paragraph 4.5 below.

The Shareholders' Mandate will not cover any Interested Person Transaction which has a value below S\$100,000 as the threshold and aggregate requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

Transactions with Interested Persons which do not come within the ambit of the proposed renewal of the Shareholders' Mandate will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

4.4 Categories of Interested Persons

The Shareholders' Mandate will apply to the Interested Person Transactions (as described in paragraph 4.5 below) to be carried out between any company within the Group and any company within the Adaro Group.

4.5 Categories of Interested Person Transactions

The Group will, in the ordinary course of business, continue to provide chartering services of tugboats and barges for the transportation of mainly thermal coal for the Adaro Group (the "**Adaro Transactions**"). The Adaro Transactions are recurrent transactions of a revenue nature and are not in respect of the purchase or sale of assets, undertakings or businesses. The Shareholders' Mandate for Adaro Transactions will cover all Adaro Transactions.

4.6 Guidelines for the Adaro Transactions

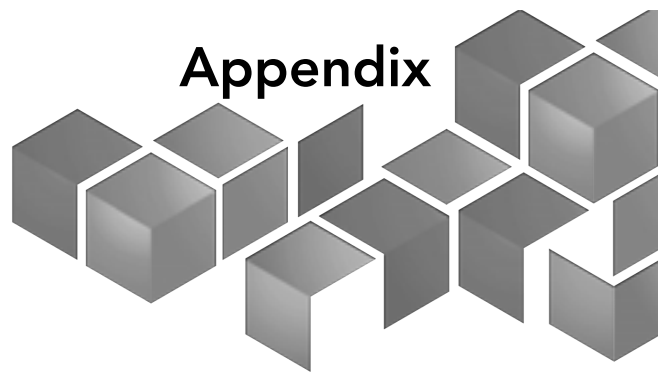
The Group has adopted the following guidelines to ensure that the Adaro Transactions are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable to the Adaro Group than those extended to unrelated third parties:

- (a) the fees charged by the Group shall not be more favourable to the Adaro Group than those offered to unrelated third party customers after taking into consideration factors such as (but not limited to) type of charter, quantum and tenure of the contract, quantity and type of cargo, distance of the voyage, level of risks faced by vessels when plying requested routes (if any), type of vessels required, cargo loading and discharging time, and delivery schedules; and
- (b) the credit period granted by the Group to the Adaro Group shall not be more than 60 days. This is higher than the 30 days credit period generally granted to unrelated third party customers, but is consistent with that presently granted to the Adaro Group, taking into consideration factors such as (but not limited to) the quantum and tenure of the contract and the credit period typically granted by other providers offering similar chartering services to the Adaro Group.

4.7 Control and Review procedures for the Adaro Transactions

In addition to the above guidelines (as described in paragraph 4.6 above), the following control and review procedures will be implemented by the Company:-

- (a) any Adaro Transaction that is less than or equal to 3% of the Group's latest audited NTA in value will be reviewed and approved by a Director or an Executive Officer of the Group (each of whom shall not be an interested person within the meaning of Chapter 9 of the Listing Manual in respect of the particular transaction) prior to entering into the transaction;



- (b) any Adaro Transaction that exceeds 3% of the Group's latest audited NTA in value (the "**Threshold Limit**") will be reviewed and approved by the Audit Committee prior to entering into the transaction. The Threshold Limit has been set based on the Directors' views on the anticipated value of the potential Adaro Transactions that the Group may enter into with the Adaro Group going forward;
- (c) the Audit Committee will review the Adaro Transactions on a quarterly basis to ensure that they are conducted on normal commercial terms and in accordance with the guidelines and review procedures outlined above and that the relevant approvals have been obtained while examining the adequacy of the Company's internal controls including those relating to Adaro Transactions;
- (d) if, during these reviews, the Audit Committee is of the view that the above guidelines and review procedures have become inappropriate or have been become insufficient to ensure that the Adaro Transactions will be conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from its Shareholders based on new guidelines and procedures. During the period prior to obtaining a fresh mandate from Shareholders, all transactions with the Adaro Group will be subject to prior review and approval by the Audit Committee;
- (e) Mr Edwin Soeryadjaya is a member of the Audit Committee and is interested in the Adaro Transactions, and as such, will abstain from approving the Adaro Transactions. In the event that any other member of the Audit Committee or the Director or Executive Officer of the Group appointed to review and approve the Adaro Transactions is interested in the Adaro Transactions, or is a nominee for the time being of Mr Edwin Soeryadjaya, he or she will abstain from approving that particular transaction;
- (f) the Company will maintain a register of all Adaro Transactions entered into pursuant to the Shareholders' Mandate for Adaro Transactions. This register shall be prepared and maintained by personnel of the Company (who shall not be interested in any of the Adaro Transactions) who is duly delegated to do so by the Audit Committee. To facilitate review and approval by the Audit Committee, the register will set out the Adaro Transactions and similar transactions entered into by the Group with non-interested persons, with details on the nature of the transaction and factors taken into consideration to determine the applicable fees and charges such as (but not limited to) type of charter, quantum and tenure of the contract, quantity and type of cargo, distance of the voyage, type of vessels required, cargo loading and discharging time, and delivery schedules. The Group's internal audit plan will incorporate a review of the Adaro Transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate for Adaro Transactions. The internal auditor shall report directly to the Audit Committee on all its findings from the review of the Adaro Transactions; and
- (g) the Audit Committee shall, when it deems necessary, have the right to require the appointment of auditors or any independent professionals to review all matters relating to the Adaro Transactions.

4.8 Audit Committee's Confirmation

The Audit Committee, save for Mr Edwin Soeryadjaya, confirms that :

- (a) the guidelines, control and review procedures under the Shareholders' Mandate for Adaro Transactions have not changed since the renewal of Shareholders' Mandate on 28 April 2016; and
- (b) the guidelines, control and review procedures referred to in paragraphs 4.6 and 4.7 above are sufficient to ensure that the Adaro Transactions are undertaken on an arm's length basis and on normal commercial terms which are not more favourable to the Adaro Group than to unrelated third parties and are not prejudicial to the interests of the Company and its minority shareholders.

4.9 Validity period of the Shareholders' Mandate

If approved by Shareholders at the forthcoming AGM, the renewal of the Shareholders' Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the Shareholders' Mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to Interested Person Transactions.

Appendix

4.10 Disclosure to Shareholders

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose the aggregate value of the Adaro Transactions conducted pursuant to the Shareholders' Mandate for Adaro Transactions in its annual report for each of the subsequent financial years during which the Shareholders' Mandate for Adaro Transactions is in force.

In addition, the Company will announce the aggregate value of the Adaro Transactions conducted pursuant to the Shareholders' Mandate for Adaro Transactions for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report.

4.11 Abstention from Voting

Mr Edwin Soeryadjaya and his associates shall abstain from voting on the resolution approving the Shareholders' Mandate for Adaro Transactions.

5. Directors' and Controlling Shareholders' Interests

As at 31 March 2017, the latest practicable date prior to the printing of this Appendix (the "Latest Practicable Date"), the interests of Directors and controlling shareholders of the Company are recorded in the Register of Shareholders were as follows:

	Direct Interest		Deemed Interest	
	Number of shares	% of total issued shares (%)	Number of shares	% of total issued shares (%)
Directors				
Mr Edwin Soeryadjaya	24,270,349	6.22	90,812,988	23.26
Mr Masdjan	-	-	36,325,195	9.30
Mr Andreas Tjahjadi	17,491,703	4.48	-	-
Mr Ng Soon Kai	-	-	4,225,446	1.08
Mr Ng Yuen	-	-	-	-
Mr Yap Kian Peng	-	-	-	-
Controlling shareholders				
Mr Edwin Soeryadjaya	24,270,349	6.22	90,812,988	23.26
Mr Sandiaga Salahuddin Uno	-	-	97,573,702	24.99
PT Saratoga Investama Sedaya	90,812,988	23.26	-	-

Note :

Percentages are based on the issued capital of the Company of 390,388,110 ordinary shares as at the Latest Practicable Date.

6. Directors' Recommendation

Having fully considered, *inter alia*, the guidelines, control and review procedures, the rationale and the benefits of the Shareholders' Mandate for Adaro Transactions, the Directors of the Company (excluding Mr Edwin Soeryadjaya) believe that the Shareholders' Mandate for Adaro Transactions is in the interest of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolutions relating to renewing the Shareholders' Mandate for Adaro Transactions at the AGM.

7. Directors' Responsibility Statement

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

8. Advice to Shareholders

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

9. Singapore Exchange Securities Trading Limited

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made in this Letter.

Yours faithfully,

For and on behalf of the Board of Directors of
Seroja Investments Limited

Andreas Tjahjadi
Executive Director

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SEROJA INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration no. 198300847M)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

- 1 For investors who have used their CPF monies to buy SEROJA INVESTMENTS LIMITED shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)

being *a member/members of SEROJA INVESTMENTS LIMITED (the "Company"), hereby appoint:-

Name	Address	NRIC / Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or, failing him/her (delete as appropriate)

Name	Address	NRIC / Passport No.	Proportion of shareholdings to be represented by proxy (%)

Or failing *him/her/them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held on 28 April 2017 at 2:00 p.m. at RELC International Hotel, 30 Orange Gove Road, Singapore 258352 and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the Annual General Meeting.

Resolutions		
	For**	Against**
Ordinary Resolution 1 To receive and adopt the audited accounts for the financial year ended 31 December 2016 together with the Directors' Statement and Independent Auditor's Report thereon.		
Ordinary Resolution 2 To re-elect Mr Yap Kian Peng, who is retiring by rotation pursuant to Article 99 of the Articles of Association of the Company.		
Ordinary Resolution 3 To re-elect Mr Ng Yuen, who is retiring by rotation pursuant to Article 99 of the Articles of Association of the Company.		
Ordinary Resolution 4 To approve the payment of Directors' fees of up to S\$277,000/- for the financial year ending 31 December 2017 and the payment thereof on a quarterly basis (2016: S\$277,000/-).		
Ordinary Resolution 5 To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditor of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6 To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited.		
Ordinary Resolution 7 To approve the renewal of the general mandate for Interested Person Transactions.		

*Delete accordingly

** If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise please indicate the number of votes.

Dated this _____ day of _____ 2017

Signature(s) of Member(s) / Common Seal of Corporate Shareholder

Total Number of
Shares Held

Important: Please read notes overleaf

Notes to the Proxy Form:

1. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares entered against his/her name in the Depository Register and registered in his/her name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. Save for members of the Company which are nominee companies or Relevant Intermediaries (as defined below), a member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.
3. Where a member of the Company (other than a Relevant Intermediary) appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. Pursuant to Section 181 of the Companies Act, any member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). **"Relevant intermediary"** means: (a) a banking corporation licensed under the Banking Act, Cap.19 of Singapore or its wholly-owned subsidiary which provides nominee services and who holds shares in that capacity; (b) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act, Cap.289 of Singapore and who holds shares in that capacity; or (c) the Central Provident Fund ("CPF") Board, established by the Central Provident Fund Act, Cap.36 of Singapore, in respect of shares purchased on behalf of CPF investors.
5. A proxy need not be a member of the Company.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. The instrument appointing proxy or proxies, together with the letter of power of attorney or other authority (if any), under which it is signed, or a notarially certified copy thereof, must be deposited at the registered office of the Company at 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623, not less than 48 hours before the time set for the Annual General Meeting.
8. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
9. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the accompanying Notice of Annual General Meeting.



SEROJA
INVESTMENTS LIMITED

Company Registration No. 198300847M

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