PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2018 (UNAUDITED)
AND DECEMBER 31, 2017 (AUDITED)
AND FOR THE PERIODS ENDED
MARCH 31, 2018 AND 2017 (UNAUDITED)

PT BERLIAN LAJU TANKER Tbk
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MARCH 31, 2018 AND 2017 (UNAUDITED)

Table of Contents

	Page
Directors' Statement Letter	
Consolidated Statement of Financial Position	1 - 2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 70

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

BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR
THE CONSOLIDATED FINANCIAL STATEMENTS OF
PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
AS OF MARCH 31, 2018 (UNAUDITED) AND DECEMBER 31, 2017 (AUDITED)
AND FOR THE PERIODS ENDED MARCH 31, 2018 AND 2017 (UNAUDITED)

We, the undersigned:

1. Name : Siana Anggraeni Surya
   Office address : PT Berlian Laju Tanker Tbk
   Wisma BSG 10th Floor
   Jalan Abdul Muis No. 40
   Jakarta Pusat 10160, Indonesia
   Residential address : Jalan Patra Kuningan VII / 17 RT 005 RW 004
   Kuningan Timur, Setiabudi
   Jakarta Selatan, Indonesia
   Telephone : (62 21) 30060300
   Title : President Director

2. Name : Anthony Budiawan
   Office address : PT Berlian Laju Tanker Tbk
   Wisma BSG 10th Floor
   Jalan Abdul Muis No. 40
   Jakarta Pusat 10160, Indonesia
   Residential address : Jalan Pondok Hijau IV / 21 RT 007 RW 013
   Pondok Pinang, Kebayoran Lama
   Jakarta Selatan, Indonesia
   Telephone : (62 21) 30060300
   Title : Director

declare that:
1. We are responsible for the preparation and presentation of PT Berlian Laju Tanker Tbk and its subsidiaries' consolidated financial statements;
2. PT Berlian Laju Tanker Tbk and its subsidiaries' consolidated financial statements have been prepared and presented in accordance with International Financial Accounting Standards;
3. a. All information contained in PT Berlian Laju Tanker Tbk and its subsidiaries' consolidated financial statements has been disclosed in a complete and truthful manner;
   b. PT Berlian Laju Tanker Tbk and its subsidiaries' consolidated financial statements do not contain any incorrect information or material facts, nor do they omit information or material facts;
4. We are responsible for PT Berlian Laju Tanker Tbk and its subsidiaries' internal control system.

This statement is made in all truth.

For and on behalf of the Board of Directors

METERAI TEMPEL 8DB10AFF033918660 6000 ENAM RIBU RUPIAH

Siana Anggraeni Surya
President Director

Anthony Budiawan
Director

Jakarta, April 30, 2018

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PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of March 31, 2018 (Unaudited) and December 31, 2017 (Audited)
(Expressed in United States dollar, unless otherwise stated)

	Notes	March 31, 2018	December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	2e,4,36	3,557,934	4,578,586
Trade receivables - third parties	2e,5,36	1,695,568	1,678,618
Other receivables - third parties	2e,6,36	1,219,303	1,112,767
Inventories	2g	793,219	848,143
Advances	2h,7	1,187,367	1,463,684
Prepaid expenses	2h	823,101	463,443
Prepaid taxes	2q,13	163,645	204,447
Total Current Assets		9,440,137	10,349,688
NON-CURRENT ASSETS			
Available-for-sale financial assets	2e,2f,8,36	17,035,594	17,035,594
Investments in associates and joint venture	2i,2l,9	23,561,142	21,245,260
Fixed assets - net	2f,2j,2l,10	29,760,029	30,078,905
Deferred tax assets - net	2q,13	387,836	387,836
Other non-current assets	2e,36	91,667	3,917
Total Non-current Assets		70,836,268	68,751,512
TOTAL ASSETS		**80,276,405**	**79,101,200**

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

PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of March 31, 2018 (Unaudited) and December 31, 2017 (Audited)
(Expressed in United States dollar, unless otherwise stated)

	Notes	March 31, 2018	December 31, 2017
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable	2e,11,36		
Related parties	2c,31	162,608	170,287
Third parties		5,526,642	5,793,379
Accrued expenses	2e,12,16,36	2,879,089	2,248,498
Unearned revenue		-	223,727
Taxes payable	2q,13	86,936	175,132
Current maturities of long-term liabilities			
Loans payable	2e,14,31,34,36	2,991,569	3,028,180
Other payables	2e,15,34,36	1,319,668	1,517,721
Other current liabilities	2e,36	1,237,109	1,286,490
Total Current Liabilities		14,203,621	14,443,414
NON-CURRENT LIABILITIES			
Long-term liabilities - net of current maturities			
Loans payable	2e,14,31,34,36	23,696,541	24,544,341
Other payables	2e,15,34,36	8,809,797	8,913,824
Provision for employee benefits	2m,16	1,553,517	1,642,582
Total Non-current Liabilities		34,059,855	35,100,747
TOTAL LIABILITIES		**48,263,476**	**49,544,161**
EQUITY			
Share capital - par value			
Series A shares - Rp 62.50 per share			
Series B shares - Rp 50.00 per share			
Authorized - 44,237,830,228 series A shares and 2,456,869,565 series B shares			
Issued and fully paid - 23,483,317,538 series A shares	2r,17	163,636,458	163,636,458
Additional paid-in capital	2o,2r,18	1,115,631,835	1,115,631,835
Other capital reserves	2o,31,35	17,931,594	17,931,594
Treasury shares	2r19	(6,515,636)	(6,515,636)
Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interests	20	7,787,469	7,787,469
Reserves	2d,2j,21	13,776,934	13,776,934
Unrealized gain on available-for-sale financial assets	2e,8	6,245,614	6,245,614
Deficit	22	(1,286,481,339)	(1,288,937,229)
Net Equity		**32,012,929**	**29,557,039**
TOTAL LIABILITIES AND EQUITY		**80,276,405**	**79,101,200**

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

PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Periods Ended March 31, 2018 and 2017 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)

	Notes	2018	2017
OPERATING REVENUES	2k,2p,23	6,476,216	6,020,467
VOYAGE EXPENSES	2c,2p,24,31	(1,231,966)	(1,258,612)
OPERATING REVENUES AFTER VOYAGE EXPENSES		**5,244,250**	**4,761,855**
Vessel depreciation and ship operating expenses:	2p		
Ship operating expenses	25	(2,143,591)	(2,152,819)
Vessel depreciation	2j,10	(1,246,056)	(1,411,829)
Charter expenses	2k	(632,329)	(568,092)
GROSS PROFIT		**1,222,274**	**629,115**
Administrative expenses	2p,26	(887,538)	(945,664)
Share in profits of associates and joint venture	2i,9	2,315,882	2,341,193
Other gain (losses) - net	2d,2p,28	241,308	(34,384)
LOSS BEFORE INTEREST AND TAX		**2,891,926**	**1,990,260**
Finance cost	2e,2p,14,15,27	(395,204)	(483,673)
Interest income	2p,4	4,008	6,788
LOSS BEFORE INCOME TAX		**2,500,730**	**1,513,375**
INCOME TAX BENEFIT (EXPENSE) - NET	2q,13	**(44,840)**	**(40,599)**
NET LOSS FOR THE PERIOD		**2,455,890**	**1,472,776**
OTHER COMPREHENSIVE INCOME (LOSS)		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,455,890**	**1,472,776**
Net loss for the period attributable to:			
Owners of the Company		2,455,890	1,472,776
Non-controlling interest		-	-
Total		**2,455,890**	**1,472,776**
Total comprehensive income for the period attributable to:			
Owners of the Company		2,455,890	1,472,776
Non-controlling interest		-	-
Total		**2,455,890**	**1,472,776**
BASIC LOSS PER SHARE	2t,29	**0.0001**	**0.0001**
DILUTED LOSS PER SHARE	2t,29	**0.0001**	**0.0001**

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

PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Periods Ended March 31, 2018 and 2017 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)

	Share capital (Note 17)	Additional paid-in capital (Note 18)	Unrealized gain on available-for-sale (Note 8)	Other capital reserves (Notes 14, 31 and 35)	Treasury shares (Note 19)	Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interests (Note 20)	Reserves (Note 21)			Deficit (Note 22)	Net equity
							Revaluation reserves	Financial statements translation	General reserves		
Balance per January 1, 2016	**163,636,458**	**1,115,631,835**	**3,541,521**	**17,931,594**	**(6,515,636)**	**7,787,469**	**16,958,778**	**(120,331)**	**5,898,328**	**(1,284,394,229)**	**40,355,787**
Net income for the year	-	-	-	-	-	-	-	-	-	1,472,776	1,472,776
Balance per March 31, 2016	**163,636,458**	**1,115,631,835**	**3,541,521**	**17,931,594**	**(6,515,636)**	**7,787,469**	**16,958,778**	**(120,331)**	**5,898,328**	**(1,282,921,453)**	**41,828,563**
Balance per January 1, 2016	**163,636,458**	**1,115,631,835**	**6,245,614**	**17,931,594**	**(6,515,636)**	**7,787,469**	**7,998,937**	**(120,331)**	**5,898,328**	**(1,288,937,229)**	**29,557,039**
Net income for the year	-	-	-	-	-	-	-	-	-	2,455,890	2,455,890
Balance per March 31, 2017	**163,636,458**	**1,115,631,835**	**6,245,614**	**17,931,594**	**(6,515,636)**	**7,787,469**	**7,998,937**	**(120,331)**	**5,898,328**	**(1,286,481,339)**	**32,012,929**

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

PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Periods Ended March 31, 2018 and 2017 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		6,235,539	5,330,107
Cash paid to suppliers and employees		(4,758,785)	(4,088,249)
Finance cost paid		(263,235)	(283,234)
Income tax paid	13	(44,840)	(40,599)
Interest received		4,008	6,788
Net cash provided by (used in) operating activities		**1,172,687**	**924,813**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(947,564)	(1,128,456)
Decrease (increase) in security deposits		(87,750)	(71,520)
Net proceeds from sale of fixed assets	10	-	7,720,930
Dividends received	9	-	600,000
Net cash provided by (used in) investing activities		**(1,035,314)**	**7,120,954**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans and other payables		(1,158,025)	(1,869,641)
Net cash provided by (used in) financing activities		**(1,158,025)**	**(1,869,641)**
NET DECREASE IN CASH ON HAND AND IN BANKS		**(1,020,652)**	**6,176,126**
CASH ON HAND AND IN BANKS AT THE BEGINNING	4	**4,578,586**	**5,787,637**
CASH ON HAND AND IN BANKS AT THE END OF THE	4	**3,557,934**	**11,963,763**

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

1. GENERAL

a. General information

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

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

The Company's ultimate parent company is PT Bagusnusa Samudra Gemilang, also incorporated and domiciled in Indonesia.

b. Public offering of shares, bonds and notes payable

Shares

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

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

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

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

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

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

1. GENERAL (continued)

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

Shares (continued)

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

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

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

In 2015, the Company and its subsidiaries (collectively as the "Group") renegotiated its debts with the Mandated Lead Arrangers ("MLA") Lenders and plan creditors which resulted to MLA Restructuring agreement on April 22, 2015, and amendment to Restructuring Plan ("PKPU [Penundaan Kewajiban Pembayaran Utang] Amendment Plan") that was approved by the requisite majority creditors of both secured and unsecured creditors of the Group on August 14, 2015.

On December 31, 2015, the Company effectively implemented the Proposed Debt-to-Equity Swap Share Issuance, which is one of the key components in PKPU Amendment Plan, with unsecured creditors. On January 8, 2016, new shares listing application (11,932,486,068 shares) of the Company has been approved by IDX.

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

Bonds and notes payable

On May 4, 2007 and May 17, 2007, BLT Finance B.V., a subsidiary, issued US$ 400.0 million, 7.5% Guaranteed Senior Notes, due in 2014 and US$ 125.0 million Zero Coupon Guaranteed Convertible Bonds due in 2012, which were both registered in SGX.

On June 25, 2007, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's public offering of 2007 Berlian Laju Tanker III Bonds amounting to Rp 700.0 billion with fixed interest rate and 2007 Sukuk Ijarah bonds amounting to Rp 200.0 billion.

1. GENERAL (continued)

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

Bonds and notes payable (continued)

On May 15, 2009, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's public offering of 2009 Berlian Laju Tanker IV Bonds amounting to Rp 400.0 billion and 2009 Sukuk Ijarah II bonds amounting to Rp 100.0 billion.

On February 10, 2010 and March 29, 2010, BLT International Corporation, a subsidiary, issued 12.0% Guaranteed Convertible Bonds due in 2015 totaling US$ 100.0 million and US$ 25.0 million, respectively.

On January 11, 2016, IDX announced that both the Company's bonds with code BLTA03, BLTA04B and BLTA04C, and Sukuk with code SIKBLTA02A, SIKBLTA02B and SIKBLTA01B had been due on January 12, 2016 as implementation of the PKPU Amendment Plan and these bonds were delisted in IDX effective on January 12, 2016.

c. Group structure

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are hereafter referred to as the "Group".

The Company has direct share ownership in Indigo Pacific Corporation, Diamond Pacific International Corporation and Asean Maritime Corporation, all of which are investment holding companies domiciled in foreign countries.

1. GENERAL (continued)

c. Group structure (continued)

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

No.	Company		Principal Activity	Domicile	Start of Commercial Operations	Percentage of Ownership (%) March 31, 2018	Total Assets Before Elimination March 31, 2018	Percentage of Ownership (%) December 31, 2017	Total Assets Before Elimination December 31, 2017
1	Indigo Pacific Corporation		Investment holding company	Labuan, Malaysia	December 24, 1997	100	666,898,920	100	666,899,321
1.1	Indigo Pacific Corporation		Investment holding company	British Virgin Islands	February 9, 1993	100	162,002	100	143,444
1.1.1	BLT Finance B.V.		Investment holding company	The Netherlands	April 26, 2007	100	28,334	100	28,334
1.1.2	Tridonawati Maritime Pte. Ltd.		Owner and operator of vessel	Singapore	June 6, 2007	100	13,561,277	100	13,566,523
1.1.3	BLT Maritime Corporation		Investment holding company	British Virgin Islands	April 8, 2011	100	10,427,675	100	10,427,675
1.1.3.1	Swank Ventures Ltd.	a)	Investment holding company	Marshall Islands	December 31, 2010	60	-	60	-
2	Diamond Pacific International Corporation		Investment holding company	Labuan, Malaysia	November 24, 1997	100	274,230,729	100	274,232,976
2.1	Berlian Laju Tanker Corporation (formerly Diamond Pacific International Corporation)		Investment holding company	British Virgin Islands	February 9, 1993	100	42,011,454	100	42,073,488
2.2	BLT LNG Tangguh Corporation		Operator of vessel	Marshall Islands	July 8, 2005	100	39,939,807	100	38,522,431
3	Asean Maritime Corporation		Investment holding company	Labuan, Malaysia	September 16, 1997	100	199,576,944	100	199,581,090
3.1	Gold Bridge Shipping Corporation		Investment holding company	British Virgin Islands	November 20, 1996	100	1,351,986	100	1,594,795
3.1.1	Gold Bridge Shipping Ltd.		Shipping agency	Hong Kong	April 27, 1990	100	20,089,606	100	22,086,154
3.1.2	Hopeway Marine Inc.		Owner and operator of vessel	Panama	November 22, 1984	100	8,198,707	100	9,248,983
3.1.3	Quimera Maritime S.A.		Owner and operator of vessel	Panama	December 3, 1993	100	3,727,970	100	4,211,634
3.1.4	Freesia Navigation S.A.		Owner and operator of vessel	Panama	November 15, 2002	100	9,051,279	100	9,102,146
3.1.5	Iris Maritime International S.A		Owner and operator of vessel	Panama	June 5, 2008	100	20,748,739	100	21,339,384
3.1.6	Amber Pacific Corporation	a)	Investment company	British Virgin Islands	December 15, 2015	100	46,855	100	46,855
3.1.7	Fast Marine Trading Limited	a)	Investment company	Republic of Seychelles	September 20, 2017	100	-	100	-
3.2	BLT Chembulk Corporation	a)	Investment holding company	British Virgin Islands	October 5, 2007	100	-	100	-
3.2.1	Chembulk Tankers LLC	a)	Investment holding company	Marshall Islands	January 9, 2007	100	-	100	-
3.2.1.1	BLT Chembulk Group Europe A/S	a)	Ship management	Denmark	February 10, 2011	100	-	100	-
4	PT Brotojoyo Maritime		Owner and operator of vessel	Indonesia	January 20, 2003	100	17,246,091	100	16,054,310
5	PT Cendanawati Maritim		Owner and operator of vessel	Indonesia	April 6, 2016	100	929,287	100	907,307
6	Nevaeh Limited		Investment holding company	Hong Kong	January 18, 2007	51	-	51	-
7	PT Dewi Sri Maritim	a)	Owner and operator of vessel	Indonesia	October 18, 2017	100	-	100	-
8	Teekay BLT Corporation		Investment holding company	Marshall Islands	June 29, 2005	30	390,109,994	30	392,250,143
9	Thai Petra Transport Co Ltd.		Shipping Agency	Thailand	July 21, 2000	30	904,420	30	904,420
10	PT Berlian Limatama		Owner and operator of vessel	Indonesia	June 24, 1996	50	369,936	50	369,936

a) Such subsidiaries are considered dormant and have no operations in 2018.

1. GENERAL (continued)

d. Boards of Commissioners and Directors, and Audit Committee

The Company's management consisted of the following:

Board of Commissioners

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

Board of Directors

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

Audit Committee

Chairman	: Antonius Joenoes Supit
Members	: Timotius
	Denny Susilo

The Group had a total number of 65 employees as of March 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of consolidated financial statements

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

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

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

In connection with the Company's listing of shares in the IDX, the Company issues separate consolidated financial statements prepared under Indonesian Financial Accounting Standards (SAK). There are no significant differences between IFRS and SAK.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profit or loss and each component of OCI are attributed to the owners of the Company and to non-controlling interests even if it results in the non-controlling interests (NCI) account having a deficit balance. NCI represents the portion of the profit or loss and net assets of the subsidiary not attributable directly or indirectly to the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the owner of the parent entity.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation (continued)

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition. Transactions with NCI that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

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

c. Transactions with related parties

(a) A person or a close member of that person's family is related to the Group if that person:

i. has control or joint control over the Group;
ii. has significant influence over the Group; or
iii. is a member of the key management personnel of the Group or the parent of the Company.

(b) An entity is related to the Group if any of the following conditions apply:

i. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
iii. both entities are joint ventures of the same third party;
iv. one entity is a joint venture of third entity and the other entity is an associate or the third entity;
v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
vi. the entity is controlled or jointly controlled by a person identified in (a);
vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

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

d. Foreign currencies

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign currencies (continued)

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

At the end of each reporting period, monetary items denominated in foreign currencies are translated using the functional currency spot rates at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using the prevailing rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

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

	March 31, 2018	December 31, 2017
Rupiah (Rp'000)	0.0727	0.0738
Singapore dollar (SGD)	0.7635	0.7472
Euro (EUR)	1.2368	1.1934

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

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

e. Financial instruments

Classification

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Classification (continued)

i. Financial assets (continued)

The Group's financial assets consist of cash on hand and in banks, trade receivables - third parties, other receivables - third parties, other non-current assets classified as loans and receivables, derivative financial asset classified as financial asset at fair value through profit or loss and AFS financial assets.

The Group's AFS financial assets include its investment in shares in Swank Ventures Limited and Nevaeh Limited.

ii. Financial liabilities

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

The Group's financial liabilities consist of trade accounts payables, accrued expenses, loans payables, other payables, and other current liabilities classified as financial liabilities measured at amortized cost.

Recognition and measurement

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Recognition and measurement (continued)

i. Financial assets (continued)

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

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

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

ii. Financial liabilities

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

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

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

Offsetting of financial instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Amortized cost of financial instruments

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

Impairment of financial assets

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

i. Financial assets carried at amortized cost

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Impairment of financial assets (continued)

ii. AFS financial assets

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

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

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

In the case of equity investments carried at cost, impairment loss is recognized in profit or loss. Such impairment losses are not reversed.

Derecognition

i. Financial assets

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial assets (continued)

Derecognition (continued)

i. Financial assets (continued)

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

ii. Financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's liabilities are discharged, cancelled or has expired.

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

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

f. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Fair value measurement (continued)

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

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

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

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

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

g. Inventories

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

h. Advances and prepaid expenses

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

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

i. Investments in associates and joint venture

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Investments in associates and joint venture (continued)

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Fixed assets

Vessels

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Fixed assets (continued)

Other fixed assets

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

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

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

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

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

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

k. Leases

The Group as lessee

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

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

The Group as lessor

When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Impairment of non-financial assets

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

In assessing the value in use (VIU), the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

m. Employment benefits

Post-employment benefits

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Employment benefits (continued)

Post-employment benefits (continued)

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

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

Other long-term employee benefits

The Group provides other long-term employee benefits in the form of long service leave and allowance on long service leave for employee attaining certain number of service years. The cost of providing this benefit is determined using the Projected-Unit-Credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Other long-term employee benefit expense includes current service cost, interest cost, past service costs and recognition of actuarial gains and losses. The actuarial gains and losses and past service costs are recognized immediately in the current year's profit or loss.

n. Provision

Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

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

o. Equity instrument

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Revenue and expense recognition

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

Revenues from freight operations

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

Rental income

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

Rendering of services

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

Interest income

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

Expenses

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

q. Taxation

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

Final income tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Taxation (continued)

Current tax

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

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

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

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

Deferred tax

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Taxation (continued)

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

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

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

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

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

r. Share capital

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

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

s. Non-current assets held for sale

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Earnings/loss per share

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

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

u. Segment information

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

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

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

v. Contingencies

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

w. Events after the financial reporting date

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

x. Current versus non-current classification

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

y. Changes in accounting policies and disclosures

Standards issued and effective in the current year

The accounting policies adopted by the Group are consistent with those of the previous year, except for the adoption of new and amended accounting standards that became effective beginning January 1, 2017. Except as otherwise indicated, the adoption of these standards and amendments did not have significant impact on the Group's financial statements. The nature and the impact of each new standard and amendment are described as follows:

- Disclosure Initiative (Amendments to IAS 7) - The amendments to IAS 7 are part of the IASB's disclosure initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

- Recognition of Deferred Tax Assets for Unrealized losses (Amendments to IAS 12) - The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The following improvements relevant to the Group's consolidated financial statements are effective from January 1, 2017. These include:

Annual improvements (2012-2014 cycle)

- Disclosure of Interest in Other Entities (Improvements to IFRS 12) - The Amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's Interest in subsidiary, a joint venture or an associate (or portion of its interest in a joint venture or an associate) that is classified (or include in a disposal group that is classified) as held for sale.

The amendments affect disclosures only and have no impact on the Group's consolidated financial position or performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective

The Group intends to adopt the following standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements when they become effective.

Effective for annual periods beginning on or after January 1, 2018, with early application permitted

- Revenue from Contracts with Customers (IFRS 15) - IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

- Financial Instruments (IFRS 9) - In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Except for hedge accounting, retrospective application is required, but comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Annual improvements (2014 - 2016 Cycle)

- Foreign Currency Transactions and Advance Consideration (IFRIC 22) - IFRIC 22 provides guidance on how to determine the date of the transaction when an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

Effective for annual periods beginning on or after January 1, 2019, with early application permitted

- Leases (IFRS 16) - On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces IAS 17, the current lease standard, and the related interpretations. Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and the related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Changes in accounting policies and disclosures (continued)

Annual improvements (2014 - 2016 Cycle)

- Uncertainty over Income Tax Treatment (IFRIC 23) - The interpretation addresses the accounting for income tax when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group is still assessing the impact of these accounting standards on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts herein and the related disclosures, at the end of the reporting period. The judgments, estimates and assumptions used by management are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Classification of financial instruments

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

Classification of leases

The Group has several leases where as the Group acts as lessor and lessee in respect of vessels. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of its owned vessels and no significant risks and rewards of ownership are transferred from the leased assets. The Group accounts for these contracts as operating leases.

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

a. Judgments (continued)

Impairment of non-financial assets

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

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

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

Allowance for impairment losses on loans and receivables

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

Estimate of provision for income taxes

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

Going concern

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

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

a. Judgments (continued)

Determination of functional currency

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

b. Estimates and assumptions

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

Valuation of vessels

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

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

Valuation of financial instruments

The Group carries certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Group utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Group's profit or loss and/or other comprehensive income.

Impairment of non-financial assets

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

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

b. Estimates and assumptions (continued)

Estimate of realizability of deferred tax assets

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

Estimate of provision for employee benefits

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

Estimate of useful lives and residual values of fixed assets

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

The Group also reviews the residual values of vessels at the end of each reporting period. Significant judgment is required in determining the residual values of its vessels. The Group considers the net proceeds that would be obtained from the disposal of the assets in the resale or scrap markets, fluctuations in scrap steel prices and industry practice.

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

Contingencies

The Group is involved in various restructuring initiatives, including legal proceedings. An estimate of the probable costs associated with these initiatives has been developed based upon an understanding of the procedures involved and likely outcomes. However, any material deviation in the expected procedures or outcomes may potentially affect the operations of the Group.

The Group does not believe that such legal proceedings are likely to have any significant or adverse effect on its consolidated financial statements.

4. CASH ON HAND AND IN BANKS

	March 31, 2018	December 31, 2017
Cash on hand	68,206	113,757
Cash in banks		
Rupiah		
PT Bank Negara Indonesia (Persero) Tbk	211,153	20,612
PT Bank Ina Perdana Tbk	123,075	330,175
PT Bank Central Asia Tbk	20,327	12,045
Citibank N.A.	7,521	425,438
PT Bank Mandiri (Persero) Tbk	831	798
US dollar		
OCBC Bank	1,594,715	1,488,658
Citibank N.A.	648,505	1,100,213
PT Bank Negara Indonesia (Persero) Tbk	455,999	592,388
Bank of China (Hongkong) Limited	396,846	464,210
PT Bank Central Asia Tbk	27,115	26,718
DBS Bank Indonesia	483	524
Other currencies	3,158	3,050
Total	**3,557,934**	**4,578,586**

Interest income earned from cash in banks for the periods ended March 31, 2018 and 2017 amounted to US$ 18.4 thousand and US$ 4.0 thousand, respectively.

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

5. TRADE RECEIVABLES - THIRD PARTIES

	March 31, 2018	December 31, 2017
Third parties:		
PT Pertamina (Persero)	742,242	850,439
PT Pertamina International Shipping	377,507	-
Seastar Maritime Co. Ltd.	239,400	32,208
PT Chandra Asri Petrochemical Tbk	48,395	109,027
Tricon Energy Inc.	4,756	109,464
Apex Energy International PTE Ltd	494	494
PETCO Trading Labuan Company Limited	-	117,161
Others (below US$ 100,000)	282,774	459,825
Sub-total	1,695,568	1,678,618
Allowance for impairment	-	-
Net	**1,695,568**	**1,678,618**

5. TRADE RECEIVABLES - THIRD PARTIES (continued)

	March 31, 2018	December 31, 2017
By currency:		
US dollar	1,269,666	1,377,861
Rupiah	425,902	300,757
Sub-total	1,695,568	1,678,618
Allowance for impairment	-	-
Net	**1,695,568**	**1,678,618**

The aging of trade receivables as of March 31, 2018 and December 31, 2017 were as follows:

	March 31, 2018	December 31, 2017
Neither past due nor impaired	1,172,181	1,143,243
Overdue:		
1 - 60 days	414,245	398,479
61 - 120 days	-	32,208
121 - 180 days	-	42,652
> 180 days	109,142	62,036
Sub-total	1,695,568	1,678,618
Allowance for impairment	-	-
Net	**1,695,568**	**1,678,618**

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

In 2018, the Group's management assessed that all receivables are collectible.

6. OTHER RECEIVABLES - THIRD PARTIES

	March 31, 2018	December 31, 2017
Third parties:		
Commission receivable	650,103	640,884
Others	569,200	471,883
Total	**1,219,303**	**1,112,767**

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

7. ADVANCES

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2018	December 31, 2017
Swank Ventures Limited	10,427,675	10,427,675
Nevaeh Limited	6,607,919	6,607,919
Total	**17,035,594**	**17,035,594**

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

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

a. Swank Ventures Limited

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

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

In 2017, management calculated the fair value of its investment in SVL using the discounted cash flows and determined increase on its investment mainly due to increase in coal price.

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

The key assumptions used for fair value and recoverable amount calculation as of December 31, 2017 is follow:

Growth rate during 5 years	-10% - 0%
Post tax discount rate (for fair value calculation)	12.84% - 14.54%

Had the growth rate increased/decreased by 1%, with all other variables held constant, the fair value of investment in SVL would have increased/decreased by US$ 2.4 million/ US$ 2.1 million as of December 31, 2017.

Had the post-tax discount rate increased/ decreased by 1%, with all other variables held constant, the fair value of investment in SVL would have decreased/increased by US$ 0.9 million/US$ 1.0 million as of December 31, 2017.

No change in fair value in 2018.

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

b. Nevaeh Limited

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

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

No indication of impairment was noted in 2018 and 2017.

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

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The following entities have been included in the consolidated financial statements using the equity method as of March 31, 208 and December 31, 2017:

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

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

	2018
Beginning balance	21,245,260
Share in profit for the year	2,315,882
Dividend	-
Ending balance	**23,561,142**

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

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

	March 31, 2018			
	Teekay BLT Corporation	Thai Petra Transport Co. Ltd.	PT Berlian Limatama	Total
Current assets	26,382,678	563,395	369,468	27,315,541
Non-current assets	363,727,316	341,025	468	364,068,809
Current liabilities	(46,289,395)	(379,660)	(96,792)	(46,765,847)
Non-current liabilities	(264,035,105)	(76,391)	-	(264,111,496)
Net assets	79,785,494	448,369	273,144	80,507,007
Group's share in net assets of associates/ joint venture	**23,290,059**	**134,511**	**136,572**	**23,561,142**
	2018			
Revenues	11,542,982	-	-	11,542,982
Operating expenses	(4,445,532)	-	-	(4,445,532)
Gross profit	7,097,450	-	-	7,097,450
Administrative expenses	(67,086)	-	-	(67,086)
Finance cost	(1,311,699)	-	-	(1,311,699)
Other income (loss) - net	2,764,944	-	-	2,764,944
Profit (loss) before tax	8,483,609	-	-	8,483,609
Tax expense	(764,000)	-	-	(764,000)
Profit (loss) for the year	7,719,609	-	-	7,719,609
Group's share in profit (loss) of associates/ joint venture	**2,315,882**	**-**	**-**	**2,315,882**

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

	December 31, 2017			
	Teekay BLT Corporation	Thai Petra Transport Co. Ltd.	PT Berlian Limatama	Total
Current assets	29,268,159	563,395	369,468	30,201,022
Non-current assets	362,981,984	341,025	468	363,323,477
Current liabilities	(49,274,233)	(379,660)	(96,792)	(49,750,685)
Non-current liabilities	(273,061,987)	(76,391)	-	(273,138,378)
Net assets	69,913,923	448,369	273,144	70,635,436
Group's share in net assets of associates/ joint venture	**20,974,177**	**134,511**	**136,572**	**21,245,260**
	2017			
Revenues	13,408,410	32,034	-	13,440,444
Operating expenses	(3,804,133)	(6,587)	-	(3,810,720)
Gross profit	9,604,277	25,447	-	9,629,724
Administrative expenses	(121,307)	(20,907)	-	(142,214)
Finance cost	(863,927)	(1,261)	-	(865,188)
Other income (loss) - net	(597,902)	(594)	-	(598,496)
Profit (loss) before tax	8,021,141	2,685	-	8,023,826
Tax expense	(219,729)	-	-	(219,729)
Profit (loss) for the year	7,801,412	2,685	-	7,804,097
Group's share in profit (loss) of associates/ joint venture	**2,340,424**	**769**	**-**	**2,341,193**

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

10. FIXED ASSETS

	January 1, 2018 - March 31, 2018						
	Beginning balance	Additions	Deductions	Transfers	Revaluations	Reclassification	Ending balance
Cost/valuation							
Owned vessels	29,577,629	946,440	-	-	-	-	30,524,069
Vehicles	196,374	1,126	-	-	-	-	197,500
Office furniture and fixtures	355,261	-	-	-	-	-	355,261
Office and dormitory equipment	1,902,990	-	-	-	-	-	1,902,990
Buildings and premises	773,560	-	-	-	-	-	773,560
Total	32,805,814	947,566	-	-	-	-	33,753,380
Accumulated depreciation and impairment loss							
Owned vessels	-	1,246,056	-	-	-	-	1,246,056
Vehicles	189,694	1,161	-	-	-	-	190,855
Office furniture and fixtures	354,986	60	-	-	-	-	355,046
Office and dormitory equipment	1,754,853	10,389	-	-	-	-	1,765,242
Buildings and premises	427,376	8,776	-	-	-	-	436,152
Total	2,726,909	1,266,442	-	-	-	-	3,993,351
Net book value	**30,078,905**						**29,760,029**

	January 1, 2017 - December 31, 2017						
	Beginning balance	Additions	Deductions	Transfers	Revaluations	Reclassification	Ending balance
Cost/valuation							
Owned vessels	31,964,584	8,109,099	(118,417)	(5,648,837)	(4,728,800)	-	29,577,629
Vehicles	201,013	14,124	(18,763)	-	-	-	196,374
Office furniture and fixtures	355,261	-	-	-	-	-	355,261
Office and dormitory equipment	1,898,381	4,609	-	-	-	-	1,902,990
Buildings and premises	773,560	-	-	-	-	-	773,560
Total	35,192,799	8,127,832	(137,180)	(5,648,837)	(4,728,800)	-	32,805,814
Accumulated depreciation and impairment loss							
Owned vessels	-	6,329,230	-	(5,648,837)	(680,393)	-	-
Vehicles	196,906	4,454	(11,666)	-	-	-	189,694
Office furniture and fixtures	354,723	263	-	-	-	-	354,986
Office and dormitory equipment	1,713,934	40,919	-	-	-	-	1,754,853
Buildings and premises	387,498	39,878	-	-	-	-	427,376
Total	2,653,061	6,414,744	(11,666)	(5,648,837)	(680,393)	-	2,726,909
Net book value	**32,539,738**						**30,078,905**

Depreciation expense was allocated as follows:

	2018
Vessel depreciation	1,246,056
Administrative expenses	20,386
Total	**1,266,442**

As of December 31, 2017, the vessels are stated at their revalued amounts using market approach, based on their fair values in the valuation report dated March 12, 2018, prepared by an independent appraiser and reviewed by management. The appraisal report was issued by KJPP Yanuar Bey & Rekan using market data or sales comparison approach method in determining the revaluated amounts.

Additions to vessels in 2017 pertain to purchase of one (1) vessel.

The Group's fleet consists of eight (8) owned vessels in 2018 and 2017.

10. FIXED ASSETS (continued)

The Group's vessels and equipment were insured for hull and machinery damages and war risk, Increased Value and Additional Owners Interest (I.V. & A.O.I) for US$ 107.0 million with LCH Lockton Pte. Ltd.

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

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

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

As of March 31, 2018 and December 31, 2017, the total acquisition costs of the Group's fully depreciated fixed assets that are still in use and those no longer used amounted to US$ 2.2 million.

11. TRADE ACCOUNTS PAYABLE

	March 31, 2018	December 31, 2017
By creditors		
Related parties:		
Thai Petra Transport Co. Ltd.	86,021	90,280
PT Arpeni Pratama Ocean Line Tbk	34,744	34,440
Pan Union Agencies Pte. Ltd.	15,322	24,909
PT Garuda Mahakam Pratama	26,521	20,658
Sub-total	162,608	170,287
Third parties	5,526,642	5,793,379
Total	**5,689,250**	**5,963,666**
By currency		
US dollar	3,382,480	3,376,047
Rupiah	1,345,120	1,375,107
Singapore dollar	787,560	916,712
Euro	139,245	134,357
Other currencies	34,845	161,443
Total	**5,689,250**	**5,963,666**

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

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

12. ACCRUED EXPENSES

	March 31, 2018	December 31, 2017
Vessels operating and dry docking	2,192,264	1,349,461
Others	686,825	899,037
Total	**2,879,089**	**2,248,498**

13. TAXATION

Details of prepaid taxes are as follows:

	March 31, 2018	December 31, 2017
Value Added Tax	138,623	179,425
Income tax		
Article 22	25,000	25,000
Article 23	22	22
Total	**163,645**	**204,447**

Details of taxes payable are as follows:

	March 31, 2018	December 31, 2017
Income taxes:		
Article 4 (2)	4,699	4,715
Article 15	-	3,977
Article 21	40,930	75,747
Article 23	744	109
Article 26	3,430	3,279
Value Added Tax - net	37,133	87,305
Total	**86,936**	**175,132**

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

	March 31, 2018	December 31, 2017
Final tax:		
The Company	(17,907)	(32,316)
Subsidiaries	(26,933)	(8,283)
Income tax benefit (expense) - net	**(44,840)**	**(40,599)**

13. TAXATION (continued)

Final income tax

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

	2018	2017
The Company	17,907	32,316
Subsidiaries	26,933	8,283
Payments during the year	(44,840)	(40,599)
Final income tax payable	**-**	**-**

Deferred tax

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

	Balance January 1, 2018	Credited to profit or loss	Credited to equity	Adjustment to deferred tax	Balance March 31, 2018
The Company and subsidiaries					
Provision for employee benefits	387,836	-	-	-	387,836
Net	**387,836**	**-**	**-**	**-**	**387,836**

	Balance January 1, 2017	Credited to profit or loss	Credited to equity	Adjustment to deferred tax	Balance December 31, 2017
The Company and subsidiaries					
Provision for employee benefits	341,860	33,762	12,214	-	387,836
Difference in fair value of financial liabilities	(338,754)	273,435	-	65,319	-
Net	**3,106**	**307,197**	**12,214**	**65,319**	**387,836**

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

The Group has unrecognized deferred tax asset on tax losses carry-forward amounting to US$ 522.5 thousand, since the Group does not have sufficient basis to determine the future tax benefit on such deferred tax assets.

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

14. LOANS PAYABLE

	March 31, 2018	December 31, 2017
Bank loans:		
PT Bank Mandiri (Persero) Tbk	8,345,750	9,079,170
PT Bank Central Asia Tbk	3,035,345	3,187,112
Related party loan:		
PT Bagusnusa Samudra Gemilang (Note 32)	1,857,015	1,856,239
Other:		
Amicorp Trustees (Singapore) Limited	13,450,000	13,450,000
Total	**26,688,110**	**27,572,521**
Current	2,991,569	3,028,180
Non-current	23,696,541	24,544,341
Total	**26,688,110**	**27,572,521**
By currency:		
US dollar	16,485,345	16,637,112
Rupiah	10,202,765	10,935,409
Total	**26,688,110**	**27,572,521**

(i) Bank Loans

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

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

- Outstanding principal is Rp 111.9 billion and capitalized interest from July 1, 2012 up to March 31, 2015 is Rp 79.4 billion.
- Outstanding principal amortization over a repayment period, commencing from June 30, 2017 to September 30, 2021, with 18 equal quarterly installments with the first installment starting on June 30, 2017.
- Interest from April 1, 2015 shall be calculated based on an interest rate of 3-month JIBOR + 0.5% per annum based on 365 days per annum and shall be paid quarterly starting from June 30, 2015.
- The sale of MT Kunti ("Kunti Sale") will be completed by April 1, 2016 or on a later date to be agreed by Mandiri with value of Rp 7.0 billion. Net proceeds from the MT Kunti Sale will be used to repay the last principal installment due.
- Any quarterly payments to be made in each year will be made on the last business day of each quarter of such year. All payments to be made will be made free of any rights to off-set, deduct or withhold.
- No accelerated repayment from cash sweep.

In 2016, Kunti Sale had been completed. Net proceeds amounting to Rp 6.6 billion was used to repay principal installment.

The average annual effective interest rates of the loan are 5.9% in 2018. Interest expense charged to profit or loss in 2018 amounted to US$ 94.4 thousand.

14. LOANS PAYABLE (continued)

(i) Bank Loans (continued)

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

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

- If there is remaining cash in the Earnings Account (after the payment of interest, taxes and other costs that may be incurred outside the Principal Amount), the remaining cash can be used for amortization of the outstanding principal amount which will be paid on every interest payment date effective from the date of approval of the PKPU Amendment Plan until March 31, 2017;
- Repayment of the principal amount shall be paid by way of 32 equal quarterly installments with the first installment commencing on June 30, 2017;
- Where there is insufficient cash to pay a quarterly installment of principal amount, with the written consent of BCA, the Company may add the amount of that installment to the next quarterly instalment;
- No accelerated repayment from cash sweep.

The annual effective interest rate of the loan is 6.0% in 2018. Interest expense charged to profit or loss in 2018 amounted to US$ 47.8 thousand.

(ii) Related Party Loan

PT Bagusnusa Samudra Gemilang ("Bagusnusa")

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

Based on management's discounted cash flow forecast analysis, using compound annual growth rate of 20.86% and discount rate of 12.28% in 2015, the Company will only be able to settle its loan from Bagusnusa by Year 2070. Consequently, the difference between the nominal amount of the loan and its fair value amounting to US$ 7,931,594 is presented under Other Capital Reserves. There were no changes in assumptions as of December 31, 2017.

In 2018, the annual effective interest rate of the loan is 3.14%. Interest expense charged to profit or loss in 2018 amounted to US$ 14.5 thousand.

14. LOANS PAYABLE (continued)

(iii) Other

Amicorp Trustees (Singapore) Limited

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

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

On March 3, 2017, the Company and Amicorp agreed to amend the terms of the loan as follows:

- US$ 250.0 thousand upfront payment as the principal payment for the two years period from April 1, 2017 to March 31, 2019 to be paid before June 30, 2017;
- 1% additional margin interest during the period of delayed principal payment;
- The amount of quarterly principal payment, which starts from April 1, 2019 will be US$ 560.4 thousand and paid in arrears, instead of US$ 428.1 thousand.

The average annual effective interest rate of the loan is 3.6% in 2018. Interest expense charged to profit or loss in 2018 amounted to US$ 121 thousand.

15. OTHER PAYABLES

	March 31, 2018	December 31, 2017
Third parties:		
Payables to BULL	8,259,853	8,182,250
Claims for vessel repairs and fuel purchases	1,869,612	2,249,295
Total	**10,129,465**	**10,431,545**
Current	1,319,668	1,517,721
Non-current	8,809,797	8,913,824
Total	**10,129,465**	**10,431,545**

a. Payable to BULL

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

15. OTHER PAYABLES (continued)

a. Payable to BULL (continued)

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

Based on management's discounted cash flow forecast analysis, using compound annual growth rate of 20.86% and discount rate of 12.28% in 2015, the Group will only be able to settle its payable to BULL by year 2070. Accordingly, the Group recomputed the present value of cash flows related to payable to BULL using appropriate interest rate applicable to the Group. There were no changes in assumptions as of December 31, 2017.

The effective interest rate for this liability is 3.93% in 2018. Interest expense charged to profit or loss in 2018 amounted to US$ 77.6 thousand.

As part of BULL's successful restructuring process, PT Danatama Perkasa (DP), a third party investor, will transfer back 3,142 million shares (equivalent to 17.8% of the total issued shares) in BULL to the Company after the completion of the enforcement of BULL's security. Until March 31, 2018, no shares have been received yet by the Company.

b. Claims for vessel repairs and fuel purchases

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

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

Pursuant to PKPU Amendment Plan in 2015, the total restructured trade debt being 50% of the total trade debts shall be repaid in equal monthly installments over a period of five years.

16. PROVISION FOR EMPLOYEE BENEFITS

The Group provides post-employment benefits for its qualified employees in accordance with Labor Law No. 13/2003 and other long-term employee benefits in the form of long service leave and allowance on long service leave for employee attaining certain number of service years.

The number of employees covered by employee benefits as of December 31, 2017 and 2016 are as follows:

	2017
Post-employment benefits	54
Other long-term employee benefits	53

16. PROVISION FOR EMPLOYEE BENEFITS (continued)

The total liability recorded in the consolidated statement of financial position is as follows:

	March 31, 2018	December 31, 2017
Post-employment benefits	1,547,574	1,636,639
Other long-term employee benefits	5,943	5,943
Total	**1,553,517**	**1,642,582**
Current liabilities	-	-
Non-current liabilities	1,553,517	1,642,582
Total	**1,553,517**	**1,642,582**

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

		2017
Discount rate per annum	:	6,75% - 7,0%
Salary increment rate per annum	:	10%
Mortality rate/table	:	100%/TMI3
Disability rate/table	:	5%/TMI3
Resignation rate	:	10% per annum until age 36 years then decreasing linearly to 0% at age 56 years
Proportion of normal retirement	:	100%
Normal retirement age	:	55

The maturity of provision for employee benefits as of December 31, 2017 and 2016 is as follows:

	2017
Within the next 12 months	13,900
Between 2 to 5 years	1,184,751
Beyond 5 years	3,762,406
Total	**4,961,057**

The average duration of the provision for employee benefits is 8.53 to 12.35 and 9.13 to 15.74 as of December 31, 2017 and 2016, respectively.

17. SHARE CAPITAL

The composition of shareholders is as follows:

Name of shareholders	March 31, 2018 and December 31, 2017		
	Number of shares	Percentage of ownership (%)	Total paid-up capital
			US$
PT Tunggaladhi Baskara	4,383,489,018	18.67	41,583,208
Citibank Singapore S/A CBSG-CDP-Indonesia C/O. Citibank, N.A	1,752,838,893	7.46	16,628,002
Bina Surya Group Employees Cooperative	2,422,056	0.01	22,976
Siana Anggraeni Surya	62,400	-	592
Public (below 5.0 % each)	5,412,019,103	23.05	51,340,181
Debt to equity swap			
Holders of notes payable	4,517,659,093	19.24	20,467,774
Rupiah bondholder	1,156,691,987	4.93	5,240,526
Guaranteed convertible bondholder and guaranteed bondholder	2,223,442,869	9.47	10,073,563
Lease creditors	2,623,612,978	11.17	11,886,580
Derivative creditors	1,111,874,087	4.73	5,037,473
Others	299,205,054	1.27	1,355,583
Total	**23,483,317,538**	**100.00**	**163,636,458**

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

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

18. ADDITIONAL PAID-IN CAPITAL

	March 31, 2018	December 31, 2017
Paid-in capital	1,188,316,040	1,188,316,040
Equity component of convertible bonds	177,244	177,244
Difference in capital on treasury stock transaction	(72,854,996)	(72,854,996)
Exercise of convertible bonds	(6,453)	(6,453)
Net	**1,115,631,835**	**1,115,631,835**

19. TREASURY SHARES

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

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

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

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

This account consists of the following transactions:

	March 31, 2018	December 31, 2017
Initial public offering of BULL shares	22,669,713	22,669,713
Excecution of pledged BULL shares	(8,289,433)	(8,289,433)
Exchangeable notes recognized as addition to investment in shares of BULL	(4,154,029)	(4,154,029)
Others	(2,438,782)	(2,438,782)
Net	**7,787,469**	**7,787,469**

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

21. RESERVES

	March 31, 2018	December 31, 2017
General reserves	5,898,328	5,898,328
Revaluation reserves	7,998,937	7,998,937
Financial statements translations	(120,331)	(120,331)
Total	**13,776,934**	**13,776,934**

a. General reserves

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

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

21. RESERVES (continued)

b. Revaluation reserves

	2018
Beginning balance	7,998,937
Revaluation increase (decrease) - net	-
Deferred tax	-
Transfers to deficit	-
Ending balance	**7,998,937**

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

c. Financial statements translation

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

22. DEFICIT

	2018
Beginning balance	(1,288,937,229)
Net loss for the year	2,455,890
Ending balance	**(1,286,481,339)**

23. OPERATING REVENUES

	2018	2017
Operating revenues from:		
Chemical vessels	5,668,997	3,512,148
Gas vessels	780,765	2,382,530
Others	26,454	125,789
Total	**6,476,216**	**6,020,467**

In 2018, operating revenues exceeding 10% of total consolidated operating revenues are derived from PT Pertamina (Persero), North Cape Venture Ltd, and PT Pertamina International Shipping which are approximately US$ 3.5 million or 54.6% of total consolidated operating revenues.

In 2017, operating revenues exceeding 10.0% of total consolidated operating revenues are derived from PT PErtamina (Persero) Jakarta, PT Shell Indonesia, and M/S Ponpure Chemical which are approximately US$ 3.2 million or 58.7% of total consolidated operating revenues.

24. VOYAGE EXPENSES

	2018	2017
Fuel	746,186	788,804
Port charges	485,780	469,808
Total	**1,231,966**	**1,258,612**

10.4% and 12.7% of the above voyage expenses were from related parties in 2018 and 2017, respectively.

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

25. SHIP OPERATING EXPENSES

	2018	2017
Vessel crew salaries	1,247,379	1,208,824
Spare parts	190,501	207,608
Lubricant	149,103	126,187
Insurance	135,886	144,692
Repairs and maintenance	108,251	125,245
Vessel crew meal allowances	86,913	89,677
Processing of documents	84,837	98,074
Transportation	39,909	49,939
Supplies	5,788	34,625
Others	95,024	67,948
Total	**2,143,591**	**2,152,819**

26. ADMINISTRATIVE EXPENSES

	2018	2017
Salaries	409,438	428,055
Office expenses	168,301	166,370
Professional fees	144,502	177,970
Transportation	36,033	26,142
Depreciation	20,386	21,348
Bank charges	18,805	14,314
Telecommunication	17,619	36,516
Representation	9,067	9,316
Marketing	4,471	3,116
Training and education	1,657	538
Others	57,259	61,979
Total	**887,538**	**945,664**

27. FINANCE COST

	2018	2017
Loans	301,138	382,723
Others	94,066	100,950
Total	**395,204**	**483,673**

28. OTHER LOSSES - NET

	2018	2017
Foreign exchange gain - net	161,240	(169,258)
Gain on disposal of fixed assets	-	113,460
Others	80,068	21,414
Net	**241,308**	**(34,384)**

29. LOSS PER SHARE

The Group's computation of loss per share for 2018 and 2017 is as follows:

	2018	2017
Net loss attributable to owners of the Company	2,455,890	1,472,776
Weighted average number of outstanding shares	23,452,290,427	23,452,290,427
Basic loss per share	**0.0001**	**0.0001**
Net loss attributable to owners of the Company	2,455,890	1,472,776
Weighted average number of outstanding shares	23,452,290,427	23,452,290,427
Effect of dilution:		
Shares to be issued to PT Elang Megah Inti	2,456,869,565	2,456,869,565
Weighted average number of outstanding shares adjusted for the effect of dilution	25,909,159,992	25,909,159,992
Diluted loss per share	**0.0001**	**0.0001**

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

30. SEGMENT INFORMATION

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

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

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

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

c. Others include manning and ship management.

Segment assets and liabilities

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

	March 31, 2018	December 31, 2017
Segment assets		
Chemical	27,202,405	27,625,258
Gas	9,047,912	9,755,243
Others	3,041,516	3,052,009
Total	39,291,833	40,432,510
Unallocated assets	40,984,572	38,668,690
Consolidated	**80,276,405**	**79,101,200**
Segment liabilities		
Chemical	2,978,927	2,187,973
Gas	4,809,227	5,188,678
Others	3,657,747	4,163,444
Total	11,445,901	11,540,095
Unallocated liabilities	36,817,575	38,004,066
Consolidated	**48,263,476**	**49,544,161**

30. SEGMENT INFORMATION (continued)

Segment revenues and expenses

	2018			
	Chemical	Gas	Others	Total
Segment revenue				
External revenue	5,668,997	780,765	26,454	6,476,216
Segment expenses				
Voyage expenses	1,198,679	33,287	-	1,231,966
Ship operating expenses	1,720,625	422,966	-	2,143,591
Vessel depreciation	1,101,271	144,785	-	1,246,056
Charter expenses	632,329	-	-	632,329
Total segment expenses	4,652,904	601,038	-	5,253,942
Segment gross profit	**1,016,093**	**179,727**	**26,454**	**1,222,274**

	2017			
	Chemical	Gas	Others	Total
Segment revenue				
External revenue	3,512,148	2,382,530	125,789	6,020,467
Segment expenses				
Voyage expenses	1,215,298	43,314	-	1,258,612
Ship operating expenses	1,532,611	620,208	-	2,152,819
Vessel depreciation	1,288,245	123,584	-	1,411,829
Charter expenses	568,092	-	-	568,092
Total segment expenses	4,604,246	787,106	-	5,391,352
Segment gross profit	**(1,092,098)**	**1,595,424**	**125,789**	**629,115**

Other segment information

	Depreciation		Capital expenditures	
	2018	2017	2018	2017
Chemical	1,101,271	1,288,245	946,440	1,128,456
Gas	144,785	123,584	-	-
Total	**1,246,056**	**1,411,829**	**946,440**	**1,128,456**

30. SEGMENT INFORMATION (continued)

Geographic segment

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

	March 31, 2018			
	Malaysia	Indonesia	Unallocated	Consolidated
Assets and liabilities				
Total segment assets	14,345,696	24,946,138	40,984,571	80,276,405
Total segment liabilities	(3,720,526)	(7,725,375)	(36,817,575)	(48,263,476)
Net assets	**10,625,170**	**17,220,763**	**4,166,996**	**32,012,929**
	2018			
Revenues				
External revenues	2,607,270	3,868,946	-	6,476,216
Inter-segment revenues	135,000	-	(135,000)	-
Total revenues	**2,742,270**	**3,868,946**	**(135,000)**	**6,476,216**

	December 31, 2017			
	Malaysia	Indonesia	Unallocated	Consolidated
Assets and liabilities				
Total segment assets	14,246,193	26,186,317	38,668,690	79,101,200
Total segment liabilities	(5,145,584)	(6,394,517)	(38,004,060)	(49,544,161)
Net assets	**9,100,609**	**19,791,800**	**664,630**	**29,557,039**
	2017			
Revenues				
External revenues	3,959,325	2,061,142	-	6,020,467
Inter-segment revenues	282,250	116,104	(398,354)	-
Total revenues	**4,241,575**	**2,177,246**	**(398,354)**	**6,020,467**

31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Nature of relationship

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

31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties

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

	Amount		Percentage to total consolidated liabilities	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Trade accounts payable:				
Thai Petra Transport Co. Ltd.	86,021	90,280	0.18%	0.18%
PT Arpeni Pratama Ocean Line Tbk	34,744	34,440	0.07%	0.07%
Pan Union Agencies Pte. Ltd.	15,322	24,909	0.03%	0.05%
PT Garuda Mahakam Pratama	26,521	20,658	0.05%	0.04%
Loans payable:				
PT Bagusnusa Samudra Gemilang	1,857,015	1,856,239	3.85%	3.75%
Total	**2,019,623**	**2,026,526**	**4.18%**	**4.09%**

	Amount		Percentage to total consolidated equity	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Other capital reserves:				
PT Bagusnusa Samudra Gemilang	**7,931,594**	**7,931,594**	**25.56%**	**26.83%**

Voyage expenses incurred with related parties are as follows:

	Amount		Percentage to total consolidated voyage expenses	
	2018	2017	2018	2017
Voyage expenses:				
Thai Petra Transport Co. Ltd.	66,281	92,004	1.36%	1.90%
Pan Union Agencies Pte .Ltd.	57,095	68,091	1.17%	1.41%
PT Garuda Mahakam Pratama	4,513	-	0.09%	0.00%
Total	**127,889**	**160,095**	**2.62%**	**3.31%**

32. COMMITMENTS

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

The management determined the fair value of warrants using market approach technique of comparable company valuation multiples and the Black-Scholes model. Based on management's valuation, the fair value of warrants amounted to nil.

33. LITIGATIONS

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

- PKPU proceedings in Indonesia

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

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

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

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

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

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

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

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

  The Supreme Court rejected the civil review of the amendment of the PKPU Plan and punished the plaintiffs to pay the administration of civil review for Rp 10,000,000 (ten million rupiah) on February 28, 2017 with Supreme Court Decree No. 146PK/Pdt.Sus.Pailit/2016.

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

34. OVERVIEW OF THE RESTRUCTURING PLAN

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

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

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

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

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

- a delayed market recovery in the shipping market as compared to the forecast set out in the Restructuring Plan;
- a lack of bank financing and investor appetite available for the industry resulting in difficulty in obtaining the fund raising envisaged under the Restructuring Plan;
- inability to obtain approval from the relevant regulatory authorities in Indonesia for the issuance of new shares set out in the Restructuring Plan; and
- the risk of delisting by the IDX due to the Company's substantial capital deficiency.

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

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

34. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

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

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

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

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

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

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

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

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

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

34. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

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

(a) Secured creditors

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

(b) Unsecured creditors

- Full debt for equity swap of principal debt. Unsecured Creditors will collectively receive and hold 47% new equity of the enlarged share capital of the Company (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion), comprising:

  - The issuance of new shares consisting of up to 11,673,084,196 shares equivalent to 45% of the enlarged share capital of the Company (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion); and
  - A transfer of 2% of the total shares held by Surya family (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion).

  In each case, distributed on a pro rata basis among the Unsecured Creditors based on the principal debt outstanding.

- The HY Bondholders retains security over the Teekay JV and Buana for their interest payments for the period April 1, 2015 to March 31, 2017 of up to US$ 8.6 million ("HY Interest"). The Group will pay the HY Interest to the HY Bondholders as follows:

  - US$ 1.0 million within five (5) business days of the closing of the PKPU Amendment Plan; and
  - the balance of the HY Interest in accordance with the Restructuring Plan.

  Subject to an acceleration of payments in reduction of outstanding HY Interest by way of an allocation of 50% of all dividends received fromTeekay JV.

- In addition to their allocation of the New BLT Shares and the transfer of 2% shared held by Surya Family, the Convertible Bondholders will, in aggregate, also be given an additional 1% equity stake in the enlarged share capital of BLT (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion), consisting of up to 259,401,872 shares, which is consistent with the Restructuring Plan as consideration for their forfeiture of their conversion rights.

- The Unsecured Creditors to hold, on a pro rata basis, an interest in Buana and Nevaeh through a structure that would deliver the economic benefit of those assets to the Unsecured Creditors.

- Waiver of all interest capitalized.

34. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

(c) Trade creditors

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

(d) Intercompany Creditors

- No payments to any Intercompany Creditor, as defined in the Restructuring Plan, or satisfaction of any intercompany claim with any Intercompany Creditors until (i) all existing secured creditors are repaid in full, and (ii) the aggregate value of the 48% equity interest held by the Unsecured Creditors, including their successors and nominees, exceeds the total outstanding claims of US$ 1.1 billion.
- Intercompany Creditors will not exercise their voting rights in the PKPU Amendment Plan or otherwise assert or make any claims upon Company in any manner whatsoever; and
- Intercompany claims owned by BULL and/or BULL Subsidiaries, as defined in the Restructuring Plan, shall be paid in priority to other intercompany claims.

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

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

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

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

35. MANDATORY CONVERTIBLE SECURITIES

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

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

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

35. MANDATORY CONVERTIBLE SECURITIES

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

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

36. FINANCIAL INSTRUMENTS

a. Capital risk management

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

The Group manages its capital structure and makes adjustments to it, to cope with the changes in economic conditions. Currently, the Group manages its capital by regularly monitoring its working capital requirements in accordance with the PKPU Amendment Plan. As of December 31, 2017 and 2016, the Group is in deficit position. As such, the Group will continuously apply cost-cutting and restructuring initiatives to review and monitor its capital expenditure.

b. Categories of financial instruments

Financial assets

	March 31, 2018	December 31, 2017
Loans and receivables:		
Cash on hand and in banks	3,557,934	4,578,586
Trade receivables - third parties	1,695,568	1,678,618
Other receivables - third parties	1,219,303	1,112,767
Other non-current assets	91,667	3,917
Available-for-sale financial assets	17,035,594	17,035,594
Total	**23,600,066**	**24,409,482**

36. FINANCIAL INSTRUMENTS (continued)

b. Categories of financial instruments (continued)

Financial liabilities

	March 31, 2018	December 31, 2017
Financial liabilities measured at amortized cost:		
Trade accounts payable	5,689,250	5,963,666
Accrued expenses	2,879,089	2,248,498
Loans payable	26,688,110	27,572,521
Other payables	10,129,465	10,431,545
Other current liabillities	1,237,109	1,286,490
Total	**46,623,023**	**47,502,720**

c. Financial risk management policies

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

Foreign exchange (non-functional currency) risk management

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

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

		March 31, 2018		December 31, 2017	
		Foreign Currencies	Equivalent to US$	Foreign Currencies	Equivalent to US$
Assets					
Cash on hand and in banks	Rp'000	5,496,107	399,567	11,646,098	859,482
	EUR	2,603	3,220	2,606	3,110
	SGD	3,222	2,460	3,651	2,728
Trade receivables	Rp'000	5,858,349	425,902	4,075,298	300,757
Total			**831,149**		**1,166,077**
Liabillities					
Trade accounts payable	Rp'000	18,502,338	1,345,120	18,632,886	1,375,107
	EUR	112,585	139,245	112,734	134,357
	SGD	1,031,513	787,560	1,226,863	916,712
Loans payable	Rp'000	140,340,646	10,202,765	148,176,274	10,935,409
Total			**12,474,690**		**13,361,585**

36. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

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

	March 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Rupiah	825,469	11,547,885	1,160,239	12,310,516
Singapore dollar	2,460	787,560	2,728	916,712
Euro	3,220	139,245	3,110	134,357
Total	**831,149**	**12,474,690**	**1,166,077**	**13,361,585**

Interest rate risk management

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

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

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

Credit risk management

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

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

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

36. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Credit quality of financial assets

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

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

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

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

	March 31, 2018				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Quality	Standard Quality			
Cash in banks	3,489,728	-	-	-	3,489,728
Trade receivables - third parties	1,172,181	-	523,387	-	1,695,568
Other receivables - third parties	-	1,219,303	-	-	1,219,303
Available-for-sale financial assets	-	17,035,594	-	-	17,035,594
Other non-current assets	-	91,667	-	-	91,667
Total	**4,661,909**	**18,346,564**	**523,387**	**-**	**23,531,860**

	December 31, 2017				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Quality	Standard Quality			
Cash in banks	4,464,829	-	-	-	4,464,829
Trade receivables - third parties	1,143,243	-	535,375	-	1,678,618
Other receivables - third parties	-	1,112,767	-	-	1,112,767
Available-for-sale financial assets	-	17,035,594	-	-	17,035,594
Other non-current assets	-	3,917	-	-	3,917
Total	**5,608,072**	**18,152,278**	**535,375**	**-**	**24,295,725**

Fuel risk management

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

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

The Group manages this risk by monitoring the bunker prices and entering into forward contracts to hedge against fluctuations in bunker price, if considered appropriate.

36. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Liquidity risk management

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

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

	March 31, 2018				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
Trade accounts payable	5,689,250	-	-	-	5,689,250
Accrued expenses	2,879,089	-	-	-	2,879,089
Loans payable	1,004,041	2,963,528	19,368,297	14,353,209	37,689,075
Other payables	546,146	776,786	603,000	63,132,957	65,058,889
Other current liabilities	1,237,109	-	-	-	1,237,109
Total	**11,355,635**	**3,740,314**	**19,971,297**	**77,486,166**	**112,553,412**

	December 31, 2017				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
Trade accounts payable	5,963,666	-	-	-	5,963,666
Accrued expenses	2,248,498	-	-	-	2,248,498
Loans payable	1,050,557	3,115,512	20,048,258	15,319,280	39,533,607
Other payables	546,146	1,022,933	753,000	62,838,226	65,160,305
Other current liabilities	1,286,490	-	-	-	1,286,490
Total	**11,095,357**	**4,138,445**	**20,801,258**	**78,157,506**	**114,192,566**

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

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

In March 2013, the Group's Restructuring Plan was ratified by the Court. The Restructuring Plan sets out the restructuring term sheet and repayment plans to respective creditors to finance and repay the debts.

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

36. FINANCIAL INSTRUMENTS (continued)

d. Fair value of financial instruments

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

	March 31, 2018	December 31, 2017
Financial assets		
Cash on hand and in banks	3,557,934	4,578,586
Trade receivables - third parties	1,695,568	1,678,618
Other receivables - third parties	1,219,303	1,112,767
Available-for-sale financial assets	17,035,594	17,035,594
Other non-current assets	91,667	3,917
Total	**23,600,066**	**24,409,482**
Financial liabilities		
Trade accounts payable	5,689,250	5,963,666
Accrued expenses	2,879,089	2,248,498
Loans payable	26,688,110	27,572,521
Other payables	10,129,465	10,431,545
Other current liabilities	1,237,109	1,286,490
Total	**46,623,023**	**47,502,720**

As of March 31, 2018 and December 31, 2017, the following table presents the Group's financial assets that are measured at fair value.

	March 31, 2018			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets				
Available-for-sale financial asset	-	-	**10,427,675**	**10,427,675**

	December 31, 2017			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets				
Available-for-sale financial asset	-	-	**10,427,675**	**10,427,675**

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

36. FINANCIAL INSTRUMENTS (continued)

d. Fair value of financial instruments (continued)

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.

Reconciliation of fair value measurement for derivative financial asset and AFS financial asset:

	SVL
	2018
Beginning balance	**10,427,675**
Unrealized gain (loss) on change in fair value	-
Ending balance	**10,427,675**

37. NON-CASH TRANSACTIONS

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

- In 2018 and 2017, the Group recognized interest expense from effective interest amortization amounting to US$ 108 thousand and US$ 187.3 thousand, respectively.

38. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed and authorized for issue on April 30, 2018.