# PT Berlian Laju Tanker Tbk
# and its subsidiaries

Consolidated financial statements
As of December 31, 2014
and for the year then ended
with independent auditors' report

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

DIRECTORS' STATEMENT LETTER
RELATING TO THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

**PT BERLIAN LAJU TANKER TBK AND ITS SUBSIDIARIES (GROUP)**

We, the undersigned:

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

states that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of the Group;
2. The consolidated financial statements of the Group have been prepared and presented in conformity with International Financial Reporting Standards; except for the matters that are explained in the independent auditors' report dated March 31, 2015;
3. a. All information contained in the consolidated financial statements of the Group is complete and correct;
   b. The consolidated financial statements of the Group do not contain misleading material information or facts, and do not omit material information and facts;
4. We are responsible for the Group's internal control system.

This statement has been made truthfully.

Jakarta, March 31, 2015

President Director




(Siana Anggraeni Surya)

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**PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES**
**CONSOLIDATED FINANCIAL STATEMENTS**
**AS OF DECEMBER 31, 2014 AND FOR THE YEAR THEN ENDED**
**WITH INDEPENDENT AUDITORS' REPORT**

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## Independent Auditors' Report

Report No. RPC-7684/PSS/2015

**The Shareholders and the Boards of Commissioners and Directors**
**PT Berlian Laju Tanker Tbk**

We have audited the accompanying consolidated financial statements of PT Berlian Laju Tanker Tbk ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2014, and the consolidated statements of comprehensive income, changes in capital deficiency, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for qualified opinion**

As disclosed in Note 37 to the accompanying consolidated financial statements, the Group recorded a gain on extinguishment of debt amounting to US$14.0 million for the year ended December 31, 2014 as a result of correcting the net amount of the Group's payable to PT Buana Listya Tama Tbk and its subsidiaries ("BULL") (subsidiaries of the Company up to March 31, 2013) as of December 31, 2014 based on a reconciliation of accounts between the Group and BULL. As of December 31, 2013, such amount was carried by the Group as part of the amount payable to BULL. International Financial Reporting Standards require that such amount should be recorded in, or allocated to, the proper accounting periods. Had the Group recorded such amount in, or allocated to, the proper accounting periods, the consolidated net loss for the year ended December 31, 2014 would have been increased by US$14.0 million.

As disclosed in Note 25 to the accompanying consolidated financial statements, the Company had just finalized its 2013 income tax calculation in 2014. The Company decided to account for the additional taxable income in 2013 amounting to US$28.3 million as part of the 2014 taxable income. The Company also decided to correct the overstatement of 2013 deferred tax liabilities amounting to US$7.1 million in the 2014 consolidated statement of comprehensive income. International Financial Reporting Standards require that such amount should be accounted and recorded in 2013. Had the Company accounted and recorded such amount in 2013, the Company's tax loss would have amounted to US$11.5 million and the consolidated net loss would have been increased by US$7.1 million for the year ended December 31, 2014, and the Company's taxable income would have amounted to US$24.4 million and the consolidated net income would have been increased by US$7.1 million for the year ended December 31, 2013.

As discussed in Note 44 to the consolidated financial statements, the Group has been experiencing recurring losses that resulted to capital deficiency and negative working capital amounting to US$1.2 billion and US$101.9 million, respectively, as of December 31, 2014. Management's plans in regard to these matters are also described in Note 44 to the consolidated financial statements. The Group's Restructuring Plan requires repayments of principal installments and interest on loans, bonds, notes payable and other payables to commence in 2015. Management is currently assessing the options available to the Group to address these currently maturing liabilities and to improve business performance. As of the date of independent auditors' report, however, management has yet to finalize any plans in this regard. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business. The accompanying consolidated financial statements and notes thereto do not fully disclose this fact.

**Basis for qualified opinion (continued)**

As disclosed in Note 6 to the accompanying consolidated financial statements, the Group noted impairment indicators on its available-for-sale investment in Nevaeh Limited during the periods prior to January 1, 2013. The Group had just completed its impairment calculation on this investment in 2013. International Financial Reporting Standards require that such impairment losses should be allocated and charged in the proper accounting periods. However, the Group was unable to allocate the amount of impairment losses between 2013 and periods prior to January 1, 2013, and decided to charge all of the accumulated impairment losses amounting to US$24.0 million in 2013. Consequently, we were unable to satisfy ourselves through our audit procedures the portion of the impairment loss which should be allocated in 2013 and periods prior to January 1, 2013 profit and loss. Our audit opinion on the consolidated financial statements for the year ended December 31, 2013 was modified accordingly. Our opinion on the consolidated financial statements as of December 31, 2014 and for the year then ended is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We were unable to obtain sufficient and appropriate audit evidence on the consolidation of the consolidated interim financial statements of BULL (which was no longer a subsidiary of the Company after March 31, 2013) as of March 31, 2013 and for the three-month period then ended due to the unavailability of audited consolidated financial statements of BULL for such period. The amounts of the consolidated operating revenues and income of BULL for the period constituted 3.4% and 1.1%, respectively, of the consolidated operating revenues and income, respectively, of the Group for the year ended December 31, 2013. Consequently, we were unable to determine whether any adjustments to the consolidated financial statements of BULL as of March 31, 2013 and for the three-month period then ended, which was consolidated and became part of the consolidated financial statements of the Group as of December 31, 2013 and for the year then ended, were necessary. Our audit opinion on the consolidated financial statements for the year ended December 31, 2013 was modified accordingly. Our opinion on the consolidated financial statements as of December 31, 2014 and for the year then ended is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

**Qualified opinion**

In our opinion, except for the effects of the matters described in the first three paragraphs and possible effects of the matters described in the last two paragraphs in the Basis for Qualified Opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Berlian Laju Tanker Tbk and its subsidiaries as of December 31, 2014, and their consolidated financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

**Other matters**

The accompanying consolidated financial statements, which are prepared under International Financial Reporting Standards, are issued in relation to the listing of the Company's equity securities on the Singapore Exchange Securities Limited.

We have also reported separately on the consolidated financial statements of the Group for the same periods presented in accordance with Indonesian Financial Accounting Standards in relation to the listing of the Company's equity securities on the Indonesian Stock Exchange.

**Purwantono, Suherman & Surja**

**Benyanto Suherman**
Public Accountant Registration No. AP.0685

March 31, 2015

**PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**As of December 31, 2014**
**(Expressed in United States dollar, unless otherwise stated)**

| | Notes | December 31, 2014 | December 31, 2013 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Fixed assets | 2k, 2n, 5 | 590,380 | 642,933 |
| Available-for-sale (AFS) financial assets | 2f, 6, 42 | 21,459 | 62,601 |
| Investment in associates and joint venture | 2j, 7 | 2,607 | 24,876 |
| Restricted cash | 2f, 2g, 8, 42 | 9,168 | 9,168 |
| Deferred tax assets | 2t, 25 | 312 | - |
| Other non-current assets | 2f, 42 | 140 | 307 |
| **TOTAL NON-CURRENT ASSETS** | | **624,066** | **739,885** |
| **CURRENT ASSETS** | | | |
| Inventories | 2h, 9 | 6,525 | 9,835 |
| Trade receivables - third parties | 2f, 10, 42 | 17,654 | 17,809 |
| Other receivables | 2f, 37,42 | 3,847 | 6,439 |
| Prepaid expenses and taxes | 2i | 4,157 | 3,729 |
| Advances | 2i | 7,618 | 10,462 |
| Cash and cash equivalents | 2f, 2g, 11, 42 | 23,945 | 20,272 |
| **TOTAL CURRENT ASSETS** | | **63,746** | **68,546** |
| **TOTAL ASSETS** | | **687,812** | **808,431** |

The accompanying notes to the consolidated financial statements form
an integral part of these consolidated financial statements taken as a whole.

**PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**
**As of December 31, 2014**
**(Expressed in United States dollar, unless otherwise stated)**

| | Notes | December 31, 2014 | December 31, 2013 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **CAPITAL DEFICIENCY AND LIABILITITES** | | | |
| **CAPITAL DEFICIENCY** | | | |
| Share capital | 1b, 2r, 12 | 109,575 | 109,575 |
| Additional paid-in capital | 1b, 2r, 13 | 136,141 | 136,141 |
| Other capital reserves | 2r, 41 | 25,183 | 25,153 |
| Treasury shares | 2r, 14 | (6,516) | (6,516) |
| Difference arising from changes of equity of subsidiaries and effect of transactions with non-controlling interests | 2r, 15 | 7,787 | 7,787 |
| Reserves | 2e, 2k, 16 | 18,382 | 22,872 |
| Deficit | 17 | (1,462,927) | (1,424,972) |
| **Capital deficiency attributable to Owners of the Company** | | **(1,172,375)** | **(1,129,960)** |
| **Non-controlling interests** | 2c, 18 | **-** | **-** |
| **NET CAPITAL DEFICIENCY** | | **(1,172,375)** | **(1,129,960)** |
| **NON-CURRENT LIABILITIES** | | | |
| Long-term liabilities - net of current maturities: | | | |
| Loans payable | 2o, 19, 41, 42 | 657,330 | 706,302 |
| Bonds payable | 1b, 2o, 20, 41, 42 | 238,751 | 224,887 |
| Notes payable | 1b, 2o, 21, 41, 42 | 382,135 | 363,911 |
| Obligations under finance lease | 2o, 23, 42 | 148,143 | 197,976 |
| Other payables | 2o, 22, 41, 42 | 249,904 | 202,689 |
| Provision for post-employment benefits | 2p, 24 | 1,481 | 2,539 |
| Deferred tax liabilities | 2t, 25 | 16,831 | 17,259 |
| Due to a related party | 2d, 2o, 37, 42 | - | 89,309 |
| **TOTAL NON-CURRENT LIABILITIES** | | **1,694,575** | **1,804,872** |
| **CURRENT LIABILITIES** | | | |
| Trade accounts payable: | | | |
| Related parties | 2d, 2o, 26, 37, 42 | 964 | 4,512 |
| Third parties | 2o, 26, 42 | 29,389 | 43,673 |
| Accrued expenses | 2o, 27, 41, 42 | 18,184 | 20,623 |
| Taxes payable | 2t, 25 | 1,346 | 1,482 |
| Current maturities of long-term liabilities: | | | |
| Loans payable | 2o, 19, 41, 42 | 70,126 | 26,513 |
| Obligations under finance lease | 2o, 23, 42 | 32,877 | 15,302 |
| Other payables | 2o, 22, 41, 42 | 1,998 | 7,193 |
| Provisions | 2o, 2q, 28, 42 | 7,113 | 7,113 |
| Other current liabilities | 2o, 42 | 3,615 | 7,108 |
| **TOTAL CURRENT LIABILITIES** | | **165,612** | **133,519** |
| **TOTAL LIABILITIES** | | **1,860,187** | **1,938,391** |
| **TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY** | | **687,812** | **808,431** |

The accompanying notes to the consolidated financial statements form
an integral part of these consolidated financial statements taken as a whole.

**PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**For the Year Ended December 31, 2014**
**(Expressed in United States dollar, unless otherwise stated)**

| | Notes | For the Year Ended December 31, 2014 | 2013 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **OPERATING REVENUES** | 2s, 29 | **315,425** | **329,460** |
| **VOYAGE EXPENSES** | 2s, 30 | **(138,205)** | **(156,712)** |
| **OPERATING REVENUES AFTER VOYAGE EXPENSES** | | **177,220** | **172,748** |
| Ship operating expenses | 2s, 31 | (64,111) | (71,307) |
| Vessel depreciation | 2k, 2s, 5 | (41,820) | (46,083) |
| Charter expenses | 2s | (16,616) | (16,680) |
| **GROSS PROFIT** | | **54,673** | **38,678** |
| Administrative expenses | 2s, 32 | (41,773) | (48,199) |
| Gain on debt restructuring | 19, 20, 21, 22 | 27,277 | 317,070 |
| Foreign exchange gain - net | 2e | 21,814 | 53,565 |
| Share in profits of associates and joint venture | 2j, 7 | 3,850 | 13,788 |
| Gain on extinguishment of debt | 2o, 6 | - | 3,750 |
| Interest income | 2s, 34 | 10 | 142 |
| Finance cost | 2s, 35 | (93,363) | (99,328) |
| Other losses - net | 2s, 33 | (12,923) | (81,567) |
| **INCOME (LOSS) BEFORE INCOME TAX** | | **(40,435)** | **197,899** |
| **INCOME TAX BENEFIT (EXPENSE) - NET** | 2t, 25 | **393** | **(19,488)** |
| **INCOME (LOSS) FOR THE YEAR** | | **(40,042)** | **178,411** |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | |
| Item that will not be reclassified to profit or loss in subsequent periods: | | | |
| Net increase (decrease) in revaluation reserves of vessels | 2k, 5, 16 | (2,785) | 10,098 |
| Deferred income tax related to revaluation of vessels | 2k, 25 | 382 | (1,684) |
| Actuarial gain on post-employment benefits | 2p, 2t, 24 | 130 | 1,200 |
| Deferred income tax related to actuarial gain on post-employment benefits | 2p, 2t, 25 | (32) | (300) |
| **Subtotal** | | **(2,305)** | **9,314** |
| Item that will be reclassified to profit or loss in subsequent periods: | | | |
| Financial statement translation | 2e, 16 | (98) | (296) |
| **TOTAL OTHER COMPREHENSIVE INCOME (LOSS)** | | **(2,403)** | **9,018** |
| **TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR** | | **(42,445)** | **187,429** |

The accompanying notes to the consolidated financial statements form
an integral part of these consolidated financial statements taken as a whole.

**PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**
**For the Year Ended December 31, 2014**
**(Expressed in United States dollar, unless otherwise stated)**

| | Notes | For the Year Ended December 31, 2014 | 2013 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **Income (loss) for the year attributable to:** | | | |
| Owners of the Company | | (40,042) | 177,496 |
| Non-controlling interests | 2c, 18 | - | 915 |
| **Total** | | **(40,042)** | **178,411** |
| **Total comprehensive income (loss) for the year attributable to:** | | | |
| Owners of the Company | | (42,445) | 185,443 |
| Non-controlling interests | 2c, 18 | - | 1,986 |
| **Total** | | **(42,445)** | **187,429** |
| **BASIC INCOME (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (in full amount)** | 2u, 36 | **(0.0035)** | **0.0154** |
| **DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (in full amount)** | 2u, 36 | **(0.0035)** | **0.0118** |

The accompanying notes to the consolidated financial statements form
an integral part of these consolidated financial statements taken as a whole.

# PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES
# CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL DEFICIENCY
# For the Year Ended December 31, 2014
# (Expressed in United States dollar, unless otherwise stated)

| | Attributable to Owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Reserves (Note 16) | | | | | | | |
| | Share capital (Note 12) | Additional paid-in capital (Note 13) | Other capital reserves (Note 41) | Treasury shares (Note 14) | Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interests (Note 15) | Revaluation reserves | Cumulative actuarial gain on post-employment benefits | Financial statements translation | General reserves | Deficit | Capital deficiency attributable to Owners of the Compamy | Non-controlling interests (Note 18) | Net capital deficiency |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Balance per January 1, 2013** | **109,575** | **136,141** | **-** | **(6,516)** | **7,787** | **16,653** | **-** | **(169)** | **5,898** | **(1,610,955)** | **(1,341,586)** | **71,547** | **(1,270,039)** |
| Income for the year | - | - | - | - | - | - | - | - | - | 177,496 | 177,496 | 915 | 178,411 |
| Other comprehensive income (loss) | - | - | - | - | - | 7,343 | 900 | (296) | - | - | 7,947 | 1,071 | 9,018 |
| Total comprehensive income (loss) | - | - | - | - | - | 7,343 | 900 | (296) | - | 177,496 | 185,443 | 1,986 | 187,429 |
| Equity to be issued to creditor | - | - | 25,153 | - | - | - | - | - | - | - | 25,153 | - | 25,153 |
| Reversal of dividends payable | - | - | - | - | - | - | - | - | - | 438 | 438 | - | 438 |
| Transfer to deficit | - | - | - | - | - | (686) | - | - | - | 686 | - | - | - |
| Loss of control of subsidiaries | - | - | - | - | - | (7,363) | - | 592 | - | 7,363 | 592 | (73,533) | (72,941) |
| **Balance per December 31, 2013** | **109,575** | **136,141** | **25,153** | **(6,516)** | **7,787** | **15,947** | **900** | **127** | **5,898** | **(1,424,972)** | **(1,129,960)** | **-** | **(1,129,960)** |
| Income for the year | - | - | - | - | - | - | - | - | - | (40,042) | (40,042) | - | (40,042) |
| Other comprehensive income (loss) | - | - | - | - | - | (2,403) | 98 | (98) | - | - | (2,403) | - | (2,403) |
| Total comprehensive income (loss) | - | - | - | - | - | (2,403) | 98 | (98) | - | (40,042) | (42,445) | - | (42,445) |
| Equity to be issued to creditor | - | - | 30 | - | - | - | - | - | - | - | 30 | - | 30 |
| Transfer to deficit | - | - | - | - | - | (2,087) | - | - | - | 2,087 | - | - | - |
| **Balance per December 31, 2014** | **109,575** | **136,141** | **25,183** | **(6,516)** | **7,787** | **11,457** | **998** | **29** | **5,898** | **(1,462,927)** | **(1,172,375)** | **-** | **(1,172,375)** |

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

**PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**For the Year Ended December 31, 2014**
**(Expressed in United States dollar, unless otherwise stated)**

| | | For the Year Ended December 31, | |
|---|---|---|---|
| | | 2014 | 2013 |
| | | US$'000 | US$'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash receipts from customers | | 307,271 | 329,382 |
| Cash paid to suppliers and employees | | (256,092) | (284,049) |
| Interest paid | | (19,984) | (38,865) |
| Income tax paid | | (106) | (206) |
| Receipts from insurance claim | | 206 | 32 |
| Interest received | | 10 | 142 |
| **Net cash provided by operating activities** | | **31,305** | **6,436** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Net proceeds from sale of fixed assets | 5 | 132 | 6,667 |
| Acquisitions of fixed assets | 5 | (9,901) | (4,408) |
| Decrease in restricted cash | | - | 9,877 |
| **Net cash provided by (used in) investing activities** | | **(9,769)** | **12,136** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payments of obligations under finance lease | 23 | (15,294) | (13,873) |
| Payments of loans | | (2,567) | - |
| Proceeds from loans | 19 | - | 10,000 |
| **Net cash used in financing activities** | | **(17,861)** | **(3,873)** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **3,675** | **14,699** |
| **EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | | **(2)** | **(76)** |
| **CASH AND CASH EQUIVALENTS OF DECONSOLIDATED SUBSIDIARIES** | | **-** | **(5,644)** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **20,272** | **11,293** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **23,945** | **20,272** |

*Supplementary information on non-cash activities are disclosed in Note 43 to the consolidated financial statements.*

The accompanying notes to the consolidated financial statements form
an integral part of these consolidated financial statements taken as a whole.

## 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 Bina Surya Group (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, Europe and America.

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

### b. Public offering of shares, bonds and notes payable

**Shares**

The Company's public offering of 2,100,000 shares through the Indonesia Stock Exchange, at a price of Rp8,500 per share, was approved by the Ministry of Finance of the Republic of Indonesia on January 22, 1990. These shares were listed in the Indonesia Stock Exchange (BEI) on March 26, 1990.

On January 27, 1993, the Company obtained the notice of effectivity from the Chairman of the Capital Market Supervisory Agency (Bapepam) (currently Otoritas Jasa Keuangan) for the Company's Rights Issue I to the shareholders totaling 29,400,000 shares at a price of Rp1,600 per share. These shares were listed in the BEI 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 Rp1,200 per warrant. Each warrant was entitled to purchase one share from July 16, 1998 to January 20, 2003. Based on the addendum to the statements of warrant issuance which was notarized on October 17, 2002, the Company decided to extend the period to exercise the warrants for five (5) years or until January 18, 2008. The shares were listed in the BEI 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 Rp500 per share at an exercise price of Rp1,100 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 Rp150 per share since 2005.

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

On June 29, 2009, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's rights issue IV with pre-emptive rights to shareholders. In connection with such rights issue, the Company issued 1,392,310,059 new common shares at an exercise price of Rp425 per share.

## 1. GENERAL (continued)

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

**Shares (continued)**

On June 30, 2010, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's Rights Issue V with pre-emptive rights to shareholders. In connection with such rights issue, the Company issued 5,569,240,235 new common shares at an exercise price of Rp220 per share.

All 11,550,831,470 issued shares of the Company are listed in the BEI and SGX (Note 12). 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 BEI 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.

In March and June 2014, the Company requested for extension of the trading suspension due to on-going audit process of the 2013 consolidated financial statements.

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 (Notes 20 and 21).

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 Rp700.0 billion with fixed interest rate and 2007 Sukuk Ijarah bonds amounting to Rp200.0 billion (Note 20).

On May 15, 2009, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK the Company's public offering of 2009 Berlian Laju Tanker IV Bonds amounting to Rp400.0 billion and 2009 Sukuk Ijarah II bonds amounting to Rp100.0 billion (Note 20).

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 (Note 20).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of preparation of consolidated financial statements

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### a. Basis of preparation of consolidated financial statements (continued)

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

The consolidated financial statements are issued in relation to the listing of the Company's equity securities in the Singapore Exchange Securities Limited.

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

### b. Changes in accounting policies and disclosures

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, 2014. 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:

*Amendments to IFRS:*

- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*, - These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under *IFRS 10, Consolidated Financial Statements*, and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32, Financial Instruments: Presentation)* - These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively.

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36, Impairment of Assets)* - clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant. In addition, the IASB added two disclosure requirements:
  - Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
  - Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

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

- *Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39, Financial Instruments: Recognition and Measurement)* - These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. The amendment has no impact on the Group's financial position or performance.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Changes in accounting policies and disclosures (continued)

*Amendments to IFRS (continued):*

- *Annual Improvements to IFRS (2010-2012 cylce): IFRS 13, Fair Value Measurement - Short-term Receivables and Payables* - The amendment clarifies in the "Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

- *Annual Improvements to IFRS (2011-2013 cylce): IFRS 1, First-time Adoption of International Financial Reporting Standards - Meaning of "Effective IFRSs"* – The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of IFRS.

*New Interpretation:*

- International Interpretation *IFRIC 21, Levies (IFRIC 21)* – This standard clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. This standard has no impact on the Group's financial position or performance.

*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. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the financial statements.

Effective for annual periods beginning on or after January 1, 2015

- *Employee Contributions* (*Amendments to IAS 19 Defined Benefit Plans)* - The amendment require an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014.

*Annual improvements (2010-2012 cycle)*
The following improvements are effective from July 1, 2014. They include:

- *IFRS 2 Share-based Payment* - This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Changes in accounting policies and disclosures (continued)

- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

· *IFRS 3 Business Combinations* - The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

· *IFRS 8 Operating Segments* - The amendments are applied retrospectively and clarifies that:
- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar"
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

· *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets* - The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

· *IAS 24 Related Party Disclosures* - The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

*Annual improvements (2010-2013 cycle)*
The following improvements are effective from July 1, 2014. They include:

· *IFRS 3 Business Combinations* - The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

· *IFRS 13 Fair Value Measurement* - The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

· *IAS 40 Investment Property* - The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Changes in accounting policies and disclosures (continued)

Effective for annual periods beginning on or after January 1, 2016

- *IFRS 14 Regulatory Deferral Accounts* - IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after January 1, 2016.

- *Accounting for Acquisitions of Interests (Amendments to IFRS 11 Joint Arrangements)* - The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)* - The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- *Bearer Plants (Amendments to IAS 16 and IAS 41 Agriculture)* - The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Changes in accounting policies and disclosures (continued)

- *Equity Method in Separate Financial Statements (Amendments to IAS 27)* - The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)* - The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in *IFRS 3, Business Combinations*, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- *Disclosure Initiative (Amendments to IAS 1)* - The amendments clarify:
  - The materiality requirements in IAS 1
  - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)* - The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

*Annual improvements (2012-2014 cycle)*
The following improvements are effective from January 1, 2016. They include:

- *Changes in Methods of Disposal (Amendments to IFRS 5)* - The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Changes in accounting policies and disclosures (continued)

- *Servicing Contracts (Amendments to IFRS 7)* - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- *Applicability of Amendments to Condensed Interim Financial Statements (Amendments to IFRS 7)* - The amendment clarifies that the offsetting disclosure requirements do not apply tocondensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment must be applied retrospectively.

- *Discount Rate: Regional Market Issue (Amendments to IAS 19)* - The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied prospectively.

- *Disclosure of Information "Elsewhere in the Interim Financial Report" (Amendments to IAS 34)* - The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment must be applied retrospectively.

Effective for annual periods beginning on or after January 1, 2017

- *IFRS 15 Revenue from Contracts with Customers* - IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised 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 recognising 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, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Changes in accounting policies and disclosures (continued)

Effective for annual periods beginning on or after January 1, 2018

- *IFRS 9 Financial Instruments* - 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

### c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2014 (including special-purpose entities). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company 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 Company has less than a majority of the voting or similar rights of an investee, the Company 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 investeee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. Total comprehensive income (loss) is attributed to the Owners of the Company and to non-controlling interests even if it results in the non-controlling interests account having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated during consolidation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### c. Basis of consolidation (continued)

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

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

Changes in the Group's ownership interests in an existing subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in capital deficiency and attributed to the owners of the Company. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition.

Non-controlling interests in subsidiaries are identified separately and presented within capital deficiency. 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.

### d. Transactions with related parties

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

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

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

a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control of the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
b) the party is an associate of the Group;
c) the party is a joint venture in which the Group is a venturer;
d) the party is a member of the key management personnel of the Group;
e) the party is a close member of the family of any individual referred to in (a) or (d);

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### d. Transactions with related parties (continued)

A party is considered to be related to the Group if (continued):

f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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.

### e. Foreign currencies

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

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

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 recognised in other comprehensive income or profit or loss are also recognised 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:

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| **Foreign currencies** | | |
| Rupiah (Rp'000) | 0.0804 | 0.0820 |
| Singapore dollar (SGD) | 0.7574 | 0.7899 |
| Euro (EUR) | 1.2165 | 1.3801 |
| Yen (JPY) | 0.0083 | 0.0095 |

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### e. Foreign currencies (continued)

When an entity whose functional currency other than US$ is sold, exchange differences that were accumulated in capital deficiency 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.

### f. Financial assets

Initial recognition

The Group's financial assets are classified into financial assets as at fair value through profit or loss, loans and receivables, held-to-maturity investments, and 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).

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. The Group's financial assets include cash and cash equivalents, restricted cash, trade accounts receivable, other receivables, other non-current assets and AFS financial assets.

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 recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

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

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

- 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 capital deficiency until the investment is derecognized wherein the cumulative gain or loss previously recognized in capital deficiency is reclassified to profit or loss as a reclassification adjustment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### f. Financial assets (continued)

Subsequent measurement (continued)

- AFS financial assets (continued)

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

  The Group's AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.The Group's AFS include its investments in shares of BULL, Nevaeh Limited and Swank Ventures Limited (Note 6).

Derecognition of financial assets

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

- the contractual rights to receive cash flows from the asset have expired; or

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

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

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

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 capital deficiency is recognized in the consolidated statement of comprehensive income.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### f. Financial assets (continued)

Derecognition of financial assets (continued)

The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash flows (including all fees and points received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial asset, or a shorter period, where appropriate, to the net carrying amount at initial recognition of the financial asset.

Interest income is recognized based on effective interest method for debt instruments other than those classified as FVTPL.

Impairment of financial assets

The Group's financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred subsequent to initial recognition of the financial asset, the estimated future cash flows of the financial assets were impaired.

For the Group's listed and not listed equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment. 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. When 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 the statement of profit or loss) is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or probability that the borrower will enter bankruptcy or financial reorganization.

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

For financial asset carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### f. Financial assets (continued)

Impairment of financial assets (continued)

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

For financial asset measured at amortized cost, if in a subsequent period, the cumulative amount of the impairment loss decreased and the decrease can be attributed to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment loss is reversed will not exceed the amortized cost of the investment had there been no impairment loss recognized.

In respect of equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value of AFS equity securities in subsequent period is recognized directly in other comprehensive income and accumulated as “investments revaluation” in capital deficiency. In respect of AFS debt securities, impairment loss are subsequently reversed through profit or loss if an increase in fair value of AFS debt securities can be attributed to an event occurring after the impairment loss was recognized.

Offsetting of financial instruments

Financial assets and liabilties are offset and the net amount is reported in the consolidated statement of financial postision 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.

### g. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Cash in bank accounts which are used as security to enable the Group to use standby letters of credit from the bank are not classified as part of the “Cash and cash equivalents” account but are presented as “Restricted cash” in the consolidated statement of financial position.

### h. 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### i. 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.

### j. Investments in associates and joint venture

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

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

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

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

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

The consolidated statements of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised 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 statements of 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 Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### j. Investments in associates and joint venture (continued)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes 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.

### k. Fixed assets

Vessels

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

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

Any revaluation increase arising on the revaluation of such vessels is credited to other comprehensive income net of deferred tax, as applicable, and accumulated in revaluation surplus in the capital deficiency, 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 capital deficiency. 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.

Dry docking cost

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### k. 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 |
| Transportation equipment | 5 |
| Office furniture and fixtures | 5 |
| Office and dormitory equipment | 5 |

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

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

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

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

### l. Leases

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

The Group as lessee

Assets held under finance leases are initially recognized as leased assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is presented in the statement of financial position under “Obligation under finance lease” account.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### l. Leases (continued)

The Group as lessee (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation based on effective interest rate method of amortization using the implicit interest of the lease. Contingent rentals are recognized as expenses in the periods in which they are incurred.

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

### m. Goodwill

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

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

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

On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### n. Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use of the asset or cash-generating unit. In assessing value in use of the asset or cash quantity unit, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### n. Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at revaluation amount, in which case, the impairment loss is treated as a reduction of the revaluation amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but not to exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating uint) in prior year.

A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss to be recognized in profit or loss is only up to the extent of the carrying amount of the vessel had no impairment loss been recognized for the asset in prior years. Any remaining increase, net of deferred tax, as applicable, would be recognized in revaluation reserves in capital deficiency and is treated as a revaluation increase.

### o. Financial liabilities

Initial recognition

The financial liabilities of the Group are classified as either financial liabilities at fair value through profit and loss (FVTPL) or other financial liabilities. The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

*Financial liabilities at fair value through profit and loss (FVTPL)*

Financial liabilities at FVTPL have two sub-categories: financial liabilities held-for-trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held-for-trading if:

a. it has been incurred principally for the purpose of repurchasing in the near future;
b. it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held-for-trading, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
b. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
c. it forms part of a contract containing one or more embedded derivatives, and IAS 39, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### o. Financial liabilities (continued)

*Other financial liabilities*

Other financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

*Financial guarantee liabilities*

Financial guarantee liabilities are those arising from contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially as a liability at fair value, adjusted for directly attributable transaction costs. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Subsequent measurement

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows throughout the expected life of the financial liability, or a shorter period, where appropriate, to the net carrying amount at initial recognition of the financial liability.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption value of the financial liability is recognized over the term of the financial liability.

The Group's other financial liabilities comprise trade accounts payable, accrued expenses, loans payable, bonds payable, convertible bonds, notes payable, other payables, obligations under finance lease, other current liabilities and due to a related party.

Derecognition of financial liabilities

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### p. Post-employment benefits

The Company 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 (Revised 2011).

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to deficit 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.

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 statements of 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.

### q. Provisions

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

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### r. Equity instrument

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

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

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

### s. Revenue and expense recognition

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

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.

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

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 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.

### t. Taxation

Income tax expense - net represents the sum or the net amount of the final income tax, current tax and deferred tax.

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)

### t. 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 statements of 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 recognised in equity and not in the statement of 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.

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.

- 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### t. Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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 recognised 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 set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### u. Earnings/loss per share

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

Diluted EPS amounts are calculated by dividing the profit attributable to owners of the Company 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 to the creditors under the Restructuring Plan.

### v. 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.

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.

### w. 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.

### x. Events after the financial reporting date

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### y. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

### z. Fair value measurements

At each balance sheet date, the Group measures financial instruments, such as AFS financial assets, at fair value and non-financial assets, such as vessels, at revalued amount. The fair values of financial instruments measured at amortized cost are disclosed in Note 45.

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

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

The principal or the most advantageous market must be accessible to 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)

### z. Fair value measurements (continued)

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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 AFS financial assets and fixed assets vessels. Involvement of external valuers is decided by management based on expert's market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, the preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the carrying amounts of assets, liabilities and the reported amounts of revenues and expenses, and accompanying disclosures. The judgments, estimates and assumptions used by management are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### a. Judgments

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

*Classification of leases*

Management considered the transfer of risks and rewards of ownership of the vessels. When substantially all the significant risks and rewards incidental to ownership of the vessels are transferred to and rest with the lessors, the lease transactions are recognized as operating leases. The lease transactions are disclosed in Notes 5, 23 and 39.

## 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.

*Estimate of provision for income taxes*

The Group has exposure to income taxes in relation to the significant judgment to determine the provision for income taxes. The Group submits tax returns on the basis of self-assessment and recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. The tax authorities may assess or amend taxes within the statute of limitation under the prevailing regulations. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the current tax and deferred tax in the period in which such determination is made. The carrying amounts of the Group's prepaid tax and current tax liabilities are disclosed in Note 25.

*Determination of functional currency*

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

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

### b. Estimates and assumptions

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

*Estimate of 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.

*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.

Further information in relation to the valuation of vessels is disclosed in Note 5. Management believes that the chosen valuation techniques and assumptions used are appropriate in the determination of the fair value of vessels.

*Estimate of realizability of deferred tax assets*

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

*Estimate of provision for post-employment benefits*

The present value of the provision for post-employment benefits is determined using actuarial valuations. The actuarial valuations involve making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and their long-term nature, provisions for post-employment benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

### b. Estimates and assumptions (continued)

*Determination of fair value of financial assets*

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

*Estimate of useful lives and residual values of fixed assets*

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

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

A change in the estimated useful life and residual value of any item of fixed asset would affect the recorded depreciation and amortization expense and the carrying value of such asset (Note 5).

*Impairment of goodwill*

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows (Note 33).

*Provisions*

The Group has recognized provisions for certain claims as disclosed in Note 28. Management determined that the Group has obligations as a result of its various undertakings and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. Management made reliable estimate of the provisions based on known information as at reporting date. Management believes that the amount of provisions represents the best estimate that would be required to settle the obligations.

*Contingencies*

The Group is currently involved in various restructuring initiatives, including legal proceedings (Note 40). An estimate of the probable costs associated with these initiatives has been developed based upon an understanding of the procedures involved and likely outcomes. However, any material deviation in the expected procedures or outcomes may potentially affect the operations of the Group. The Group does not believe that such legal proceedings are likely to have any significant or adverse effect on its consolidated financial statements.

## 4. GROUP STRUCTURE

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

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

| No. | Company | Principal Activity | Domicile | Start of Commercial Operations | Percentage of Ownership (%) 2014 | Total Assets Before Elimination 2014 | Percentage of Ownership (%) 2013 | Total Assets Before Elimination 2013 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | US$'000 | | US$'000 |
| 1 | Indigo Pacific Corporation (Labuan) | Investment holding company | Labuan, Malaysia | December 24, 1997 | 100 | 1.932 | 100 | 1.934 |
| 1.1 | Indigo Pacific Corporation | Investment holding company | British Virgin Islands | February 9, 1993 | 100 | - | 100 | - |
| 1.1.1 | Melani Maritime Inc. | b) Owner and operator of vessel | Panama | February 24, 1993 | 100 | 589 | 100 | 8.687 |
| 1.1.2 | Zona Overseas International Shipping S.A. | b) Owner and operator of vessel | Panama | 24 June 1997 | 100 | 85.862 | 100 | 85.607 |
| 1.1.3 | Kunti Maritime Pte. Ltd. | Owner and operator of vessel | Singapore | July 19, 2000 | 100 | 17.102 | 100 | 17.859 |
| 1.1.4 | Jembawati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | July25, 2000 | 100 | 2.781 | 100 | 5.124 |
| 1.1.5 | Tirtasari Maritime Pte, Ltd. | b) Owner and operator of vessel | Singapore | November 24, 2001 | 100 | 12.119 | 100 | 3.301 |
| 1.1.6 | Pergiwo Navigation Pte. Ltd. | b) Owner and operator of vessel | Singapore | July 25, 2002 | 100 | 13.130 | 100 | 9.596 |
| 1.1.7 | Fatmarini Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | August 14, 2002 | 100 | 15.971 | 100 | 10.009 |
| 1.1.8 | Harsanadi Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | August 14, 2002 | 100 | - | 100 | - |
| 1.1.9 | Hartati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | August 26, 2002 | 100 | 2.211 | 100 | - |
| 1.1.10 | BLT Finance Corporation | Investment holding company | British Virgin Islands | October 24, 2005 | 100 | - | 100 | - |
| 1.1.11 | Pujawati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | March 10, 2006 | 100 | 12.116 | 100 | 2.134 |
| 1.1.12 | Pertiwi Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | March 10, 2006 | 100 | 15.665 | 100 | 6.058 |
| 1.1.13 | Anggraini Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | April 5, 2006 | 100 | - | 100 | 19 |
| 1.1.14 | Emerald Maritime Pte. Ltd. | Owner and operator of vessel | Singapore | April12, 2006 | 100 | 16.228 | 100 | 5.849 |
| 1.1.15 | BLT Finance B.V. | Investment holding company | The Netherlands | April 26, 2007 | 100 | 28.209 | 100 | 395.095 |
| 1.1.16 | Tridonawati Maritime Pte. Ltd. | Owner and operator of vessel | Singapore | June 6, 2007 | 100 | 13.763 | 100 | 14.344 |
| 1.1.17 | Purbasari Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | June 6, 2007 | 100 | 26.485 | 100 | 20.885 |
| 1.1.18 | Tridonawati Maritime Corporation | b) Owner and operator of vessel | Liberia | June 21, 2007 | 100 | - | 100 | - |
| 1.1.19 | Trirasa Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | June 6, 2007 | 100 | - | 100 | 17 |
| 1.1.20 | Pramoni Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | April 16, 2008 | 100 | 25.513 | 100 | 17.887 |
| 1.1.21 | Fatmarini Shipping Pte. Ltd. | b) Owner and operator of vessel | Singapore | October 12, 2008 | 100 | - | 100 | 22 |
| 1.1.22 | Frabandari Shipping Pte. Ltd. | b) Owner and operator of vessel | Singapore | October 12, 2008 | 100 | 1.495 | 100 | 28 |
| 1.1.23 | Harsanadi Shipping Pte. Ltd. | Owner and operator of vessel | Singapore | October 12, 2008 | 100 | 18.295 | 100 | 15.407 |
| 1.1.24 | Hartati Shipping Pte. Ltd. | Owner and operator of vessel | Singapore | October 12, 2008 | 100 | 13.590 | 100 | 15.183 |
| 1.1.25 | Nogogini Shipping Pte. Ltd. | Owner and operator of vessel | Singapore | October 12, 2008 | 100 | 9.545 | 100 | 6.791 |
| 1.1.26 | Nolowati Shipping Pte. Ltd. | Owner and operator of vessel | Singapore | October 12, 2008 | 100 | 9.206 | 100 | 7.226 |
| 1.1.27 | Ratih Shipping Pte. Ltd. | b) Owner and operator of vessel | Singapore | October 12, 2008 | 100 | - | 100 | 5 |
| 1.1.28 | Universal Grace Ltd. | b) Owner and operator of vessel | Hong Kong | September 24, 2010 | 100 | - | 100 | 11 |
| 1.1.29 | BLT Maritime Corporation | Investment holding company | British Virgin Islands | April 8, 2011 | 100 | 11.649 | 100 | 28.999 |
| 1.1.29.1 | Swank Ventures Ltd. | b) Investment holding company | Marshall Islands | December 31, 2010 | 60 | - | 60 | - |
| 1.1.30 | Rich King Ltd. | a) Owner and operator of vessel | Hong Kong | July 18, 2011 | 100 | - | 100 | - |
| 2 | Diamond Pacific International Corporation (Labuan) | Investment holding company | Labuan, Malaysia | November24, 1997 | 100 | 42.649 | 100 | 42.907 |
| 2.1 | Diamond Pacific International Corporation | Investment holding company | British Virgin Islands | February 9, 1993 | 100 | 58.901 | 100 | 58.901 |
| 2.1.1 | Lenani Maritime Inc. | b) Owner and operator of vessel | Panama | February 24, 1993 | 100 | 8.571 | 100 | 8.571 |
| 2.1.1.1 | Ontari Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | July 25, 2000 | 100 | 6.172 | 100 | 8.568 |

## 4. GROUP STRUCTURE (continued)

Details of the Group's structure, direct or indirect share ownership are as follows (continued):

| No. | Company | Principal Activity | Domicile | Start of Commercial Operations | Percentage of Ownership (%) 2014 | Total Assets Before Elimination 2014 US$'000 | Percentage of Ownership (%) 2013 | Total Assets Before Elimination 2013 US$'000 |
|---|---|---|---|---|---|---|---|---|
| 2.1.2 | Averina Maritime S.A. | b) Shipping Agency | Panama | May 27, 1998 | 100 | 34.902 | 100 | - |
| 2.1.3 | Gandari Navigation Pte. Ltd. | b) Operator of vessel | Singapore | April 25,2000 | 100 | - | 100 | 4.990 |
| 2.1.4 | GBLT Shipmanagement Pte. Ltd. | c) Ship Management | Singapore | March 10, 2002 | 100 | - | 100 | - |
| 2.1.4.1 | GBLT Shipmanagement Ltd. | c) Ship Management | United Kingdom | February 2, 2004 | 100 | - | 100 | - |
| 2.1.5 | Cendanawati Navigation Pte. Ltd. | b) Owner and operator of vessel | Singapore | July 25, 2002 | 100 | 11.331 | 100 | 3.330 |
| 2.1.6 | Frabandari Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | August 14, 2002 | 100 | 22.186 | 100 | 15.684 |
| 2.1.7 | Brotojoyo Maritime Pte. Ltd. | Owner and operator of vessel | Singapore | August 25, 2002 | 100 | 12.985 | 100 | 16.003 |
| 2.1.8 | Berlian Laju Tanker Pte. Ltd. | Operator of vessel | Singapore | July 3, 2003 | 100 | 75.130 | 100 | 6.570 |
| 2.1.9 | Anjasmoro Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | March 17, 2004 | 100 | 37.165 | 100 | 15.925 |
| 2.110 | Gas Lombok Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | March 20, 2008 | 100 | - | 100 | 16.104 |
| 2.1.11 | Gas Sumbawa Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | June 12, 2008 | 100 | 21.438 | 100 | 15.010 |
| 2.1.12 | Berlian Laju Tanker DMCC | c) Shipping Agency | Dubai | January 16, 2011 | 100 | - | 100 | 26 |
| 2.1.13 | BLT Gas Corporation | b) Operator of vessel | British Virgin Islands | January 25, 2013 | 100 | - | 100 | - |
| 2.2 | BLT LNG Tangguh Corporation | Operator of vessel | Marshall Islands | July 8, 2005 | 100 | 9.415 | 100 | 24.430 |
| 3 | Asean Maritime Corporation | Investment holding company | Labuan, Malaysia | September 16, 1997 | 100 | 9.942 | 100 | - |
| 3.1 | Gold Bridge Shipping Corporation | Investment holding company | British Virgin Islands | November 20, 1996 | 100 | 15.502 | 100 | 561.498 |
| 3.1.2 | Gold Bridge Shipping Ltd. | Shipping agency | Hong Kong | April 27, 1990 | 100 | 16.520 | 100 | 2.583 |
| 3.1.3 | Great Tirta Shipping S.A. | b) Owner and operator of vessel | Panama | June 23, 1997 | 100 | 4.780 | 100 | 4.781 |
| 3.1.3.1 | Dewayani Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | September 6, 2001 | 100 | - | 100 | 3.027 |
| 3.1.4 | Hopeway Marine Inc. | Owner and operator of vessel | Panama | November 22, 1984 | 100 | 5.734 | 100 | 9.131 |
| 3.1.5 | Lestari International Shipping S.A. | b) Owner and operator of vessel | Panama | June 23, 1997 | 100 | 5.024 | 100 | 5.024 |
| 3.1.5.1 | Gandini Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | January 2, 2002 | 100 | 13.528 | 100 | 2.856 |
| 3.1.6 | Quimera Maritime S.A. | b) Owner and operator of vessel | Panama | December 3, 1993 | 100 | - | 100 | 2.660 |
| 3.1.7 | South Eastern Overseas Navigation S.A. | b) Owner and operator of vessel | Panama | May 26, 1994 | 100 | 10.556 | 100 | 12 |
| 3.1.8 | Zenith Overseas Maritime S.A. | b) Owner and operator of vessel | Panama | June 23, 1997 | 100 | 222 | 100 | 223 |
| 3.1.8.1 | Gandari Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | September 1, 2001 | 100 | 244.855 | 100 | - |
| 3.1.9 | Zona Shipping S.A. | b) Owner and operator of vessel | Panama | June 23, 1997 | 100 | 4.280 | 100 | 4.281 |
| 3.1.9.1 | Dewi Sri Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | September 6, 2001 | 100 | 3.778 | 100 | 2.722 |
| 3.1.10 | Eglantine Navigation S.A. | b) Owner and operator of vessel | Panama | November 24, 1997 | 100 | 4.114 | 100 | 2.019 |
| 3.1.11 | Wulansari Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | April 6, 2001 | 100 | 1.783 | 100 | 785 |
| 3.1.12 | Yanaseni Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | April 18, 2001 | 100 | 3.809 | 100 | 70 |
| 3.1.13 | Indradi Maritime Pte. Ltd. | Owner and operator of vessel | Singapore | September 13, 2001 | 100 | 3.726 | 100 | 1.973 |
| 3.1.14 | Gold Bridge Shipping Agencies S.A. | Shipping agency | Panama | September 26, 2001 | 100 | 2.783 | 100 | 4 |
| 3.1.15 | Elite Bauhinia Navigation Pte. Ltd. | Owner and operator of vessel | Singapore | November 24, 2001 | 100 | 4.233 | 100 | 4.764 |
| 3.1.16 | Cempaka Navigation Pte. Ltd. | c) Owner and operator of vessel | Singapore | July 25, 2002 | 100 | 3.321 | 100 | 1.735 |
| 3.1.17 | Dahlia Navigation Pte. Ltd. | Owner and operator of vessel | Singapore | July 25, 2002 | 100 | 3.496 | 100 | 12.428 |
| 3.1.18 | Freesia Navigation S.A. | Owner and operator of vessel | Panama | November 15, 2002 | 100 | 9.401 | 100 | 10.250 |
| 3.1.19 | Gerbera Navigation S.A. | b) Owner and operator of vessel | Panama | November 29, 2002 | 100 | 16.686 | 100 | 17.529 |
| 3.1.20 | Mustokoweni Maritime Pte Ltd. | b) Owner and operator of vessel | Singapore | August 12, 2004 | 100 | 4.454 | 100 | 105 |
| 3.1.21 | Ulupi Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | August 12, 2004 | 100 | 15.426 | 100 | 156 |
| 3.1.22 | Erowati Maritime Pte. Ltd. | Owner and operator of vessel | Singapore | August 12, 2004 | 100 | 3.623 | 100 | 5.008 |

## 4. GROUP STRUCTURE (continued)

Details of the Group's structure, direct or indirect share ownership are as follows (continued):

| No. | Company | Principal Activity | Domicile | Start of Commercial Operations | Percentage of Ownership (%) 2014 | Total Assets Before Elimination 2014 US$'000 | Percentage of Ownership (%) 2013 | Total Assets Before Elimination 2013 US$'000 |
|---|---|---|---|---|---|---|---|---|
| 3.1.23 | Gas Papua Maritime Pte Ltd. | Owner and operator of vessel | Singapore | November 10, 2004 | 100 | 15.465 | 100 | 15.219 |
| 3.1.24 | Rasawulan Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | October 8, 2004 | 100 | - | 100 | 324 |
| 3.1.25 | Gas Sulawesi Maritime Pte. Ltd. | Owner and operator of vessel | Singapore | November 10, 2004 | 100 | 12.810 | 100 | 14.643 |
| 3.1.26 | Gagarmayang Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | October 8, 2004 | 100 | 32.996 | 100 | 37.148 |
| 3.1.27 | Prita Dewi Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | November 10, 2004 | 100 | 21.366 | 100 | 18.676 |
| 3.1.28 | Purwati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | November 10, 2004 | 100 | 138.292 | 100 | 41.123 |
| 3.1.29 | Pradapa Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | January 8, 2005 | 100 | 375 | 100 | 46 |
| 3.1.30 | Pergiwati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | January 8, 2005 | 100 | 39.607 | 100 | 19.068 |
| 3.1.31 | Badraini Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | January 19, 2005 | 100 | 22.309 | 100 | 16.739 |
| 3.1.32 | Barunawati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | January 19, 2005 | 100 | - | 100 | 543 |
| 3.1.33 | Gas Maluku Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | April 8, 2005 | 100 | 3.239 | 100 | - |
| 3.1.34 | Barawati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | April 22, 2005 | 100 | 2.413 | 100 | 251 |
| 3.1.35 | Gas Bali Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | July 6, 2005 | 100 | 7.249 | 100 | 3.778 |
| 3.1.36 | Eustoma Navigation S.A. | b) Owner and operator of vessel | Panama | August 12, 2005 | 100 | 13.497 | 100 | 25 |
| 3.1.37 | Puspawati Maritime Pte. Ltd. | b) Owner and operator of vessel | Singapore | September 26, 2005 | 100 | 33.628 | 100 | 26.014 |
| 3.1.38 | Diamond Flow Ltd. | b) Investment holding company | Hong Kong | January 18, 2007 | 100 | - | 100 | 27 |
| 3.1.39 | Hyacinth Navigation S.A | b) Owner and operator of vessel | Panama | June 5, 2008 | 100 | - | 100 | 7 |
| 3.1.40 | Iris Maritime International S.A | Owner and operator of vessel | Panama | June 5, 2008 | 100 | 19.308 | 100 | 19.794 |
| 3.1.41 | Gerbera Navigation Pte. Ltd. | b) Owner and operator of vessel | Singapore | February 1, 2011 | 100 | - | 100 | 29 |
| 3.1.42 | BLT International Corporation | Investment holding company | Hong Kong | Otober 22, 2009 | 100 | 97.956 | 100 | 98.077 |
| 3.2 | BLT Chembulk Corporation | Investment holding company | British Virgin Islands | October 5, 2007 | 100 | 5.238 | 100 | 1 |
| 3.2.1 | Chembulk Tankers LLC | Investment holding company | Marshall Islands | January 9, 2007 | 100 | 17.586 | 100 | 40.982 |
| 3.2.1.1 | Chembulk Trading II LLC | Owner and operator of vessel | Marshall Islands | January 9, 2007 | 100 | 478.286 | 100 | 237.179 |
| 3.2.1.2 | Chembulk Management LLC | Ship management | United States of America | January 9, 2007 | 100 | 2.032 | 100 | 9.593 |
| 3.2.1.3 | Chembulk Management Pte. Ltd. | Ship management | Singapore | March 29, 2007 | 100 | 1.015 | 100 | 966 |
| 3.2.1.4 | CBL Tankers Do Brasil Ltda. | Ship management | Brazil | September 16, 2008 | 97.5 | - | 97.5 | 51 |
| 3.2.1.5 | BLT Chembulk Group Europe A/S | Ship management | Denmark | February 10, 2011 | 100 | - | 100 | 6 |
| 3.2.1.6 | BLT Chembulk Group Corporation | b) Operator of vessel | British Virgin Islands | December 2, 2010 | 100 | 1.329 | 100 | 199 |
| 3.2.2 | Chembulk Barcelona Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 27.108 | 100 | 33.734 |
| 3.2.3 | Chembulk Gibraltar Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 15.702 | 100 | 22.287 |
| 3.2.4 | Chembulk Hong Kong Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 24.642 | 100 | 31.971 |
| 3.2.5 | Chembulk Houston Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 13.139 | 100 | 20.965 |
| 3.2.6 | Chembulk Kobe Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 16.630 | 100 | 23.580 |
| 3.2.7 | Chembulk New York Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 20.561 | 100 | 27.769 |
| 3.2.8 | Chembulk Savannah Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 19.114 | 100 | 26.737 |
| 3.2.9 | Chembulk Shanghai Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 13.901 | 100 | 21.970 |
| 3.2.10 | Chembulk Ulsan Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 19.179 | 100 | 24.539 |
| 3.2.11 | Chembulk Virgin Gorda Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 27.692 | 100 | 34.147 |
| 3.2.12 | Chembulk Yokohama Pte. Ltd. | Owner and operator of vessel | Singapore | November 2, 2007 | 100 | 18.246 | 100 | 24.554 |
| 3.2.13 | Chembulk New Orleans Pte. Ltd. | Owner and operator of vessel | Singapore | June 22, 2008 | 100 | 24.783 | 100 | 31.445 |

## 4. GROUP STRUCTURE (continued)

Details of the Group's structure, direct or indirect share ownership are as follows (continued):

| No. | Company | Principal Activity | Domicile | Start of Commercial Operations | Percentage of Ownership (%) 2014 | Total Assets Before Elimination 2014 US$'000 | Percentage of Ownership (%) 2013 | Total Assets Before Elimination 2013 US$'000 |
|---|---|---|---|---|---|---|---|---|
| 4 | PT Brotojoyo Maritime | Owner and operator of vessel | Indonesia | 20 January 2003 | 100 | - | 100 | 5.461 |
| 5 | BLT - Borrelli International Holdings Pte. Ltd. | Investment holding company | Singapore | September 18, 2013 | 100 | - | 100 | - |
| 6 | BLT Buana Holdings Pte. Ltd. | Investment holding company | Singapore | February 27, 2014 | 100 | - | 100 | - |
| 7 | Nevaeh Limited | Investment Holding Company | Hong Kong | January 18, 2007 | 51 | 265 | 51 | 261 |
| 8 | Teekay BLT Corporation | Investment Holding Company | Marshall Islands | June 29, 2005 | 30 | 405.466 | 30 | 491.148 |
| 9 | Thai Petra Transport Co Ltd. | Shipping Agency | Thailand | July 21, 2000 | 30 | 1.027 | 30 | 1.071 |
| 10 | PT Berlian Limatama | Owner and operator of vessel | Indonesia | June 24, 1996 | 50 | 480 | 50 | 571 |

a) Such subsidiaries are all inactive since the dates of their incorporation.

b) Such subsidiaries are considered dormant and have no operations in 2014 and 2013.

c) Such subsidiaries were closed/sold in 2013 for insignificant consideration.

## 4. GROUP STRUCTURE (continued)

### Boards of Commissioners and Directors, Audit Committee and employees

The Company's management of the following:

**December 31, 2014**

| | |
|---|---|
| **Board of Commissioners** | |
| President Commissioner | Hadi Surya |
| Commissioner | Safzen Noerdin |
| Independent Commissioners: | Antonius Joenoes Supit |
| **Board of Directors** | |
| President Director | Siana Anggraeni Surya |
| Directors: | Cosimo Borrelli |
| | Jason Aleksander Kardachi |
| Independent Director | Rodion Wikanto Njotowidjojo |
| **Audit Committee** | |
| Chairman | Antonius Joenoes Supit |
| Member | Anthony Budiawan |
| | Rodion Wikanto Njotowidjojo* |

**Rodion Wikanto Njotowidjojo has been appointed as an Independent Director of the Company since December 4, 2014.*

**December 31, 2013**

| | |
|---|---|
| **Board of Commissioners** | |
| President Commissioner | Hadi Surya |
| Commissioner | Safzen Noerdin |
| Independent Commissioners: | Jaka Prasetya |
| | Alan Jonathan Tangkas Darmawan* |
| **Board of Directors** | |
| President Director | Widihardja Tanudjaja |
| Directors: | Michael Murni Gunawan |
| | Wong Kevin |
| | Siana Anggraeni Surya |
| | Henrianto Kuswendi** |
| **Audit Committee** | |
| Chairman | Jaka Prasetya |
| Member | Max Sumakno Budiarto |

** Alan Jonathan Tangkas Darmawan resigned in June 2013.*
***Henrianto Kuswendi resigned in November 2013.*

The Group had a total number of 136 and 179 employees (unaudited) as of December 31, 2014 and 2013, respectively.

## 5. FIXED ASSETS

| | For the Year Ended December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | Beginning balance | Additions | Deductions | Transfers | Revaluation decrease | Ending balance |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Cost / valuation** | | | | | | |
| Owned vessels | 442,233 | 9,661 | (8,522) | (30,565) | (12,394) | 400,413 |
| Leased vessels | 199,296 | - | - | (10,504) | - | 188,792 |
| Transportation equipment | 642 | 22 | (151) | - | - | 513 |
| Office furniture and fixtures | 746 | 92 | - | - | - | 838 |
| Office and dormitory equipmen | 3,415 | - | (688) | - | - | 2,727 |
| Buildings and premises | 1,300 | 126 | - | - | - | 1,426 |
| **Total** | **647,632** | **9,901** | **(9,361)** | **(41,069)** | **(12,394)** | **594,709** |
| **Accumulated depreciation and impairment loss** | | | | | | |
| Owned vessels | - | 31,316 | (751) | (30,565) | - | - |
| Leased vessels | - | 10,504 | - | (10,504) | - | - |
| Transportation equipment | 596 | 34 | (151) | - | - | 479 |
| Office furniture and fixtures | 654 | 149 | - | - | - | 803 |
| Office and dormitory equipmen | 2,814 | 52 | (557) | - | - | 2,309 |
| Buildings and premises | 635 | 103 | - | - | - | 738 |
| **Total** | **4,699** | **42,158** | **(1,459)** | **(41,069)** | **-** | **4,329** |
| **Net book value** | **642,933** | | | | | **590,380** |

| | For the Year Ended December 31, 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Beginning balance | Additions | Deductions | Transfers | Revaluation increase | Effect of deconsolidation (Note 8) | Ending balance |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Cost / valuation** | | | | | | | |
| Owned vessels | 596,575 | 3,939 | (21,741) | (32,321) | 55,784 | (160,003) | 442,233 |
| Leased vessels | 205,816 | - | - | (9,993) | 3,473 | - | 199,296 |
| Transportation equipment | 1,561 | - | (710) | - | - | (209) | 642 |
| Office furniture and fixtures | 979 | 9 | - | - | - | (242) | 746 |
| Office and dormitory equipment | 3,000 | 491 | - | - | - | (76) | 3,415 |
| Buildings and premises | 2,208 | - | (543) | - | - | (365) | 1,300 |
| **Total** | **810,139** | **4,439** | **(22,994)** | **(42,314)** | **59,257** | **(160,895)** | **647,632** |
| **Accumulated depreciation and impairment loss** | | | | | | | |
| Owned vessels | - | 36,090 | (365) | (32,321) | - | (3,404) | - |
| Leased vessels | - | 9,993 | - | (9,993) | - | - | - |
| Transportation equipment | 1,130 | 220 | (698) | - | - | (56) | 596 |
| Office furniture and fixtures | 562 | 101 | - | - | - | (9) | 654 |
| Office and dormitory equipment | 2,825 | 24 | - | - | - | (35) | 2,814 |
| Buildings and premises | 693 | 73 | (131) | - | - | - | 635 |
| **Total** | **5,210** | **46,501** | **(1,194)** | **(42,314)** | **-** | **(3,504)** | **4,699** |
| **Net book value** | **804,929** | | | | | | **642,933** |

Depreciation expense was allocated as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Vessel depreciation | 41,820 | 46,083 |
| Administrative expenses (Note 32) | 338 | 418 |
| **Total** | **42,158** | **46,501** |

## 5. FIXED ASSETS (continued)

All disposals of fixed assets are made with third parties. Gain (loss) on disposal of fixed assets during the year is as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Cost | 9,361 | 22,994 |
| Accumulated depreciation | (1,459) | (1,194) |
| Net book value | 7,902 | 21,800 |
| Net considerations received | 6,510 | 22,671 |
| **Gain (loss) on disposal of fixed assets (Note 33)** | **(1,392)** | **871** |

In relation to the Company's loss of control of subsidiaries, the net carrying value of fixed assets amounting to US$157.4 million was derecognized in 2013 (Note 6).

Deductions to fixed assets in 2014 and 2013 include derecognition of fixed assets due to vessel sold in consideration for the payment of loans amounting to US$6.4 million and US$21.8 million, respectively (Notes 19 and 43).

In 2013, the vessels are stated at their revalued amounts using market approach, based on their fair values in the valuation report dated May 17, 2014 prepared by an independent appraiser and reviewed by management. The appraisal report was issued by KJPP Budi, Edy, Saptono & Rekan using market data or sales comparison approach method in determining the revaluated amounts. The valuations performed by appraiser are based on second hand vessel sale transactions on active markets, significantly adjusted for difference in the nature, measurements and conditions of vessels. The valuation of vessels is based on level 2 fair value hierarchy with appraised value considered as the recoverable amounts of vessels. In 2014, management determines that there are no significant changes in fair values of vessels, except for certain vessels with impairment. Accordingly, management had not made changes in the revaluation of vessels other than depreciation and impairment.

For the years ended December 31, 2014 and 2013, the Group specifically identified certain vessels with indications of impairment. The vessels' recoverable amount is considered to be its fair value amount because management believes that the value in use of vessels approximates the appraised value of vessels. In 2014, impaiment value for these vessels amounted to US$12.4 million, of which US$2.8 million was recorded as the reduction of revaluation reserves balance and US$9.6 million was charged to 2014 profit or loss (Notes 16 and 33). In 2013, impairment losses for the vessels amounted to US$1.8 million which was offset against the reversal of impairment losses of vessels during 2013 amounting to US$51.0 million (Notes 16 and 33). Increase in value of vessels in 2013 that was recorded as addition to revaluation reserves amounted to US$8.2 million, net of deferred tax of US$1.7 million and share of non-controlling interest of US$0.2 million (Notes 16, 18 and 25).

Transfers pertaining to accumulated depreciation as at revaluation date were eliminated against the gross carrying amount of the revalued vessels. Had the Group's vessels been measured on historical cost, the carrying value (cost less accumulated depreciation and impairment loss) would have been US$577.6 million and US$617.6 million as of December 31, 2014 and 2013, respectively. Changes in the revaluation reserves are disclosed in Note 16b.

The carrying values of vessels held under finance leases as of December 31, 2014 and 2013 amounted to US$188.8 million and US$199.3 million, respectively. The outstanding balance of obligations under finance as of December 31, 2014 and 2013 amounted to US$181.0 million and US$213.3 million, respectively (Note 23).

Additions to owned vessels for the years 2014 and 2013 pertain to capitalized docking expenses. The redelivery of leased vessels is part of the fleet restructuring by the Group to reduce vessels and establish an optimum fleet size to maximize profitability.

## 5. FIXED ASSETS (continued)

The Group's fleet consists of 31 owned vessels and 8 leased vessels in 2014, and 34 owned vessels and 8 leased vessels in 2013.

There were no vessels under construction as of December 31, 2014 and 2013.

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$726.8 million and US$739.6 million in 2014 and 2013, with LCH Insurance (S) Pte. Ltd. The Group's vessels 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.

All of the vessels are collateralized to various liabilities of the Group.

## 6. AFS FINANCIAL ASSETS

| | December 31, 2014<br>US$'000 | December 31, 2013<br>US$'000 |
|---|---|---|
| Swank Ventures Limited (SVL) | 11,648 | 28,999 |
| Nevaeh Limited (NL) | 9,811 | 9,811 |
| BULL | - | 23,791 |
| **Total** | **21,459** | **62,601** |

The Group's investments in SVL and NL are unquoted equity shares and accounted for at cost. The Group considers the investment in SVL and BULL as part of the surplus assets of the Group. Pursuant to the the Restructuring Plan, surplus assets of the Group will have to be sold within 3 to 6 years from the date of the Restructuring Plan (Note 41).

### a. SVL

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

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

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

In 2014 and 2013, management identified indicators of impairment related to the SVL investment due to the prolonged economic downturn in the mining industry. Management performed valuation based on the discounted cash flow of the investment. Based on the results of the valuation, the investment was reduced to US$11.6 million and US$29.0 million as of December 31, 2014 and 2013, respectively, resulting in impairment of US$17.4 million and US$52.0 million recognized in the 2014 and 2013 consolidated statement of comprehensive income, respectively (Note 33).

## 6. AFS FINANCIAL ASSETS (continued)

### a. SVL (continued)

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 recoverable amount calculation as of December 31, 2014 and 2013 are as follows:

| | Coal mining | Mining services |
|---|---|---|
| 2014: | | |
| Growth rate after 5 years | (0.85)% - 6.4% | 0% - 8.0% |
| Post tax discount rate (for fair value calculation) | 16.77% - 18.72% | 17.05% - 18.72% |
| 2013: | | |
| Growth rate after 5 years | 0% - 7.4% | 2.0% - 5.0% |
| Post tax discount rate (for fair value calculation) | 13.06%-13.58% | 13.58% |

A quantitative sensitivity analysis for significant assumptions as of December 31, 2014 and 2013 are as follows:

| | Discount Rate | | Price | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% Increase | 1% decrease |
| Valuation of investment in SVL | | | | |
| 2014 | US$10.7 million | US$12.5 million | US$11.9 million | US$11.4 million |
| 2013 | US$27.4 million | US$30.7 million | US$29.8 million | US$28.2 million |

### b. BULL

On May 10, 2011, BULL obtained notice of effectivity for BULL's IPO of 6,650,000,000 shares with Rp100 par value per share and issuance of 3,325,000,000 series I Warrants. BULL's shares were listed in the BEI on May 21, 2011. However, the stock trading for BULL shares was suspended in July 2014.

Accordingly, the Company's share ownership in BULL decreased from 100.0% to 62.3% resulting in the difference of US$22.7 million arising from the change in the equity of a subsidiary (Note 15).

On January 17, 2012, the Company held Exchangeable Notes as settlement for its available-for-sale financial assets. These Exchangeable Notes were convertible at any time into 495,377,000 shares of BULL or equal to 2.8% ownership in BULL and hold dividend and voting rights for the shares. Hence, the effective share ownership of the Company in BULL increased to 65.1%, which also resulted in the difference of US$4.2 million arising from the change in the equity of a subsidiary (Note 15).

In June 2012, the Company failed to meet its payment obligations under a sale and purchase agreement of shares (with option to repurchase) in respect of 2,589,538,604 shares of BULL. Thus, BULL's shares, equivalent to 14.7% ownership in BULL, were executed. Accordingly, the Company's share ownership in BULL decreased to 50.5% resulting in the difference of US$8.3 million arising from the effect of transactions with non-controlling interest (Note 15).

Since 2012, the Group owns 47.6% interest in BULL. Although the Group's share ownership in BULL did not reach 50.0%, management determined that the Group still has control over BULL due to its power to appoint or remove the majority of the members of the board of directors since control of the entity is by that board.

In March 2013, the Group's Restructuring Plan was ratified by the Central Jakarta Commercial Court (Note 41).The Restructuring Plan provides that BULL will undergo a separate restructuring with a third party investor which will result in a complete separation of the management and operations of the Group and BULL.

## 6. AFS FINANCIAL ASSETS (continued)

### b. BULL (continued)

Pursuant the Restructuring Plan, the Group's surplus assets, which include the investment in BULL, are to be disposed within the next 3 to 6 years from the date of the Restructuring Plan.

Effective March 31, 2013, the Company deconsolidated all the assets, liabilities, non-controlling interests and cumulative other comprehensive income recognized in capital deficiency from its investment in BULL. The unaudited balances of BULL at the date of loss of control are as follows:

| **ASSETS** | **US$'000** |
|---|---|
| **NON-CURRENT ASSETS** | |
| Fixed assets | 157,391 |
| Due from related parties | 96,435 |
| **TOTAL NON-CURRENT ASSETS** | **253,826** |
| **CURRENT ASSETS** | |
| Inventories | 2,125 |
| Trade accounts receivable | 12,602 |
| Other receivables | 1,129 |
| Prepaid expenses and taxes | 6,282 |
| Advances | 81 |
| Cash and cash equivalents | 5,644 |
| **Total** | **27,863** |
| Non-current assets classified as held-for-sale | 54,000 |
| **TOTAL CURRENT ASSETS** | **81,863** |
| **TOTAL ASSETS** | **335,689** |
| **LIABILITIES AND EQUITY** | |
| **EQUITY** | |
| Non-controlling interests | 73,533 |
| Revaluation reserves | 7,363 |
| Financial statements translation | (592) |
| **TOTAL EQUITY** | **80,304** |
| **NON-CURRENT LIABILITIES** | |
| Provision for post-employment benefits | 2,328 |
| Deferred tax liabilities | 3,319 |
| **TOTAL NON-CURRENT LIABILITIES** | **5,647** |
| **CURRENT LIABILITIES** | |
| Trade accounts payable | 23,813 |
| Accrued expenses | 4,015 |
| Loans payable | 142,940 |
| Taxes payable | 997 |
| Other current liabilities | 673 |
| **TOTAL CURRENT LIABILITIES** | **172,438** |
| **TOTAL LIABILITIES** | **178,085** |

## 6. AFS FINANCIAL ASSETS (continued)

### b. BULL (continued)

The fair value of the investment at the date of deconsolidation amounted to US$43.3 million based on the trading price in BEI. The investment in BULL was subsequently accounted for as AFS financial asset carried at fair value. The Group recognized loss of US$41.4 million (unaudited) due to the loss of control of BULL (Note 33). The balance of revaluation reserves attributable to valuation of vessels of BULL was reclassified to deficit.

The Group has consolidated the results of operations of BULL for the three-month period ended March 31, 2013 (unaudited) as follows:

| | US$'000 |
|---|---|
| **OPERATING REVENUES** | **10,746** |
| **VOYAGE EXPENSES** | **(2,271)** |
| **OPERATING REVENUES AFTER VOYAGE EXPENSES** | **8,475** |
| Ship operating expenses | (1,721) |
| Vessel depreciation | (3,404) |
| Charter expenses | (428) |
| **GROSS PROFIT** | **2,922** |
| Administrative expenses | (1,035) |
| Foreign exchange gain - net | 411 |
| Other losses - net | (217) |
| **INCOME BEFORE INCOME TAX** | **2,081** |
| **INCOME TAX EXPENSE - NET** | **(159)** |
| **NET INCOME** | **1,922** |
| **OTHER COMPREHENSIVE INCOME** | |
| Net increase in revaluation reserves of vessels | 3,800 |
| Deferred income tax related to revaluation of vessels | (1,550) |
| **NET OTHER COMPREHENSIVE INCOME** | **2,250** |
| **TOTAL COMPREHENSIVE INCOME** | **4,172** |

Pursuant to a guarantee provided by the Company under a loan facility granted to BULL, the Company pledged 32.8% of its share ownership in BULL as security (Notes 19 and 39). The Restructuring Plan provides that these creditors will enforce their security over these BULL shares to facilitate the BULL restructuring and release the Company from all obligations and claims under the guarantee agreement (Notes 39 and 41). Accordingly, management assessed that the Company effectively lost control over the investment upon the ratification of the Restructuring Plan in March 2013 although the Company remains in possession of the BULL shares. The third party investor, together with these creditors, also took control over BULL by changing the Board of Directors nominated by the Company in March 2013. As such, the management assessed that the substance of control was already obtained by the creditors.

## 6. AFS FINANCIAL ASSETS (continued)

### b. BULL (continued)

The Group also pledged 14.8% of its share ownership in BULL as security to a creditor of its other subsidiary. In November 2013, the creditor exercised its rights and took over the ownership of the shares. The Group derecognized the portion of the loan of its subsidiary and the 14.8% investment in BULL amounting to US$14.6 million and US$10.9 million, respectively (Note 43). Gain on extinguishment of debt amounting to US$3.7 million was recognized in the 2013 consolidated statement of comprehensive income.

There were no changes in the trading price of BULL's shares since the date of deconsolidation. The fair value of remaining investment in BULL's shares as of December 31, 2013 amounted to Rp50 per share based on the trading price in BEI. Loss arising from changes in foreign exchange rates related to the investment amounted to US$8.6 million in 2013.

Since BULL had been deconsolidated on March 31, 2013, BULL's loans which were guaranteed by the Company were also deconsolidated. However, the Company still acts as a guarantor for BULL's loan (Note 39).

Pursuant to the Restructuring Plan and deconsolidation of BULL, all loans payable related to BULL were derecognized in the Group's consolidated financial statements.

In 2013, the following loans were derecognized as well as the related accrued interest:

| | US$ '000 |
|---|---|
| Merill Lynch (Asia Pacific) Ltd. (MLOR) | 35,747 |
| PT Bank Negara Indonesia (Persero) Tbk | 28,965 |
| Deutsche Investition Und Entwicklungsgesellschaf mbH | 24,414 |
| Indonesia Eximbank | 19,935 |
| PT Bank Syariah Mandiri/PT Bank Syariah BRI/ PT Bank Muamalat Indonesia Tbk/ PT Bank Pembangunan Daerah Jawa Timur Tbk Divisi Usaha Syariah | 12,554 |
| PT Bank Syariah Mandiri/PT Bank Pembangunan Dearah Jawa Timur Tbk/PT Bank Muamalat Indonesia Tbk/ PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk Syariah | 11,074 |
| PT Bank Mega Tbk | 10,251 |
| **Total** | **142,940** |

Pursuant to the Restructuring Plan, MLOR's claims will remain unaffected and MLOR will be entitled to deal with its security in accordance with the terms and conditions set out in the security documents. Upon the successful restructuring of BULL and/or enforcement of security, MLOR shall release the guarantees provided by the Company in relation to the loan facility and cease to be a creditor of the Company. In that event, MLOR shall not be entitled to receive any payments under the Restructuring Plan from the Company and/or any of its subsidiaries (except for BULL).

BULL's debt restructuring of its obligations include MLOR to exercise its rights over the security and release the Company from its obligation to MLOR (Notes 39 and 43).

## 6. AFS FINANCIAL ASSETS (continued)

### b. BULL (continued)

On December 30, 2014, BULL has signed Acknowledgment and Consent letter to MLOR and the Company to give its consent to the transfer of BULL shares to PT Delta Royal Sejahtera ("Delta"), appointed buyer of MLOR. Accordingly, the Company transferred all of its investment in BULL to Delta. In consideration for this transaction, the Company was released from obligation to MLOR and will have subrogated claim to BULL of US$23.4 million. In exchange, Delta will issue US$30 million promissory note payable in 2015 to MLOR.

At the same date, the Company signed Sale and Transfer Shares Deed to transfer 5.8 billion secured BULL Shares to Delta to settle a partial BULL loan to MLOR. Thus, BULL is not considered as a related party starting December 30, 2014.

The Company derecognized its investment in BULL and reduce the payable to BULL of US$23.4 million (Note 37). Foreign exchange loss arising from this transaction amounted to US$0.4 million.

### c. NL

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

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

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

The Group noted indication of impairment on its AFS investment in NL in 2012 and 2011. The Group had not finalized the impairment calculation of this investment as of December 31, 2012. The Group completed its impairment calculation on the investment in 2013. However, the Group is unable to allocate the amount of impairment loss between 2013, 2012 and 2011 and decided to charge all of the accumulated impairment loss amounting to US$24.5 million in 2013 (Note 33).

In 2014, the Group performed an independent valuation of JXSCL and ascertained that there is no further impairment of its investment in JXSCL.

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 Group used the discount rates of 8.45% and 7.64% in 2014, and 7.02% and 8.04 % in 2013 for its impairment testing of investment in JXSCL.

## 6. AFS FINANCIAL ASSETS (continued)

### c. NL (continued)

The growth rates are based on the industry growth forecasts which are calculated by using Compound Annual Growth Rate. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The Group used growth rate of 2.0% in 2014 and 2013 for its impairment testing of investment in JXSCL.

A quantitative sensitivity analysis for significant assumptions as of December 31, 2013 is as follows:

| | Discount Rate | | Revenue | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% Increase | 1% decrease |
| Valuation of investment in NL | US$7.0 million | US$13.9 million | US$10.8 million | US$8.8 million |

## 7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The following entities have been included in the consolidated financial statements using the equity method:

| | Domicile and Operation | Nature of Business | Percentage of voting rights held (%) | |
|---|---|---|---|---|
| | | | 2014 | 2013 |
| Joint venture: | | | | |
| Teekay BLT Corporation | Marshall Islands and Indonesia | Cargo shipping service (sea cargo service) | 30.00 | 30.00 |
| Associates: | | | | |
| Thai Petra Transport Co. Ltd. | Thailand | Port service (agency) | 30.00 | 30.00 |
| PT Berlian Limatama | Indonesia | Cargo shipping service | 50.00 | 50.00 |

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

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Beginning balance | 24,876 | 11,088 |
| Share in profit for the year | 3,850 | 13,788 |
| Dividends received | (26,119) | - |
| **Ending balance** | **2,607** | **24,876** |

## 7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

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

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | Teekay BLT Corporation | Thai Petra Trans. Co. Ltd. | PT Berlian Limatama | Total |
| | US$'000 | US$'000 | US$'000 | S$'000 |
| Current assets | 23,832 | 673 | 456 | 24,961 |
| Non-current assets | 381,584 | 354 | 24 | 381,962 |
| Current liabilities | (84,612) | (252) | (119) | (84,983) |
| Non-current liabilities | (313,385) | (67) | (24) | (313,476) |
| Net assets | 7,419 | 708 | 337 | 8,464 |
| **Group's share in net assets of associates/joint venture** | **2,226** | **212** | **169** | **2,607** |
| Revenues | 46,041 | 100 | 251 | 46,392 |
| Operating expenses | (16,108) | (33) | (96) | (16,237) |
| Gross profit | 29,933 | 67 | 155 | 30,155 |
| Administrative expenses | (1,847) | (122) | (85) | (2,054) |
| Finance cost | - | (4) | - | (4) |
| Other income (loss) | (14,431) | 15 | (131) | (14,547) |
| Profit (loss) before tax | 13,655 | (44) | (61) | 13,550 |
| Tax expense | (672) | - | (3) | (675) |
| Profit (loss) for the year | 12,983 | (44) | (64) | 12,875 |
| **Group's share in profit (loss) of associates/joint venture** | **3,895** | **(13)** | **(32)** | **3,850** |

| | December 31, 2013 | | | |
|---|---|---|---|---|
| | Teekay BLT Corporation | Thai Petra Trans. Co. Ltd. | PT Berlian Limatama | Total |
| | US$'000 | US$'000 | US$'000 | S$'000 |
| Current assets | 97,345 | 712 | 527 | 98,584 |
| Non-current assets | 393,804 | 360 | 43 | 394,207 |
| Current liabilities | (62,492) | (256) | (146) | (62,894) |
| Non-current liabilities | (347,158) | (66) | (22) | (347,246) |
| Net assets | 81,499 | 750 | 402 | 82,651 |
| **Group's share in net assets of associates/joint venture** | **24,450** | **225** | **201** | **24,876** |
| Revenues | 47,795 | 137 | 113 | 48,045 |
| Operating expenses | (11,667) | (40) | (35) | (11,742) |
| Gross profit | 36,128 | 97 | 78 | 36,303 |
| Administrative expenses | (2,092) | (134) | (69) | (2,295) |
| Finance cost | (1,359) | (5) | - | (1,364) |
| Other income | 14,157 | 16 | 32 | 14,205 |
| Profit (loss) before tax | 46,834 | (26) | 41 | 46,849 |
| Tax expense | (887) | (4) | (15) | (906) |
| Profit (loss) for the year | 45,947 | (30) | 26 | 45,943 |
| **Group's share in profit (loss) of associates/joint venture** | **13,784** | **(9)** | **13** | **13,788** |

## 7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

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

In connection with the joint venture, Teekay Corporation made a loan facility to the Company secured by a second priority pledge agreement over the shares of BLT LNG, which holds the Group's investment in the joint venture (Note 19). Teekay BLT Corporation also made unsecured loans to the Group (Note 19).

Due to the Group's financial position in 2011, the Company defaulted on its payment obligation under the loan facility in November 2011. Teekay Corporation issued a notice of demand and declared the full amount of the loan immediately due and payable.

For the year ended December 31, 2013, the Group believes that it still retains joint control over the joint venture despite the replacement of its representative officers. Management continues to participate in significant decisions and operations of the joint venture while there is no final settlement agreement yet with the Group and Teekay Corporation.

In 2014, Teekay BLT Corporation declared total dividends of US$87.1 million, of which BLT LNG Tangguh's portion amounted to US$26.1 million. The dividend was used to pay a portion of the loan plus interest to Teekay BLT Corporation amounting US$14.4 million and repayment towards the loan to Teekay Corporation amounting to US$11.7 million (Note 19).

## 8. RESTRICTED CASH

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| ING Bank | **9,168** | **9,168** |

Restricted cash represents security placed in relation to the standby letter of credit facility agreement (Note 39).

## 9. INVENTORIES

Inventories mainly consist of bunker fuel which is carried at cost. Fuel consumption is recognized as part of voyage expenses. Inventories charged to voyage expenses amounted to US$94.4 million and US$111.2 million in 2014 and 2013, respectively (Note 30).

In relation to loss of control of subsidiaries, inventories amounting to US$2.1 million were derecognized in 2013 (Note 6).

## 10. TRADE ACCOUNTS RECEIVABLE

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| **By Debtor** | | |
| Third parties: | | |
| Owned and chartered vessels | 23,339 | 26,441 |
| Agency | - | 1,349 |
| | 23,339 | 27,790 |
| Allowance for impairment loss | (5,685) | (9,981) |
| **Total** | **17,654** | **17,809** |
| **By currency** | | |
| U.S. dollar | 22,072 | 23,535 |
| Singapore dollar | 5 | 3,028 |
| Euro | 1,257 | 1,168 |
| Rupiah | - | 44 |
| Yen | - | 5 |
| Other currencies | 5 | 10 |
| **Total** | **23,339** | **27,790** |
| Allowance for impairment loss | (5,685) | (9,981) |
| **Net** | **17,654** | **17,809** |

There were no trade accounts receivable from a customer that represent more than 5.0% of the total trade accounts receivable.

The aging schedule of the trade accounts receivable as of December 31, 2014 and 2013 is as follows:

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Neither past due nor impaired | 9,535 | 5,209 |
| Overdue: | | |
| 1 - 60 days | 3,135 | 8,384 |
| 61 - 120 days | 1,912 | 2,250 |
| 121 - 180 days | 1,045 | 609 |
| More than 180 days | 7,712 | 11,338 |
| **Total** | **23,339** | **27,790** |
| Allowance for impairment losses | (5,685) | (9,981) |
| **Net** | **17,654** | **17,809** |

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

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Beginning balance | 9,981 | 2,854 |
| Impairment (recovery of impairment) of receivables (Note 32) | (1,360) | 8,644 |
| Receivables written off | (2,936) | (1,517) |
| **Ending balance** | **5,685** | **9,981** |

## 10. TRADE ACCOUNTS RECEIVABLE (continued)

In relation to loss of control of subsidiaries, trade receivables amounting to US$12.6 million were derecognized in 2013 (Note 6).

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

## 11. CASH AND CASH EQUIVALENTS

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Cash on hand | 95 | 283 |
| Cash in banks: | | |
| Rupiah: | | |
| Deutsche Bank | 47 | 26 |
| PT Bank Ina Perdana Tbk | 24 | 10 |
| Citibank | 8 | - |
| PT Bank Mandiri (Persero) Tbk | 2 | 26 |
| Others | 2 | 6 |
| U.S. dollars: | | |
| DNB Bank Singapore | 9,858 | 8,016 |
| Deutsche Bank | 4,974 | 1,693 |
| Nordea Bank Finland PLC | 4,308 | 2,737 |
| Cambridge | 2,046 | - |
| Citibank | 652 | 3,872 |
| ING Bank | 550 | 833 |
| HSBC | 468 | 1,950 |
| PT Bank Mandiri (Persero) Tbk | 259 | 259 |
| Bank Mega | 26 | - |
| Others | 313 | 326 |
| Other currencies | 313 | 235 |
| Total cash in banks | 23,850 | 19,989 |
| **Total** | **23,945** | **20,272** |

Interest income earned from cash and cash equivalents for the years ended December 31,2014 and 2013 amounted to US$0.01 million and US$0.1 million, respectively (Note 34).

In relation to loss of control of subsidiaries, cash and cash equivalents amounting to US$5.6 million were derecognized in 2013 (Note 6).

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

The Group is required to maintain a minimum cash buffer of US$25.0 million before any repayments can be made to the secured and unsecured creditors under the Restructuring Plan (Note 41).

Pursuant to the Restructuring Plan, a cashflow waterfall will be implemented on a quarterly basis commencing April 1, 2013 in accordance with the cash waterfall principles. During the year, the Group did not achieve a minimum working capital balance of US$25.0 million, excluding restricted cash, and hence, did not make any repayment to its creditors in accordance with the cash waterfall principles.

## 12. SHARE CAPITAL

The composition of shareholders based on the Share Administration Agency (Registrasi Biro Administrasi Efek) and PT Kustodian Sentral Efek Indonesia as of December 31, 2014 and 2013 is as follows:

| | December 31, 2014 | | |
|---|---|---|---|
| | Number of shares | Percentage of ownership (%) | Total paid-up capital US$'000 |
| PT Tunggaladhi Baskara | 4,383,489,018 | 37.95 | 41,583 |
| Citibank Singapore S/A CBSG-CDP-Indonesia C/O Citibank, N.A | 1,752,838,893 | 15.18 | 16,628 |
| Bina Surya Group Employees Cooperative | 2,422,056 | 0.02 | 23 |
| Siana Anggraeni Surya | 62,400 | - | 1 |
| Public (below 5.0 % each) | 5,412,019,103 | 46.85 | 51,340 |
| **Total** | **11,550,831,470** | **100.00** | **109,575** |

| | December 31, 2013 | | |
|---|---|---|---|
| | Number of shares | Percentage of ownership (%) | Total paid-up capital US$'000 |
| PT Tunggaladhi Baskara | 4,383,489,018 | 37.95 | 41,583 |
| Citibank Singapore S/A CBSG-CDP-Indonesia C/O Citibank, N.A | 1,720,102,893 | 14.89 | 16,316 |
| Widihardja Tanudjaja | 2,620,800 | 0.02 | 25 |
| Bina Surya Group Employees Cooperative | 2,422,056 | 0.02 | 23 |
| Siana Anggraeni Surya | 62,400 | - | 1 |
| Public (below 5.0 % each) | 5,442,134,303 | 47.12 | 51,627 |
| **Total** | **11,550,831,470** | **100.00** | **109,575** |

The Company has 14,676,480,000 authorized number of shares with par value per share of Rp62.50. Issued and fully paid shares totaled 11,550,831,470 shares.

The Group has no shares options to its Directors and Officers. No restricted shares and dividend rights were awarded to shareholders, their associates, Directors and employees of the Group.

## 13. ADDITIONAL PAID-IN CAPITAL

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Paid-in capital | 209,003 | 209,003 |
| Difference in capital on treasury shares transaction (Note 14) | (72,856) | (72,856) |
| Exercise of convertible bonds | (6) | (6) |
| **Total** | **136,141** | **136,141** |

## 14. 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 Rp2,750 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 Rp97.2 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 (Note 13).

The total number of treasury shares amounted to 31,027,111 shares or 0.27% in 2014 and 2013.

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

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Initial public offering of BULL shares (Note 6) | 22,669 | 22,669 |
| Execution of pledged BULL shares (Note 6) | (8,289) | (8,289) |
| Exchangeable notes recognized as additional investment in BULL (Note 6) | (4,154) | (4,154) |
| Others | (2,439) | (2,439) |
| **Net** | **7,787** | **7,787** |

## 16. RESERVES

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| General reserves | 5,898 | 5,898 |
| Revaluation reserves | 11,457 | 15,947 |
| Cumulative actuarial gain on post-employment benefits | 998 | 900 |
| Financial statements translation | 29 | 127 |
| **Total** | **18,382** | **22,872** |

### 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 retained earnings available, until the general reserves reach at least 20.0% of the issued and paid-up capital. The Company allocated general reserves amounting to US$5.9 million or 5.0% of its issued and paid-up capital. Such general reserves were approved in prior years' Annual Shareholders' Meetings.

## 16. RESERVES (continued)

### b. Revaluation reserves

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Beginning balance | 15,947 | 16,653 |
| Net revaluation increase (decrease) (Note 5) | (2,785) | 8,216 |
| Deferred income tax | 382 | (873) |
| Transfers to deficit | (2,087) | (686) |
| Deconsolidation of subsidiaries | - | (7,363) |
| **Ending balance** | **11,457** | **15,947** |

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 retained earnings.

In relation to loss of control of subsidiaries, revaluation reserves amounting to US$7.4 million were transferred to retained earnings in 2013 (Note 6).

### c. Cumulative actuarial gain on post-employment benefits

This reserve pertains to actuarial gains and losses arising from valuation of post-employment benefits. In 2014 and 2013, the Group recognized actuarial gains amounting to US$0.1 million and US$0.9 million, net of deferred income tax, respectively (Note 24).

### d. 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$.

## 17. DEFICIT

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Beginning balance | (1,424,972) | (1,610,955) |
| Income (loss) for the year | (40,042) | 177,496 |
| Transfers from revaluation reserves (Note 16b) | 2,087 | 8,049 |
| Reversal of dividends payable | - | 438 |
| **Ending balance** | **(1,462,927)** | **(1,424,972)** |

## 18. NON-CONTROLLING INTERESTS

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Beginning balance | - | 71,547 |
| Share of other comprehensive income (Note 5) | - | 1,071 |
| Share of profit for the year | - | 915 |
| Deconsolidation of subsidiaries | - | (73,533) |
| **Ending balance** | **-** | **-** |

In relation to loss of control of subsidiaries, non-controlling interests amounting to US$73.5 million was derecognized in 2013 (Note 6).

## 19. LOANS PAYABLE

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Bank loans: | | |
| Mandated Lead Arrangers (MLA) | 588,433 | 568,680 |
| PT Bank Mandiri (Persero) Tbk | 16,280 | 19,788 |
| PT Bank Mizuho Indonesia | 12,666 | 12,071 |
| Clio Marine Inc./Mitsui Bank | 9,142 | 10,594 |
| Dialease Maritime S.A./Mitsubishi UFJ Lease & Finance Co. Ltd. | 6,204 | 6,635 |
| PT Bank Central Asia Tbk | 4,785 | 4,278 |
| Termination of derivatives: | | |
| Deutsche Bank | 45,459 | 43,291 |
| JP Morgan | 17,072 | 16,257 |
| Barclays Capital | 14,117 | 13,444 |
| HSBC | 1,692 | 1,612 |
| PT Bank DBS Indonesia | 1,544 | 1,470 |
| Related party loans: | | |
| PT Bagusnusa Samudra Gemilang (Note 37) | 8,271 | 8,181 |
| Teekay BLT Corporation | - | 13,800 |
| Teekay Corporation | 1,791 | 12,714 |
| **Total** | **727,456** | **732,815** |
| Current | 70,126 | 26,513 |
| Non-current | 657,330 | 706,302 |
| **Total** | **727,456** | **732,815** |

In 2013, the Group derecognized the unamortized loan transaction costs of US$0.6 million.

### (i) Bank loans

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

Considering the effects of the Restructuring Plan, the Group discounted the forecasted cash flows related to the following restructured bank loans using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The respective restructured terms of the bank loan creditors under the Restructuring Plan are binding and set out as follows (Note 41):

#### a. MLA

- Principal of US$562.9 million including the original principal amount of US$550.3 million plus capitalized interest up to and including March 31, 2013, amounting to US$12.6 million.

- Working Capital Facility of US$19.4 million to be repaid pursuant to the cash waterfall principles set out in the Restructuring Plan. This Working Capital Facility is not capable of being redrawn, and subject to interest (LIBOR + 3.15%), payable in arrears from June 30, 2013 out of excess cash above the minimum cash buffer of US$25 million. (Notes 11 and 41)

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

## 19. LOANS PAYABLE (continued)

### (i) Bank loans (continued)

#### a. MLA (continued)

- Amortization over a repayment period commencing from April 1, 2013 to the 10th anniversary of the Restructuring Plan, the maturity date of any loan extended by any unsecured creditor (apart from the trade creditors), or March 31, 2023, whichever is the earliest to occur ("Maturity Date") with equal quarterly instalments commencing in Year 3.

- Interest (LIBOR + 3.15%) on the portion that does not comprise Working Capital Facility to be capitalized from July 1, 2012 until March 31, 2015 if there is insufficient excess cash above the minimum cash buffer of US$25.0 million to service interest pursuant to the cash waterfall principles set out in the Restructuring Plan, thereafter quarterly cash payments (in arrears) from June 30, 2015.

- Accelerated repayment from cash sweep or sale of the Requested Security.

- Provision of the Requested Security (Chembulk/Coal Mine/shares in BULL (other than shares already pledged to other creditors or transferred to the US$ Bondholders pursuant to this Plan)/Teekay /BULL SPV Security/Teekay SPV Security) for the Working Capital Facility. Such Requested Security (other than the shares in Chembulk) shall be released by the MLA Lenders for necessary fund raisings subject to approval by the MLA Lenders and (i) the full repayment of the Working Capital Facility and (ii) the Cash Buffer being maintained.

- Provision of the BULL-Teekay SPV Security which will secure (i) the Working Capital Facility in Years 1 and 2 and (ii) up to US$17.2 million of the aggregate of the principal due to the MLA Lenders and the US$ Bondholders, and the interest payments to the MLA Lenders and the US$ Bondholders in Years 3 and 4.

- In the event that the BULL-Teekay SPV Security or any part thereof is realized in Years 3 or 4, the cumulative proceeds of any such realizations shall be shared as follows: First, in satisfaction of the costs and expenses of enforcement; Second, in satisfaction of all amounts due under the Working Capital Facility; Third, in satisfaction of amounts due to the US$ Bondholders and the MLA Lenders on a 50:50 basis so that each dollar of proceeds received shall be paid, as to 50% thereof, to or for the account at the US$ Bondholders and, as to 50%, to or for the account of the MLA Lenders, subject to a maximum amount of US$8.6 million each; and Fourth, any balance of proceeds of enforcement in excess of US$17.2 million shall be subject to the cash waterfall principles set out in the Restructuring Plan.

- Enforcement of the BULL-Teekay SPV Security to satisfy payments of interest to the MLA Lenders and/or the US$ Bondholders in Years 3 and 4 shall not cause an event of default under the Restructuring Plan, nor shall an event of default occur if the proceeds of realization of the BULL-Teekay SPV Security, after application thereof towards repayment of the secured indebtedness, are sufficient to cover any such interest payments due and owing.

- Inter-creditor or subordination agreement to be signed between the MLA Lenders and the US$ Bondholders to govern their respective priorities and obligations in respect of the BULL-Teekay SPV Security in the manner set out in the preceding provisions.

- The Company and the MLA Lenders may agree by mutual consent to sell any of the secured vessels.

## 19. LOANS PAYABLE (continued)

### (i) Bank loans (continued)

#### a. MLA (continued)

The Group has drawn down US$10.0 million from the US$19.4 million Working Capital Facility and has sold some vessels amounting to US$5.8 million for which the proceeds from these transactions were used as part of the payment for interest due on the MLA Loan (Note 5).

The carrying value of the restructured loan from MLA Loan as of December 31, 2014 and 2013 amounted to US$588.4 million and US$568.7 million, respectively, including the US$10.0 million drawn from the Working Capital Facility. The effective interest rates for MLA loan and Working Capital Facility are 3.37% and 3.40%, respectively.

Between February and August 2014, the former MLA group of bank lenders [DNB Bank ASA, Singapore, BNP Paribas, ING Bank N.V, NIBC Bank Ltd., Nordea Bank Finland Plc., Standard Chartered Bank, Skandinaviska Enskilda Banken AB (publ)] sold all their debts to certain private equity funds. As of the reporting date, the MLA Lenders consist mainly of York Global Finance BDH. LLC., Spruce Investors Limited dan Silver Oak Capital, LLC as majority lenders and 5 other private equity funds (individually <5%) as minority lenders.

#### b. PT Bank Mandiri (Persero) Tbk

- Principal of Rp249.0 billion.
- Forgive all outstanding and unpaid interest prior to July 1, 2012.
- Principal amortization over a repayment period commencing from April 1, 2013 to the 10th anniversary of the Restructuring Plan, the maturity date of any loan extended by any unsecured creditor (apart from the trade creditors), or March 31, 2023, whichever is the earliest to occur (“Maturity Date”) with equal quarterly instalments commencing in Year 3 with the first installment starting on June 30, 2015.
- Interest (3-month JIBOR + 7.5 %) capitalized from July 1, 2012 until March 31, 2014, then quarterly cash payments from June 30, 2014, provided that there is sufficient cash in Year 2 to (i) build up the US$25.0 million minimum cash buffer; (ii) pay cash interest on the Working Capital Facility; (iii) pay principal on the Working Capital Facility, and if any of these conditions are not met for any quarter in year 2, such payments of interest in year 2 will be capitalized and added to principal pursuant to the cash waterfall principles set out in the Restructuring Plan.
- The rights of Mandiri to call an event of default in respect of this Plan are as follows: If Mandiri still holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 2; or If Mandiri no longer holds security over any vessel owned or operated by BLT, an event of default can be called for non payment of interest and principal after Year 4.
- Accelerated repayment from cash sweep.
- The Company and BULL agreed that they will sell 6 vessels which are secured to Mandiri at a sales price agreed and acceptable to Mandiri, provided that Mandiri gives reasonable notice in providing its request and that the sale of the vessels is conducted at an arm’s length commercial transaction and that the sales price is at the vessels’ market value. In particular, BULL will provide Mandiri with a written agreement within 3 months from the date the Restructuring Plan was ratified by the Jakarta Court that it will agree to sell the vessels secured to Mandiri.

## 19. LOANS PAYABLE (continued)

### (i) Bank loans (continued)

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

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

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

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

In 2014, the Company sold three vessels secured to Mandiri. The total proceeds from the sale of these three vessels amounted to US$6.4 million, which was directly applied towards the prepayment of Mandiri loan in accordance with PKPU (Notes 5 and 43).

In 2013, BULL sold a vessel secured to Mandiri. The total proceeds from the sale of these two vessels amounted to US$5.3 million which was applied towards the prepayment of Mandiri loan in accordance with PKPU (Notes 37 and 43).

The carrying value of the restructured loan from Mandiri as of December 31, 2014 and 2013 amounted to US$16.3 million and US$19.8 million, respectively. The effective interest rates of the loan are 15.57% and 14.66% in 2014 and 2013, respectively.

#### c. Dialease Maritime S.A./Mitsubishi UFJ Lease & Finance Co. Ltd.

- Dialease shall be treated as a secured creditor for purposes set out in the Restructuring Plan.

- Principal of US$15.1 million or the remaining amount (if any) after the transfer of secured vessel.

- Secured vessel to be transferred to a transferee on terms agreed with Dialease Maritime, with such transfer to occur at the port of Kaohsiung, ROC or other ports as directed by Dialease Maritime no later than April 15, 2013.

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

- Amortization by bullet payment on March 31, 2023.

- Interest (LIBOR + 2.0 %) capitalized from July 1, 2012 until March 31, 2013, then quarterly cash payments (in arrears) from June 30, 2013, unless payments of interest are capitalized pursuant to the cash waterfall principles set out in the Restructuring Plan.

- Accelerated repayment from cash sweep.

## 19. LOANS PAYABLE (continued)

### (i) Bank loans (continued)

#### c. Dialease Maritime S.A./Mitsubishi UFJ Lease & Finance Co. Ltd. (continued)

- New equity of the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

The Group sold its secured vessel for the loan of Dialease Maritime for US$16.0 million in consideration for the payment of a portion of the loan (Notes 5 and 43). Subsequent to the sale of the vessel, Dialease Maritime was then classified as an unsecured creditor.

The carrying value of the restructured loan from Dialease Maritime as of December 31, 2014 and 2013 amounted to US$6.2 million and US$6.6 million. The effective interest rate of the loan is 2.15%.

#### d. PT Bank Mizuho Indonesia

- Principal of US$13.7 million.
- Forgive all outstanding and unpaid interest prior to July 1, 2012.
- Principal amortization over a repayment period commencing from April 1, 2013 to the maturity date which is (i) the 10th anniversary from the date the Restructuring Plan is ratified by the Jakarta Court, (ii) the earliest maturity date of any loan extended by any unsecured creditor (apart from trade creditors), or (iii) March 31, 2023, whichever is the earliest to occur with 32 equal quarterly installments commencing the 3rd year with the first installment starting on June 30, 2015.
- Interest (LIBOR + 1.5 %) will be capitalized from July 1, 2012 until March 31, 2014, then quarterly cash payments from June 30, 2014, provided that there is sufficient cash in Year 2 to (i) build up the US$25.0 million minimum cash buffer, (ii) pay cash interest on the Working Capital Facility, (iii) pay principal on the Working Capital Facility, and if any of these conditions is not met for any quarter in Year 2, such payments of interest in Year 2 will be capitalized and added to principal pursuant to the cash waterfall principles set out in the Restructuring Plan.
- The rights of Mizuho to call an event of default in respect of this Restructuring Plan are as follows: if Mizuho still holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 2; or if Mizuho no longer holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 4.
- Accelerated repayment from cash sweep.
- The Company agrees that it will sell the vessel which is secured to Mizuho with mutual consent of Mizuho at a sales price agreed and acceptable to Mizuho, provided that Mizuho gives reasonable notice in providing its request and that the sale of a vessel is conducted at an arm's length commercial transaction and that the sales price is at the vessel's market value.

## 19. LOANS PAYABLE (continued)

### (i) Bank loans (continued)

#### d. PT Bank Mizuho Indonesia (continued)

- In the event that the vessel is sold, the proceeds of such sale will be used to offset/pay the last principal installment that is due to Mizuho and the due date of the amortized principal payments owed to Mizuho will be reduced accordingly.

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

The carrying amount of the restructured loan from Bank Mizuho as of December 31, 2014 and 2013 amounted to US$12.7 million and US$12.1 million, respectively. The effective interest rate of the loan is 4.79%.

#### e. Clio Marine Inc./Mitsui Bank

- Principal of JPY3.3 billion or equivalent to US$41.2 million.

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

- Amortization over a repayment period commencing from April 1, 2013 to the 10th anniversary of the Restructuring Plan, the maturity date of any loan extended by any unsecured creditor (apart from the trade creditors), or March 31, 2023, whichever is the earliest to occur (“Maturity Date”) with equal quarterly instalments commencing in Year 3.

- Interest (LIBOR + 4.0 %) capitalized from July 1, 2012 until March 31, 2013, then quarterly cash payments from June 30, 2013, unless payments of interest are capitalized pursuant to the cash waterfall principles set out in the Restructuring Plan.

- Repayment of principal is to be structured as a sale of secured vessel to CMI (US$25.9 million) and time charter back of the vessel to Chembulk Trading II LLC.

- Obligations under the loan agreement will be novated to BLT Chembulk Corp.

- The Company shall guarantee the obligations of BLT Chembulk Corp. and Chembulk Trading II LLC.

- Accelerated repayment from cash sweep.

Pursuant to the Restructuring Plan, the loan was restructured as a repayment of principal in consideration of the sale of the subsidiary’s vessel for US$25.9 million. The vessel is leased back to Chembulk Trading II LLC, which was accounted for as a finance lease. The remaining obligations under the loan agreement amounting to US$12.1 million were novated to BLT Chembulk Corp.

The carrying value of the restructured loan from CMI as of December 31, 2014 and 2013 amounted to US$9.1 million and US$10.6 million, respectively. The effective interest rate of the loan is 4.12% and 4.15% in 2014 and 2013, respectively.

## 19. LOANS PAYABLE (continued)

### (i) Bank loans (continued)

#### f. PT Bank Central Asia Tbk

- Principal of Rp44.4 billion equivalent to US$4.7 million.
- Forgive all outstanding and unpaid interest prior to July 1, 2012.
- Principal amortization over a repayment period commencing from April 1, 2013 to the maturity date which is (i) the 10th anniversary from the date the Restructuring Plan is ratified by the Jakarta Court, (ii) the earliest maturity date of any loan extended by any unsecured creditor (apart from trade creditors), or (iii) March 31, 2017, whichever is the earliest to occur with 32 equal quarterly installments commencing the 3rd year with the first installment starting June 30, 2015.
- Interest (JIBOR + 5.25 %) capitalized from July 1, 2012 until March 31, 2014, then quarterly cash payments from June 30, 2014, provided that there is sufficient cash in Year 2 to (i) build up the US$25.0 million minimum cash buffer, (ii) pay cash interest on the Working Capital Facility, (iii) pay principal on the Working Capital Facility, and if any of these conditions is not met for any quarter in Year 2, such payments of interest in Year 2 will be capitalized and added to principal pursuant to the cash waterfall principles set out in the Restructuring Plan.
- The rights of BCA to call an event of default in respect of the Restructuring Plan are as follows: if BCA still holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 2; or If BCA no longer holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of interest and principal after Year 4.
- Accelerated repayment from cash sweep.
- The Company agrees that it will sell the secured vessels by mutual consent of BCA at a sales price agreed and acceptable to BCA, provided that BCA gives reasonable notice in providing its request and that the sale of a vessel is conducted as an arm’s length commercial transaction and the sales price is at the vessel’s market value.
- Payment to BCA of 95.0% of the sales price of 2 vessels will be applied to reduce outstanding principal due to BCA.
- In the event that the vessel(s) are sold, the proceeds of such sale(s) will be used to offset/pay the last principal installment that is due to BCA and the maturity date of the amortized principal payments to BCA will be reduced accordingly.
- This Restructuring Plan shall not compromise any rights that BCA has in respect of the security in all secured vessel(s) and the Company shall not object or hinder any attempts by BCA to sell these vessel(s), whether pursuant to its security or otherwise.

## 19. LOANS PAYABLE (continued)

### (i) Bank loans (continued)

#### f. PT Bank Central Asia Tbk (continued)

The carrying value of the restructured loan from BCA as of December 31, 2013 amounted to US$4.3 million. As of December 31, 2013, the loan denominated in Rupiah amounted to Rp52.1 billion with effective interest rate of 12.4%.In 2014, the Group had finalized an agreement with BCA to fix the amount of loan into US$ currency and all other terms follow the Restructuring Plan. As of December 31, 2014, the carrying amount of the loan from BCA amounted to US$4.8 million. The effective interest rate of the loan is 6.0% in 2014.

Pursuant to the Restructuring Plan, the Group classified the above restructured loans from non-current liabilities in 2013. As of December 31, 2014, the current and non-current portion of bank loans amounted to US$70.1 million and US$657.3 million, respectively. Total gain on restructuring recognized by the Group from the restructured bank loans amounted to US$6.2 million in 2013. The value of equity assigned for the unsecured portion of bank loans was included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

### (ii) Termination of derivatives

The Group had entered into cross currency swaps and interest rate swaps in prior years. In 2012, the Group received early termination notices for all outstanding cross currency swap and interest rate swap transactions due to debt standstill. The termination claims on the Group's cross currency swap were from JP Morgan, Barclays Capital, HSBC and PT Bank DBS Indonesia while the termination claim from the Group's interest rate swap was from Deutsche Bank.

Following the events of early termination of contracts, the counter-parties of the Group to derivative transactions submitted their respective claims under the PKPU. Pursuant to the Restructuring Plan, such liabilities arising from the termination of the derivative transactions fall under the class of unsecured creditors.

Considering the effects of the Restructuring Plan, the Group discounted the forecasted cash flows related to the following restructured derivative claims using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The restructured terms under the Restructuring Plan for the derivative creditors are binding and set out as follows (Note 41):

- Total claims of US$98.5 million.
- Amortization by bullet payment on March 31, 2023.
- Interest rate of 1.0% in Years 1 to 4, 2.0% in Years 5 to 8, 3.0% in Years 9 to 10, with quarterly cash payment (in arrears) from June 30, 2015 subject to the provisions under the cash waterfall principles set out in the Restucturing Plan.
- Accelerated repayment from cash sweep.
- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

Pursuant to the Restructuring Plan, the Group classified the restructured claims from termination of derivative transactions under non-current liabilities in 2014 and 2013.

## 19. LOANS PAYABLE (continued)

### (ii) Termination of derivatives (continued)

One of the Group's liabilities from derivative transactions was secured by 14.7% interest in investment in BULL. In November 2013, this creditor exercised its rights over the shares which resulted in the decrease of the Group's investment in BULL (Note 6).

The carrying value of the restructured loans arising from termination of derivative transactions as of December 31, 2014 and 2013 amounted to US$79.9 million and US$76.1 million, respectively. The effective interest rate for liabilities arising from termination of derivative transactions is 4.85%. Total gain on restructuring recognized by the Group from these claims amounted to US$37.7 million in 2013.

The value of equity assigned for these derivative claims was included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

### (iii) PT Bagusnusa Samudra Gemilang

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

Considering the effects of the Restructuring Plan, the Group discounted the forecasted cash flows related to the following restructured related party loan using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The restructured terms under the Restructuring Plan for intercompany creditors are binding and set out as follows (Note 37 and 41):

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

The carrying value of the restructured loan from Bagusnusa as of December 31, 2014 and 2013 amounted to US$8.3 million and US$8.2 million, respectively. The effective interest rate of the loan is 3.14%. Gain on restructuring recognized by the Group on this loan amounted to US$3.7 million in 2013.

Pursuant to the Restructuring Plan, the Group classified its liabilities to Bagusnusa under non-current liabilities in 2014 and 2013.

### (iv) Teekay BLT Corporation and Teekay Corporation

As of December 31, 2013, the loans from Teekay BLT Corporation and Teekay Corporation remained due and demandable since the settlement agreement was only finalized on February 1, 2014.

## 19. LOANS PAYABLE (continued)

### (iv) Teekay BLT Corporation and Teekay Corporation (continued)

On February 1, 2014, the Company along with Diamond Pacific International Corporation, BLT LNG Tangguh Corporation and Teekay BLT Corporation entered into a Settlement Agreement with Teekay Corporation, Teekay LNG Partners L.P. and Teekay Tangguh Holdings Corporation with the following conditions:

a. The Company shall pay Teekay Corporation the amount of US$0.5 million on June 30, 2014 and December 31, 2014 as payments against sums due pursuant to the court order.

b. The Company shall pay Teekay Tangguh Holdings Corporation the amount of US$0.5 million in satisfaction of the BLT Guarantee Fees due at the date of the agreement.

c. Gandari Maritime Pte. Ltd., a subsidiary of the Company, irrevocably waives and releases BLT LNG Tangguh Corporation from all claims whatsoever with respect to the loan amounting to US$24.7 million.

d. Teekay BLT Corporation shall declare and pay dividend in the amount of US$21.5 million as soon as reasonably practicable.

e. Teekay BLT Corporation, BLT LNG Tangguh Corporation and the Company agreed that the part of the promissory Note Debt owed by the Company to Teekay BLT Corporation with principal amount of US$3.6 million plus interest will be novated by the Company through transfer of debt owed by the Company to its subsidiary, BLT LNG Tangguh Coporation effective immediately.

f. DPIC shall be entitled through a shareholders' resolution to remove all directors from the board of BLT LNG Tangguh Corporation and replace those directors with its nominees.

On February 1, 2014, Teekay BLT Corporation declared total dividends of US$87.1 million, of which BLT LNG Tangguh Corporation's portion amounted to US$26.1 million. These dividends are used to offset the loan plus interest to Teekay BLT Corporation amounting to US$14.4 million and towards the repayment of the loan to Teekay Corporation amounting to US$11.7 million (Notes 7 and 43).

On February 1, 2014, an intercompany loan agreement was entered between the Company and BLT LNG Tangguh Corporation where it was agreed that the application of the dividends received by BLT LNG Tangguh Corporation towards the repayment of the loan owed by the Company will result in an intercompany claim payable by the Company to BLT LNG Tangguh Corporation.

As of December 31, 2014, the current and non-current portion of loan from Teekay Corporation amounted to US$0.9 million and US$0.9 million, respectively. The effective interest rate of the loan is 6.78%.

## 20. BONDS PAYABLE

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| U.S. dollar bonds: | | |
| 12% Guaranteed Bonds | 106,871 | 102,364 |
| Zero Coupon Guaranteed Bonds | 39,905 | 38,028 |
| Rupiah bonds: | | |
| Berlian Laju Tanker III Bonds | 48,036 | 44,139 |
| Berlian Laju Tanker IV Bonds | 23,332 | 21,439 |
| Sukuk Ijarah I | 13,725 | 12,611 |
| Sukuk Ijarah II | 6,882 | 6,306 |
| **Total** | **238,751** | **224,887** |

### US$125 Million 12.0% Guaranteed Convertible Bonds

On February 10, 2010 and March 29, 2010, BLT International Corporation (BLT IC), a subsidiary, issued 12.0% Guaranteed Convertible Bonds totaling US$100.0 million and US$25.0 million, respectively. The bonds were issued at 100.0% of their face value and were unconditionally and irrevocably guaranteed by the Company.

Following the event of default, the trustee submitted its claim under the PKPU. Pursuant to the Restructuring Plan, the convertible Bondholders fall under the class of unsecured creditors.

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

- Principal of US$125.0 million.
- Amortization by bullet payment on March 31, 2023.
- Forgive all outstanding and unpaid interest prior to July 1, 2012.
- Interest capitalized from July 1, 2012 until March 31, 2015.
- Interest rate of 1.0% in Years 1 to 4, 2.0% in Years 5 to 8, 3.0% in Years 9 to 10, with quarterly cash payments (in arrears) from June 30, 2015 subject to the provisions under the cash waterfall principles set out in the Restructuring Plan.
- Accelerated repayment from cash sweep.
- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.
- Conversion rights to be given up for issuance of 1.44% equity in the Company.

In 2013, the debt was converted into a zero coupon bond pursuant to the restructuring plan; therefore, all outstanding convertible bonds were reclassified to bonds payable.

## 20. BONDS PAYABLE (continued)

### US$125 Million 12.0% Guaranteed Convertible Bonds (continued)

The carrying value of the restructured US$125 million 12% guaranteed bonds as of December 31, 2014 and 2013 amounted to US$106.9 million and US$102.4 million. The effective interest rate for this bond is 4.27%. Gain on restructuring recognized by the Group for these restructured bonds amounted to US$47.6 million in 2013.

Pursuant to the Restructuring Plan, the Group classified the restructured bonds as non-current liabilities in 2014 and 2013.

The value of equity assigned for these bonds was included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

### US$48.8 million Guaranteed Bonds

In 2010, BLTF BV issued bonds amounting to US$48.8 million to investors at 96.0%.

On December 14, 2010, the terms and conditions of the US$48.8 million Zero Coupon Guaranteed Convertible Bonds due in 2012 were as described below:

- The Maturity Date is changed to February 10, 2015 and the bonds bear interest at the rate of 12.0% per annum.

- The Conversion Price is Rp409 per share with conversion period from June 27, 2007 to January 31, 2015.

- The number of shares to be delivered upon conversion will be determined by dividing the principal amount of the bonds to be converted (translated to rupiah at the fixed rate of Rp9,362 = US$1.00 (the Fixed exchange rate) by the Conversion Price in effect at the Conversion Date.

Following the events of default, the trustee submitted its claim under the PKPU. Pursuant to the Restructuring Plan, the convertible Bondholders fall under the class of unsecured creditors (Note 41).

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

- Principal of US$48.9 million.

- Amortization by bullet payment on March 31, 2023.

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

- Interest capitalized from July 1, 2012 until March 31, 2015.

- Interest rate of 1.0% in Years 1 to 4, 2.0% in Years 5 to 8, 3.0% in Years 9 to 10, with quarterly cash payments (in arrears) from June 30, 2015 subject to the provisions under the cash waterfall principles set out in the Restructuring Plan.

- Accelerated repayment from cash sweep.

- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

## 20. BONDS PAYABLE (continued)

### US$48.8 million Guaranteed Bonds (continued)

- Conversion rights to be given up for issuance of 0.56% equity in the Company.

In 2013, the debt was converted into a zero coupon bond due to the events of default related to deferred payments that occurred in 2012; therefore, all outstanding convertible bonds were reclassified to bonds payable.

The carrying value of the restructured zero coupon bonds as of December 31, 2014 and 2013 amounted to US$39.9 million and US$38.0 million, respectively. The effective interest rate for this bond is 4.85%. Gain on restructuring recognized by the Group for these restructured bonds amounted to US$21.4 million in 2013.

The value of equity assigned for these bonds was included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

Pursuant to the Restructuring Plan, the Group reclassified the restructured bonds as non-current liabilities in 2014 and 2013.

### Rupiah Bonds

In 2012, the Group had defaulted on its Berlian Laju Tanker III Bonds, Berlian Laju Tanker IV Bonds, Sukuk Ijarah I and Sukuk Ijarah II, following the announcement of the debt standstill on January 26, 2012.

Following the events of default, the Bondholders submitted their respective claims under the PKPU. Pursuant to the Restructuring Plan, the Bondholders fall under the class of unsecured creditors.

Considering the effects of the Restructuring Plan, the Group discounted the forecasted cash flows related to the restructured bonds using appropriate interest rates determined by management at current prevailing rates applicable to the Group. The respective restructured terms with Bondholders under the Restructuring Plan are binding and set out as follows:

**a. Berlian Laju Tanker III Bonds and Sukuk Ijarah I (Rp900.0 billion 2012 Bonds)**

- Principal of Rp900.0 billion equivalent to US$95.5 million.
- Amortization by bullet payment on March 31, 2023.
- Forgive all outstanding and unpaid interest prior to July 1, 2012.
- Interest to be capitalized as part of principal from July 1, 2012 until March 31, 2015.
- Interest rate of 5.0% in Years 1 to 3, 7.0% in Years 4 to 7, 9.0% in Years 8 to 10, with quarterly cash payments (in arrears) from June 30, 2015 subject to the provisions under the cash waterfall principles as set out in the Restructuring Plan.
- Accelerated repayment from cash sweep.
- New equity of the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

## 20. BONDS PAYABLE (continued)

### Rupiah Bonds (continued)

#### b. Berlian Laju Tanker IV Bonds and Sukuk Ijarah II (Rp440.0 billion 2015 Bonds)

- Principal of Rp440.0 billion equivalent to US$46.7 million.
- Amortization by bullet payment on March 31, 2023.
- Forgive all outstanding and unpaid interest prior to July 1, 2012.
- Interest to be capitalized as part of principal from July 1, 2012 until March 31, 2015.
- Interest rate of 5.0% in Years 1 to 3, 7.0% in Years 4 to 7, 9.0% in Years 8 to 10, with quarterly cash payments (in arrears) from June 30, 2015 subject to the provisions under the cash waterfall principles as set out in the Restructuring Plan.
- Accelerated repayment from cash sweep.
- New equity of the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

Pursuant to the Restructuring Plan, the Company reclassified all of its bonds payables under non-current liabilities in 2014 and 2013.

The carrying amount of the restructured rupiah bonds as of December 31, 2014 and 2013 amounted to US$92.0 million and US$84.5 million, respectively, The effective interest rate of rupiah bonds is 10.64%. Gain on restructuring recognized by the Group for the restructured rupiah bonds amounted to US$59.9 million in 2013.

The values of equity assigned for these bonds were included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

## 21. NOTES PAYABLE

On May 4, 2007, BLT Finance B.V. (BLTF BV), a subsidiary, issued Guaranteed Senior Notes (the Notes) amounting to US$400.0 million with fixed interest rate of 7.5% per annum payable every six months (in arrears) commencing on November 15, 2007. The notes have a tenor of 7 years and are due on May 15, 2014. The Notes are offered at 100.0% of the nominal value and are listed in the SGX. The Notes are unconditionally and irrevocably guaranteed on a senior basis by the Company and certain subsidiaries.

Following the event of default, the trustee submitted its claim under the PKPU. Pursuant to the Restructuring Plan, the US$ Bondholders fall under the class of unsecured creditors.

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

- Principal of US$400.0 million.

## 21. NOTES PAYABLE (continued)

- Amortization by bullet payment on March 31, 2023.

- Interest to be capitalized as part of principal from 1 July 1, 2012 until March 31, 2015.

- Payment in kind (PIK) interest of 2.0% per annum in Years 1 to 10, payable in Year 10. Cash interest rate of 1.0% in Years 3 to 4, 2.0% in Years 5 to 8, 3.0% in Years 9 to 10, with quarterly cash payments (in arrears) from June 30, 2015 subject to the provisions under the cash waterfall principles set out in the Restructuring Plan.

- 3.0% of shares in BULL ("High Yield (HY) BULL Shares") assuming the Company retains approximately 17.8% of the total issued shares in BULL (immediately before the transfer of any such shares to the US$ Bondholders). However, in the event that the Company retains less than 17.8% of the total issued share capital in BULL, then the amount of the HY BULL Shares shall for the purposes of this Restructuring Plan, be reduced on a pro-rata basis, based on the reduced percentage of total issued shares in BULL that the Company holds (e.g., if the Company retains approximately 10.0% of the total issued shares in BULL, then the HY BULL Shares shall be {(10.0%/17.8% x 3.0%)=1.7%)} and provided always that the HY bull shares may not be reduced to less than 2.0% of the ordinary shares in BULL). If the HY Bull shares are reduced to less than 3.0% of the ordinary shares in BULL, the Company shall either issue new shares ("HY Company Shares") to a maximum 2.0% of the enlarged share capital of the Company or provide other assets to make up shortfall on each case as agreed upon by the US$ Bondholders in respect of HY BULL shares.

- As of the date of this report, BULL is still under the debt restructuring process. Because of this, the Company is still unable to determine the percentage of BULL shares that will be retained by the Company and the additional new shares that will be issued to the US$ Bondholders.The accompanying 2014 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

- Provision of the BULL-Teekay SPV Security which will secure (i) the Working Capital Facility in Years 1 and 2 and (ii) up to US$17.2 million of the aggregate of the principal due to the MLA Lenders and the US$ Bondholders, and the interest payments to the MLA Lenders and the US$ Bondholders in Years 3 and 4 up to US$17.2 million.

- In the event that the BULL-Teekay SPV Security or any part thereof is realized in Year 3 or 4, the cumulative proceeds of any such realizations shall be shared as follows; First, in satisfaction of the costs and expenses of enforcement; Second, in satisfaction of all amounts due under the Working Capital Facility; Third, in satisfaction of amounts due to the US$ Bondholders and the MLA Lenders on a 50:50 basis so that each dollar of proceeds received shall be paid, as to 50.0% thereof, to or for the account of the US$ Bondholders and, as to 50.0% thereof, to or for the account of the MLA Lenders, subject to a maximum of US$8.6 million each; and Fourth, any balance of the proceeds of enforcement in excess of US$17.2 million shall be subject to the cash waterfall principles set out in the Restructuring Plan.

- Enforcement of the BULL-Teekay SPV Security to satisfy payments of interest to the MLA Lenders and/or the US$ Bondholders in Year 3 and Year 4 shall not cause an event of default under the Plan, nor shall an event of default occur if the proceeds of the realization of the BULL-Teekay SPV Security are, after application thereof towards repayment of the secured indebtedness, sufficient to cover any such interest payments due and owing.

- Inter-creditor or subordination agreement to be signed between the MLA Lenders and the US$ Bondholders to govern their respective priorities and obligations in respect of the BULL-Teekay SPV Security in the manner set out in preceding provisions.

## 21. NOTES PAYABLE (continued)

- Accelerated repayment from cash sweep.

- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

As of December 31, 2014, the Group is still unable to determine the percentage of BULL shares that will be retained by the Company and the additional new shares that will be issued to the US$ Bondholders. The accompanying consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Pursuant to the Restructuring Plan, the Group reclassified its notes payable under non-current liabilities in 2014 and 2013.

The carrying value of restructured notes payable as of December 31, 2014 and 2013 amounted to US$382.1 and US$363.9 million, respectively. The effective interest rate for restructured notes payable is 4.85%. Gain on restructuring recognized by the Group for the restructured notes payable amounted to US$86.4 million in 2013.

The value of equity assigned for the notes payable was included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

## 22. OTHER PAYABLES

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Liabilities arising from termination of lease contracts | 188,525 | 179,645 |
| Payable to BULL | 39,112 | - |
| Claims for vessels repairs and fuel purchases | 3,725 | 12,814 |
| Payable to suppliers | | |
| Related party | 2,599 | - |
| Third party | 1,343 | - |
| Other claims: | | |
| Liabilities arising from exchange agreement for tax lease scheme | 8,426 | 8,682 |
| Liabilities arising from termination of vessel construction in progress | 7,087 | 7,642 |
| Others | 1,085 | 1,099 |
| **Total** | **251,902** | **209,882** |
| Current | 1,998 | 7,193 |
| Non-current | 249,904 | 202,689 |
| **Total** | **251,902** | **209,882** |

### a. Liabilities arising from termination of lease contracts

The Group has terminated finance and operating lease contracts due to defaults on payments of lease obligations in 2012.

Following the termination of lease contracts, the lease creditors submitted their respective claims under the PKPU. Pursuant to the Restructuring Plan, such liabilities arising from termination of lease contracts fall under the class of lease creditors.

## 22. OTHER PAYABLES (continued)

### a. Liabilities arising from termination of lease contracts (continued)

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

- Total claims of US$203.4 million (includes unpaid hires).
- Amortization by bullet payment on March 31, 2023.
- Interest rate of 1.0% in Years 1 to 4, 2.0% in Years 5 to 8, 3.0% in Years 9 to 10 with quarterly cash payments (in arrears) from June 30, 2015, subject to the provisions of the cash waterfall principles set out in the Restructuring Plan.
- Accelerated repayment from cash sweep.
- Any amounts paid to lease creditors under the restructured lease agreements will be offset against the amount to be paid in Year 10.
- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

Pursuant to the Restructuring Plan, the Group reclassified all of the claims from termination of lease contracts under non-current liabilities as of December 2014 and 2013.

The carrying amount of the restructured liabilities arising from terminations of lease contracts as of December 31, 2014 and 2013 amounted to US$188.5 million and US$179.6 million, respectively. The effective interest rate for liabilities arising from termination of lease contracts is 4.85%. Gain on restructuring recognized by the Group for the liabilities arising from termination of lease contracts amounted to US$47.9 million in 2013.

The value of equity assigned to the liabilities arising from the termination of lease contracts was included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

Pursuant to the Restructuring Plan, the Company will consent to a further adjudication of the claims submitted by certain lease creditors and shipbuilder during Company's PKPU process by an independent adjudicator to be mutually agreed by both parties. These claims were previously adjudicated by an independent adjudicator appointed by the Company at the PKPU Administrators' request. As of reporting date, the total amount of claims for further adjudication under the Restructuring Plan is US$36.7 million. The management does not expect there will be a material increase in the debt payable to these creditors arising from a further adjudication of these claims. The 2014 consolidated financial statements do not include any adjustment, that might result from the outcome of the above matters.

## 22. OTHER PAYABLES (continued)

### b. Payable to BULL

On December 30, 2014, the Company has executed the agreement to transfer its investment in BULL as agreed with MLOR, Delta and BULL. Thereafter, BULL was no longer considered related party (Note 37). The balance net of Due to BULL of US$61.6 million was reclassified to Other payables.

Pursuant to the letter of undertaking by BULL dated October 13, 2014, it was agreed that BULL shall not and shall procure that its subsidiaries do not demand repayment of any outstanding intercompany payables due from the Group to BULL or any of its subsidiaries until (a) June 30, 2023 or (b) 3 months from the date in which all secured and unsecured creditors of the Group have been paid in full, whichever date is earlier, for so long as the Restructuring Plan remains valid and in effect.

Accordingly, the Group discounted the forecasted cash flows related to the payable to BULL using appropriate interest rates determined by management at current prevailing interest rates appplicable to the Group. The net carrying amount of the restructured payable to BULL as of December 31, 2014 amounted to US$39.1 million. The effective interest rate for this liability is 5.95%. In 2014, gain on restructuring recognized by the Group for the payable to BULL amounted to US$22.5 million.

### c. Other claims

The Group also has other significant liabilities from defaults on various agreements such as exchange agreement for tax lease scheme and termination of contracts for construction of vessels. In 2012, the Group defaulted on these contracts following the debt standstill.

Following the events of default, the creditors submitted their respective claims under the PKPU. Pursuant to the Restructuring Plan, such liabilities arising from other payables fall under the class of unsecured creditors.

Considering the effects of the Restructuring Plan, the Group discounted the forecasted cash flows related to the restructured liabilities arising from other claims using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The restructured terms under the Restructuring Plan for the other restructured liabilities arising from other claims are binding and set out as follows:

- Total claims of US$22.1 million.
- Amortization by bullet payment on March 31, 2023.
- Interest rate of 1.0% in Years 1 to 4, 2.0% in Years 5 to 8, 3.0% in Years 9 to 10 with quarterly cash payments (in arrears) from June 30, 2015, subject to the provisions of the cash waterfall principles set out in the Restructuring Plan.
- Accelerated repayment from cash sweep.
- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company.

## 22. OTHER PAYABLES (continued)

### c. Other claims (continued)

Pursuant to the Restructuring Plan, the Group reclassified all of other claims under non-current liabilities in 2014 and 2013.

The carrying amount of the restructured liabilities arising from other claims as of December 31, 2014 and 2013 amounted to US$16.6 million and US$17.4 million, respectively. The effective interest rates for liabilities arising from other claims range from 2.74% to 3.14%. Total gain on restructuring recognized by the Group for other claims amounted to US$5.6 million in 2013.

The value of equity assigned for other claims was included in the Group valuation of equity shares to be issued to unsecured creditors (Note 41).

### d. Claims for vessels repairs and fuel purchases

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

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

The carrying amount of the restructured liabilities arising from vessel repairs and fuel purchases as of December 31, 2014 and 2013 amounted to US$3.7 million and US$12.8 million, respetively.

### e. Payable to suppliers

On February 24, 2014, the Singapore High Court sanctioned the Schemes of Arrangement put forward by various subsidiaries of the Group. The schemes of agreement state that the total restructured trade debt being 80.0% of the total approved trade outstanding shall be treated as a loan of the Group which shall be repaid in equal monthly installments over 5 years with the first installment payable on the 5th business day of the first calendar month following the effectivity of the Schemes of Arrangement. In 2014, court proceedings related to the Schemes of Arrangement under Section 210 of the Companies Act were completed and the repayment plan for trade creditors under these schemes commenced on May 7, 2014.

Based on a present value calculation for the outstanding trade accounts payables under the Restructuring Plan, the trade accounts payable are ascertained to be US$3.9 million in 2014.

Accordingly, the Group recognized a gain on restructuring of trade accounts payable of US$4.8 million in 2014.

## 23. OBLIGATIONS UNDER FINANCE LEASE

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| | US$ '000 | US$ '000 | US$ '000 | US$ '000 |
| Less than 1 year | 51,584 | 32,877 | 35,346 | 15,302 |
| 2 - 5 years | 167,321 | 138,543 | 210,799 | 164,339 |
| More than 5 years | 10,654 | 9,600 | 35,818 | 33,637 |
| Subtotal | 229,559 | 181,020 | 281,963 | 213,278 |
| Less future finance charges | (48,539) | - | (68,685) | - |
| **Net** | **181,020** | **181,020** | **213,278** | **213,278** |
| Current maturities | 51,584 | 32,877 | 35,346 | 15,302 |
| Non-current portion | 177,975 | 148,143 | 246,617 | 197,976 |
| **Total** | **229,559** | **181,020** | **281,963** | **213,278** |

The finance leases relate to leases with terms of 4 to 15 years with effective interest rates of between 4.2% and 10.0% on which the subsidiaries have options to purchase the vessels for an amount below the expected fair values at the conclusion of the lease agreements and/or the present value of minimum lease payments approximates the fair value of the leased asset at the inception of the lease. The subsidiaries' obligations under finance lease are secured by the vessels which are the objects of the finance lease.

## 24. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Group has unfunded post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits is 95 in 2014 and 98 in 2013. The component of net employee benefits expense recognized in the consolidated statements of comprehensive income and amounts recognized in the consolidated statements of financial position for the provision for post-employment benefits as of December 31, 2014 and 2013, as determined by PT Padma Radya Aktuaria, an independent actuary, on its report dated March 5, 2015, are as follows:

a. Net employee benefits expense (income):

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Current service cost | 86 | 321 |
| Interest expense on obligation | 80 | 264 |
| Past service cost | (197) | - |
| **Employment benefits expense (income)** | **(31)** | **585** |

## 24. PROVISION FOR POST-EMPLOYMENT BENEFITS (continued)

b. The movements of post-employment benefits liability is as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Beginning balance | 2,564 | 6,424 |
| Current service cost | 86 | 321 |
| Interest cost | 80 | 264 |
| Past service costs | (197) | - |
| Benefit paid | (109) | (29) |
| Actuarial gain | (130) | (1,200) |
| Loss of control of subsidiary | - | (2,328) |
| Adjustment due to movement of employees | (809) | - |
| Effect of changes in foreign exchange rates | (4) | (888) |
| **Ending balance** | **1,481** | **2,564** |
| Current (presented under "Accrued expenses") | - | 25 |
| Non-current | 1481 | 2,539 |
| **Total** | **1,481** | **2,564** |

Management believes that the provision made is adequate to cover the Group's employee benefits obligation.

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

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Beginning balance | 2,564 | 5,931 |
| Employee benefits expense (income) | (31) | 585 |
| Benefit paid | (109) | (29) |
| Actuarial loss (gain) due from: | | |
| Experience adjustments | (439) | (174) |
| Change in financial assumptions | 309 | (533) |
| Loss of control of subsidiary | - | (2,328) |
| Adjustment due to movement of employees | (809) | - |
| Effect of changes in foreign exchange rates | (4) | (888) |
| **Ending balance** | **1,481** | **2,564** |

d. The principal assumptions used in determining the long-term employee benefits liability as of December 31, 2014 and 2013 are as follows:

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Discount rate per annum | 8.0% | 8.75% |
| Salary increment rate per annum | 10.0% | 8.0% |
| Mortality rate | 100.0%/TMI3 | 100.0%/TMI3 |
| Resignation rate | 10% per annum Until age 36 then Decreasing linearly to 0% at age 55 | 10% per annum Until age 36 then Decreasing linearly to 0% at age 55 |

## 24. PROVISION FOR POST-EMPLOYMENT BENEFITS (continued)

e. The quantitative sensitivity analysis for significant assumptions as of December 31, 2014 and 2013 are as follows:

| | Discount rates | | Future salary increases | |
|---|---|---|---|---|
| | Percentage | Effect on present value of benefits obligation | Percentage | Effect on present value of benefits obligation |
| | | US$'000 | | US$'000 |
| **2014** | | | | |
| Increase | 1% | (124) | 1% | 142 |
| Decrease | (1%) | 140 | (1%) | (128) |
| **2013** | | | | |
| Increase | 1% | (135) | 1% | 158 |
| Decrease | (1%) | 150 | (1%) | (145) |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

f. The maturity profile of define benefit obligation as of December 31, 2014 and 2013 are as follows:

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Within one year | - | 24 |
| 2-5 years | 409 | 837 |
| More than 5 years | 1,638 | 2,314 |
| **Total** | **2,047** | **3,175** |

The average duration of the defined benefit plan obligation as at December 31, 2014 and 2013 is 10 years.

## 25. TAXATION

Details of taxes payable are as follows:

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Corporate income tax: | | |
| The Company | - | - |
| Subsidiaries | - | (9) |
| Final tax payable: | | |
| Article 15 | - | 31 |
| Article 4(2) | 13 | - |
| Income taxes: | | |
| Article 21 | 47 | 223 |
| Article 23 | 76 | 22 |
| Article 25 | 1,195 | 1,195 |
| Value Added Tax - net | - | 20 |
| Others | 15 | - |
| **Total** | **1,346** | **1,482** |

In relation to the loss of control of a subsidiaries, taxes payable amounting to US$1.0 million were deconsolidated in 2013 (Note 6).

## 25. TAXATION (continued)

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

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Deferred income tax: | | |
| The Company | 82 | (19,140) |
| Subsidiaries | 384 | (88) |
| Final tax - subsidiaries | (72) | - |
| Current tax - subsidiaries | (1) | (260) |
| **Income tax benefit (expense) - net** | **393** | **(19,488)** |

### Final tax

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

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| **Final income tax** | **72** | **-** |
| Payment during the year | 72 | - |
| Final tax payable | - | - |
| **Total** | **-** | **-** |

The Company's computation of tax on revenues not subject to final tax is as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Income (loss) before income tax per consolidated statement of comprehensive income | (40,435) | 197,899 |
| Income (loss) before income tax of subsidiaries | (187,015) | (157,381) |
| Elimination of subsidiaries | 7,074 | (57,917) |
| **Loss before tax of the Company** | **(220,376)** | **(17,399)** |
| Temporary differences: | | |
| Gain on debt restructuring | (28,862) | (67,659) |
| Depreciation of fixed assets | 1,858 | 1,787 |
| Employee benefits | (955) | (332) |
| Permanent differences: | | |
| Non-deductible expense | 227,603 | - |
| Income net-off related expense already subjected to final tax | 9,523 | - |
| Loss of control of subsidiary | - | 39,377 |
| Interest income subjected to final tax | (1) | (1) |
| Gain on sale of fixed assets | (283) | - |
| Others | 28,297 | 40,358 |
| **Taxable income (loss) of the company** | **16,804** | **(3,869)** |

## 25. TAXATION (continued)

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Uncompensated prior year tax losses: | | |
| 2013 | (3,869) | - |
| 2012 | (31,384) | (31,384) |
| 2011 | (33,839) | (33,839) |
| **Accumulated tax losses** | **(52,288)** | **(69,092)** |
| Prepayment of tax: | | |
| The Company (recorded as part of prepaid tax) | 34 | 58 |
| Subsidiaries | - | 9 |
| **Total** | **34** | **67** |

The Company has just completed its calculation of 2013 income tax in 2014, and decided to record the 2013 additional taxable income amounting to US$28.3 million to the 2014 taxable income.

In addition, the Company also decided to record the correction on the overstatement of 2013 deferred tax liabilities amounting to US$7.1 million to the 2014 consolidated statement of comprehensinve income. Therefore, in 2014, the Company had overstated its deferred tax benefit which cause the understatement of consolidated net loss by US7.1 million.

Had the Company recorded such amount in 2013, the Company's deferred tax liabilities and deficit as of December 31, 2013 would have been decreased, and the net income for the year ended December 31, 2013 would have been increased by US$7.1 million. Also, the Company would have reported tax loss for the year ended December 31, 2014 of US$11.5 million and taxable income for the year ended December 31, 2013 would have amounted to US$24.4 million.

The estimated income tax (loss) from the preceeding reconciliation is the basis for the Company's 2014 and 2013 Annual Corporate Income Tax Returns.

As of December 31, 2014, PT Brotojoyo Maritime has not yet obtained the approval from the Directorate General of Taxes to report their taxes in US$ (functional currency), therefore the taxable income (tax loss) calculation would be based on the comprehensive income in rupiah currency. The Company believes that the effect of translation of the taxes from rupiah to US$ attributable to PT Brotojoyo Maritimes is not material.

### Deferred tax

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

Deferred tax asset – Subsidiary

| | January 1, 2014 | Credited (charged) to profit (loss) | Credited (charged) to OCI | Adjustment to deferred tax | December 31, 2014 |
|---|---|---|---|---|---|
| Fixed assets | - | 36 | - | (73) | (37) |
| Tax loss carry-forward | - | 349 | - | - | 349 |
| **Net** | **-** | **385** | **-** | **(73)** | **312** |

## 25. TAXATION (continued)

### Deferred tax (continued)

Deferred tax liabilities – The Company

| | January 1, 2014 | Credited (charged) to profit (loss) | Credited (charged) to OCI | Adjustment to deferred tax | December 31, 2014 |
|---|---|---|---|---|---|
| Fixed assets | (905) | 465 | 382 | - | (138) |
| Provision for post-employment benefits | 641 | (239) | (32) | - | 370 |
| Gain on debt restructuring | (16,915) | (7,215) | - | 7,067 | (17,063) |
| **Net** | **(17,259)** | **(6,989)** | **382** | 7,067 | **(16,831)** |

| | January 1, 2013 | Credited (charged) to profit (loss) | Credited (charged) to OCI | Loss of control subsidiaries | December 31, 2013 |
|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Fixed assets | (97) | (2,154) | (2,053) | 3,319 | (985) |
| Provision for post-employment benefits | 1,137 | (159) | (337) | - | 641 |
| Gain on debt restructuring | - | (16,915) | - | - | (16,915) |
| **Net** | **1,040** | **(19,228)** | **(2,390)** | **3,319** | **(17,259)** |

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 assets for the following accounts:

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Tax losses carried-forward | 21,138 | 18,160 |
| Impairment of vessels | 150 | 7,658 |
| Allowance for impairment loss of trade accounts receivable | 1,030 | 654 |
| **Total** | **22,318** | **26,472** |

The tax losses carried-forward can be utilized against the taxable income for a period of five years subsequent to the year the tax loss was incurred. The Group has unrecognized deferred tax asset on tax lossses carry-forward amounting to US$21.1 million and US$18.2 million as of December 31, 2014 and 2013, respectively, since the Group does not have sufficient basis to determine the future tax benefit on such deferred tax asset.

Reconciliations between the income tax benefit (expense) and the amounts computed by applying the effective tax rate to the income (loss) before tax are as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Income (loss) before tax per consolidated statements of comprehensive income | (40,435) | 197,899 |
| Tax income (expense) at prevailing tax rate (25%) | 10,109 | (49,475) |
| Effects of: | | |
| Income before tax of subsidiaries and elimination | 44,985 | 53,824 |
| Non-deductible expenses and non-taxable income - net | (66,281) | (9,901) |
| Loss of control of subsidiaries | - | (9,844) |
| Adjustment to deferred tax | 7,067 | (2,865) |
| Deferred tax of foreign subsidiaries | 384 | - |
| Unrecognized deferred tax from tax loss carry-forward | 4,202 | (967) |
| Final tax | (72) | - |
| Current tax of foreign subsidiaries | (1) | (260) |
| **Income tax benefit (expense) - net** | **393** | **(19,488)** |

## 26. TRADE ACCOUNTS PAYABLE

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| **By creditor** | | |
| Related parties (Note 37) | | |
| Pan Union Agencies Pte. Ltd. | - | 3,603 |
| Thai Petra Transport Co. Ltd. | 221 | 518 |
| PT Arpeni Pratama Ocean Line | - | 38 |
| PT Garuda Mahakam Pratama | 18 | 19 |
| Others | 725 | 334 |
| **Sub-total** | **964** | **4,512** |
| Third parties | | |
| Suppliers | 22,365 | 39,635 |
| Shipping agents | 7,024 | 4,038 |
| **Sub-total** | **29,389** | **43,673** |
| **Total** | **30,353** | **48,185** |
| **By currency** | | |
| U.S. dollar | 27,453 | 44,418 |
| Singapore dollar | 512 | 1,653 |
| Rupiah | 103 | 226 |
| Yen | 133 | 2 |
| Other currencies | 2,152 | 1,886 |
| **Total** | **30,353** | **48,185** |

The 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.

In relation to the Company's loss of control of subsidiaries, trade accounts payable amounting to US$23.8 million were deconsolidated in 2013 (Note 6).

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

## 27. ACCRUED EXPENSES

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Vessel operation and docking | 12,929 | 17,630 |
| Interest | - | 1,213 |
| Others | 5,255 | 1,780 |
| **Total** | **18,184** | **20,623** |

In relation to the loss of control of subsidiaries, accrued expenses amounting to US$4.0 million were deconsolidated in 2013 (Note 6).

## 28. PROVISIONS

In 2013, the Group recognized provisions related to probable claims amounting to US$7.1 million on various undertakings of subsidiaries for which the Group is under negotiation. The Group determined its best estimate of liability arising from these transactions based on available information. The Group reassesses its estimates on an annual basis to consider new and relevant information that may be available. As of December 31, 2014, the management estimates that the amount of provision is still the best estimate of the liabilities.

The disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiation strategies with respect to these matters.

## 29. OPERATING REVENUES

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Operating revenues from: | | |
| Chemical vessels | 295,075 | 297,361 |
| Gas vessels | 19,783 | 23,970 |
| Oil vessels | - | 6,684 |
| Others | 567 | 1,445 |
| **Total** | **315,425** | **329,460** |

There were no revenues from a customer that exceeded 10.0% of total operating revenues.

## 30. VOYAGE EXPENSES

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Fuel (Note 9) | 94,421 | 111,198 |
| Port charges | 43,784 | 45,514 |
| **Total** | **138,205** | **156,712** |

0.08% and 0.7% of the above voyage expenses were from related parties in 2014 and 2013, respectively (Note 37).

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

## 31. SHIP OPERATING EXPENSES

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Vessel crew salaries | 28,060 | 29,487 |
| Spare parts | 5,304 | 5,714 |
| Insurance | 4,995 | 5,056 |
| Management fee | 3,891 | 4,110 |
| Repairs and maintenance | 3,693 | 3,885 |
| Transportation | 3,310 | 5,024 |
| Lubricant | 2,333 | 4,235 |
| Processing of documents | 2,063 | 2,028 |
| Vessel crew meal allowances | 1,875 | 1,918 |
| Supplies | 1,049 | 1,477 |
| Docking expenses | - | 676 |
| Others | 7,538 | 7,697 |
| **Total** | **64,111** | **71,307** |

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

## 32. ADMINISTRATIVE EXPENSES

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Professional fees | 21,642 | 18,401 |
| Salaries | 10,795 | 11,540 |
| Provision for impairment of receivables (Note 10 and 37) | 2,761 | 8,644 |
| Office expenses | 2,211 | 1,869 |
| Transportation | 1,091 | 1,444 |
| Employee benefits expense (income) (Note 24) | (31) | 585 |
| Representation | 617 | 1,087 |
| Telecommunication | 476 | 352 |
| Depreciation (Note 5) | 338 | 418 |
| Bank charges | 246 | 207 |
| Marketing | 113 | 365 |
| Training and education | 81 | 21 |
| Others | 1,433 | 3,266 |
| **Total** | **41,773** | **48,199** |

## 33. OTHER LOSSES - NET

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Impairment loss on assets (Note 6) | (17,351) | (76,488) |
| Difference arising from reconciliation of payable to BULL (Notes 22 and 37) | 13,975 | - |
| Reversal of impairment (revaluation decrease) (Note 5) | (9,608) | 49,159 |
| Gain (loss) on sale of fixed assets (Note 5) | (1,392) | 871 |
| Loss on control of subsidiaries (Note 6) | - | (41,349) |
| Impairment of goodwill | - | (11,441) |
| Provision for various claims | - | (7,113) |
| Loss on derivative transactions | - | (779) |
| Others | 1,453 | 5,573 |
| **Total** | **(12,923)** | **(81,567)** |

## 34. INTEREST INCOME

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Current accounts and others | 10 | 138 |
| Time deposits | - | 4 |
| **Total** | **10** | **142** |

## 35. FINANCE COST

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Borrowings | 73,330 | 78,150 |
| Obligations under finance lease | 20,033 | 21,178 |
| **Total** | **93,363** | **99,328** |

## 36. EARNINGS (LOSS) PER SHARE

The Group's computation for basic earnings/loss per share for 2014 and 2013 is as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Income (loss) attributable to owners of the Company | (40,042) | 177,496 |
| Weighted average number of outstanding shares | 11,519,804,359 | 11,519,804,359 |
| **Basic earnings (loss) per share** | **(0.0035)** | **0.0154** |

## 36. EARNINGS (LOSS) PER SHARE (continued)

The Group's computation for dilutive earnings/loss per share for 2014 and 2013 is as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Income (loss) attributable to owners of the Company | (40,042) | 177,496 |
| Weighted average number of outstanding shares | 11,519,804,359 | 11,519,804,359 |
| Effect of dilution: | | |
| Weighted average number of shares to be issued to creditors (Note 41) | - | 3,529,895,185 |
| Weighted average number of shares adjusted for the effect of dilution | 11,519,804,359 | 15,049,699,544 |
| **Diluted earnings (loss) per share** | **(0.0035)** | **0.0118** |

Diluted earnings per share amounts are calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of outstanding shares during the year plus the weighted average of shares that would be issued to the creditors under the Restructuring Plan, if dilutive.

There have been no other transactions involving the shares or dilutive potential shares between the reporting date and the date of completion of these consolidated financial statements.

## 37. 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.
- Teekay BLT Corporation is a joint venture
- PT Garuda Mahakam Pratan is a company under common control of PT Bagusnusa Samudra Gemilang.
- BULL and PT Arpeni Pratama Ocean Line Tbk are companies owned by close family members of the controlling party of PT Bagusnusa Samudra Gemilang.
- Pan Union Agencies Pte. Ltd. and Pan Union Shipping Pte. Ltd. are companies that are directly or indirectly owned by Ms. Siana Anggraeni Surya, the Company's President Director.

## 37. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

### Transactions with related parties

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

| | Amount | | Percentage to the total consolidated liabilities | |
|---|---|---|---|---|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Trade accounts payable (Note 26):** | | | | |
| Pan Union Agencies Pte. Ltd. | - | 3,603 | 0.00% | 0.18% |
| Thai Petra Transport Co. Ltd. | 221 | 518 | 0.01% | 0.03% |
| PT Arpeni Pratama Ocean Line Tbk | - | 38 | 0.00% | 0.00% |
| PT Garuda Mahakam Pratama | 18 | 19 | 0.00% | 0.00% |
| Others | 725 | 334 | 0.04% | 0.02% |
| **Other payable (Note 22):** | | | | |
| Pan Union Agencies Pte. Ltd. | 2,599 | - | 0.14% | 0.00% |
| **Loans payable (Note 19):** | | | | |
| Teekay BLT Corporation | - | 13,800 | 0.00% | 0.71% |
| PT Bagunusa Samudra Gemilang | 8,271 | 8,181 | 0.45% | 0.42% |
| **Due to a related party (Note 22):** | | | | |
| PT Buana Listya Tama Tbk | - | 89,309 | 0.00% | 4.61% |
| **Total** | **11,834** | **115,802** | **0.64%** | **5.97%** |

In relation to the PKPU, the Group is still in the settlement stage of trade accounts payable to related parties in accordance to the Restructuring Plan through adjudication process (Note 26).

Due to the deconsolidation of BULL, the Group recognized an amount due to BULL of US$89.3 million in the 2013 consolidated statement of financial position. The Group's transaction with BULL in 2013 pertained to the sale of BULL's vessel the proceeds of which were used to settle a portion of accrued interest of the Group amounting to US$5.3 million. As of December 31, 2013, the Group and BULL are still in the reconciliation process for the above due to a related party.

For the year ended December 31, 2014, the management has completed its reconciliation of due to BULL and its subsidiaries. As a result, the Group has recognized a gain of US$14.0 million arising from unreconciled and unaccounted balances for which the transactions cannot be traced anymore to prior years accounting records. The management decided to derecognize the unaccounted balances by a credit to "Other gains" account in the 2014 consolidated statement of comprehensive income (Note 33).

On March 20, 2015, the Company 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 (Note 6).

The Group reclassified the balance of due to related party into other payables since BULL is no longer considered as related party upon the transfer of investment (Note 22).

Other than the due to BULL, the Group reclassified a debit balance of US$4.1 million due from PT Karya Bakti Adil (a former subsidiary of BULL until December 28, 2014) into other receivable. The Group decided to provide full allowance for impairment for this other receivable due to uncertainty of collection (Note 32).

## 37. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

### Transactions with related parties (continued)

Voyage expenses incurred with related parties are as follows:

| | Amount | | Percentage to the respective total consolidated revenues | |
|---|---|---|---|---|
| | For the Year Ended December 31, | | For the Year Ended December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Voyage expenses: | | | | |
| Pan Union Agencies Pte. Ltd. | - | 387 | 0.00% | 0.12% |
| Thai Petra Transport Co. Ltd. | 78 | 467 | 0.02% | 0.14% |
| PT Arpeni Pratama Ocean Line Tbk | 14 | 97 | 0.00% | 0.03% |
| PT Garuda Mahakam Pratama | 22 | 100 | 0.01% | 0.03% |
| **Total** | **114** | **1,051** | **0.04%** | **0.32%** |

Total compensation of the Company's key management (commissioners and directors) during 2014 and 2013 are as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Short-term benefits | 557 | 963 |
| Post-employment benefits | 234 | 301 |
| **Total** | **791** | **1,264** |

## 38. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resources allocation and assessment of segment performance focuses on type of products or services delivered or provided. The Group's reportable segments are engaged, based on type of vessels chartered, in chemical, gas oil, and Floating Production, Storage and Offloading (FPSO) vessels.

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 include, among others, LPG, propylene, propane and LNG.

c. Oil tankers provide maritime transportation of lubricating oil (base oil and additives), crude oil and petroleum products.

d. FPSO provides floating tanker facility for production, storage and off-loading of oil.

## 38. SEGMENT INFORMATION (continued)

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

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

### Segment assets and liabilities

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| **Segment assets** | | |
| Chemical | 565,499 | 605,917 |
| Gas | 84,481 | 95,371 |
| Oil | - | 5,981 |
| Others | 13,766 | 12,238 |
| Total | 663,746 | 719,507 |
| Unallocated assets | 24,066 | 88,924 |
| **Consolidated** | **687,812** | **808,431** |
| | | |
| **Segment liabilities** | | |
| Chemical | 204,278 | 261,706 |
| Gas | 9,205 | 4,760 |
| Oil | - | 1,853 |
| Others | 19,689 | 20,850 |
| Total | 233,172 | 289,169 |
| Unallocated liabilities and eliminations | 1,627,015 | 1,649,222 |
| **Consolidated** | **1,860,187** | **1,938,391** |

## 38. SEGMENT INFORMATION (continued)

### Segment revenues and expenses

| | For the Year Ended December 31, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Chemical | Gas | Oil | FPSO | Others | Eliminations | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Segment revenue** | | | | | | | |
| External revenue | 295,075 | 19,783 | - | - | 2.456 | (1,889) | 315,425 |
| **Segment expenses** | | | | | | | |
| Voyage expenses | 132,392 | 5,741 | 72 | - | - | - | 138,205 |
| Charter expenses | 16,616 | - | - | - | - | - | 16,616 |
| Vessel operating expenses | 51,589 | 12,227 | 295 | - | 1,889 | (1,889) | 64,111 |
| Vessel depreciation | 37,053 | 4,162 | 605 | - | - | - | 41,820 |
| Total segment expenses | 237,650 | 22,130 | 972 | - | 1,889 | (1,889) | 260,752 |
| **Segment profit (loss)** | **57,425** | **(2,347)** | **(972)** | **-** | **567** | **-** | **54,673** |
| **Unallocated** | | | | | | | |
| Administrative expenses | | | | | | | (41,773) |
| Gain on debt restructuring | | | | | | | 27,277 |
| Foreign exchange gain - net | | | | | | | 21,814 |
| Share in profits of associates and joint venture | | | | | | | 3,850 |
| Finance cost | | | | | | | (93,363) |
| Interest income | | | | | | | 10 |
| Other losses - net | | | | | | | (12,923) |
| **Consolidated loss before income tax** | | | | | | | **(40,435)** |

| | For the Year Ended December 31, 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Chemical | Gas | Oil | FPSO | Others | Eliminations | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Segment revenue** | | | | | | | |
| External revenue | 297,361 | 25,215 | 6,684 | - | 3,274 | (3,074) | 329,460 |
| **Segment expenses** | | | | | | | |
| Voyage expenses | 150,663 | 3,965 | 1,241 | 16 | 827 | - | 156,712 |
| Charter expenses | 15,601 | 1,245 | - | 428 | 651 | (1,245) | 16,680 |
| Vessel operating expenses | 55,078 | 12,769 | 3,028 | 334 | 1,927 | (1,829) | 71,307 |
| Vessel depreciation | 36,609 | 6,806 | 1,933 | 735 | - | - | 46,083 |
| Impairment of goodwill | 11,441 | - | - | - | - | - | 11,441 |
| Total segment expenses | 269,392 | 24,785 | 6,202 | 1,513 | 3,405 | (3,074) | 302,223 |
| **Segment profit (loss)** | **27,969** | **430** | **482** | **(1,513)** | **(131)** | **-** | **27,237** |
| **Unallocated** | | | | | | | |
| Administrative expenses | | | | | | | (48,199) |
| Gain on debt restructuring | | | | | | | 317,070 |
| Foreign exchange gain - net | | | | | | | 53,565 |
| Share in profits of associates and joint venture | | | | | | | 13,788 |
| Gain on extinguishment of debt | | | | | | | 3,750 |
| Finance cost | | | | | | | (99,328) |
| Interest income | | | | | | | 142 |
| Other losses - net | | | | | | | (70,126) |
| **Consolidated income before income tax** | | | | | | | **197,899** |

## 38. SEGMENT INFORMATION (continued)

### Segment revenues and expenses (continued)

There were no revenues from a customer that exceeded 10.0% of the total revenues. Segment revenue reported above represents revenue generated from external customers.

Segment revenue reported above represents revenue generated from external customers (Note 29).

### Other segment information

| | Depreciation | | Capital expenditures | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Chemical | 37,053 | 36,609 | 6,995 | 3,102 |
| Gas | 4,162 | 6,806 | 2,666 | 837 |
| Oil | 605 | 1,933 | - | - |
| FPSO | - | 735 | - | - |
| **Consolidated** | **41,820** | **46,083** | **9,661** | **3,939** |

### Geographical segment information

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

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | Malaysia | Indonesia | Unallocated and eliminations | Consolidated |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Assets and liabilities** | | | | |
| Total segment assets | 650,806 | 12,940 | 24,066 | 687,812 |
| Total segment liabilities | (225,192) | (7,980) | (1,627,015) | (1,860,187) |
| **Net assets (liabilities)** | **425,614** | **4,960** | **(1,602,949)** | **(1,172,375)** |

| | For the Year Ended December 31, 2014 | | | |
|---|---|---|---|---|
| | Malaysia | Indonesia | Eliminations | Consolidated |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Revenues** | | | | |
| External revenues | 310,480 | 4,945 | - | 315,425 |
| Inter-segment revenues | 1,995 | - | (1,995) | - |
| **Total revenues** | **312,475** | **4,945** | **(1,995)** | **315,425** |

## 38. SEGMENT INFORMATION (continued)

### Geographical segment information (continued)

| | December 31, 2013 | | | |
|---|---|---|---|---|
| | Malaysia | Indonesia | Unallocated and eliminations | Consolidated |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Assets and liabilities** | | | | |
| Total segment assets | 687,567 | 31,940 | 88,924 | 808,431 |
| Total segment liabilities | (287,904) | (1,265) | (1,649,222) | (1,938,391) |
| **Net assets (liabilities)** | **399,663** | **30,675** | **(1,560,298)** | **(1,129,960)** |

| | For the Year Ended December 31, 2013 | | | |
|---|---|---|---|---|
| | Malaysia | Indonesia | Eliminations | Consolidated |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Revenues** | | | | |
| External revenues | 312,603 | 16,857 | - | 329,460 |
| Inter-segment revenues | 1,829 | 1,245 | (3,074) | - |
| **Total revenues** | **314,432** | **18,102** | **(3,074)** | **329,460** |

### Unallocated and eliminations

Investments in associates, joint venture and AFS financial assets as well as corporate liabilities are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Inter-segment revenues are eliminated on consolidation.

### Reconciliation of assets

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| **Segment assets** | **663,746** | **719,507** |
| AFS financial assets | 21,459 | 62,601 |
| Investment in associates and joint venture | 2,607 | 24,876 |
| Prepaid expenses and taxes | - | 1,447 |
| **Total** | **687,812** | **808,431** |

## 38. SEGMENT INFORMATION (continued)

### Reconciliation of liabilities

| | December 31, 2014 US$'000 | December 31, 2013 US$'000 |
|---|---|---|
| **Segment liabilities** | **233,172** | **289,169** |
| Loans payable | 727,456 | 732,815 |
| Bonds payable | 238,751 | 224,887 |
| Notes payable | 382,135 | 363,911 |
| Other payables | 251,902 | 209,882 |
| Provision for post-employment benefits | 1,481 | 2,564 |
| Deferred tax liabilities | 16,831 | 17,259 |
| Due to a related party | - | 89,309 |
| Provisions | 7,113 | 7,113 |
| Taxes payable | 1,346 | 1,482 |
| **Total** | **1,860,187** | **1,938,391** |

## 39. SIGNIFICANT COMMITMENTS

a. The Group has several short-term charter contracts with third parties with varying contract amounts ranging from US$1.0 million - US$5.0 million per year which will end in 2015 - 2016.

b. In 2013, Chembulk Trading II LLC, a subsidiary, as a lessee, entered into three operating lease agreements for use of chemical vessels amounting to US$2.0 million - US$6.0 million which will end between 2014 and 2016.

In December 2014, there are two operating vessels which have been re-delivered (MT Ariane Makara and MT Chembulk Adelaide). As of reporting date, there is one remaining active operating lease vessel.

As of December 31, 2014 and 2013, the Group has outstanding commitments under non-cancellable charter contracts scheduled as follows:

| | December 31, 2014 US$'000 | December 31, 2013 US$'000 |
|---|---|---|
| Within one year | 6,205 | 12,940 |
| More than one year but less than five years | 24,072 | 29,443 |
| More than five years | - | 5,440 |
| **Total** | **30,277** | **47,823** |

c. In April 2008, Chembulk Tankers LLC, a subsidiary, obtained an irrevocable Standby Letter of Credit (SBLC) facility from ING Bank N.V., Singapore Branch amounting to US$29.2 million. Such SBLC is secured by MT Gas Bangka and a subsidiary's available funds in ING bank (Note 8). This is reduced periodically by US$3.6 million which will mature on January 19, 2019. The SBLC facility amounted to US$25.6 million.

Pursuant to the PKPU, the restructured terms under the Restructuring Plan for the SBLC facility are summarized below:

- The SBLC facility of US$25.6 million will be restructured in accordance with the terms to be separately agreed between the Company and ING Bank N.V., Singapore (ING).

## 39. SIGNIFICANT COMMITMENTS (continued)

- The restructured facility will be secured by securities which comprise of: (i) a first priority mortgage and first priority assignment of the earnings and insurance of Gas Bangka; (ii) all cash held in a cash collateral account with ING; and (iii) all cash held in an earnings account with ING and any other securities provided to ING under the existing facility agreement. Cash in (ii) and (iii) shall not be included in the calculation of excess cash for the purposes of the cash waterfall and cash sweep under the Restructuring Plan.

- Earnings of the subsidiary's vessel shall continue to be paid into the earnings account held with ING and shall not be subject to the cash waterfall and cash sweep provisions in the Plan nor included in the calculation of excess or surplus cash for the purposes of the cash waterfall and cash sweep under the Restructuring Plan.

- The excess earnings of the subsidiary's vessel, after payments of (i) ship manager's costs (as per approved budget); (ii) ongoing SBLC commissions; (iii) reasonable operating expenses (as approved by ING); (iv) insurance premiums (including reimbursement of MII) will be used to: (1) pay unpaid commissions (including any default payments) under this facility; (2) the build-up of a cash buffer, up to a maximum amount equal to the commission to be paid under this facility for the next 2 quarters; (3) the build-up of a survey reserve on a separate survey account (to be pledged to ING) for the purpose of meeting the costs for the next survey of the subsidiary's vessel. The calculation method for such survey reserve and quarterly build-up is to be agreed upon; (4) top up the cash collateral until the security ratio is equal to 1. The security ratio is the ratio of the outstanding total amount of ING's actual and contingent liability under this facility to the aggregate of (i) the value of the vessel; and (ii) all cash collateral in either the earning account, the cash collateral account or other accounts held by ING as security for this facility but excluding the cash buffer and cash in survey account mentioned above; and all excess earnings, which cause the security ratio to be more than 1, will be freely available to the Company as long as, and to the extent that immediately after release of the cash, the security ratio will not drop below 1 and no event of default has occurred or is continuing since the date of the restructuring.

d. 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 in 2015 after the completion of the enforcement of BULL's security, in any event by December 31, 2014.

## 40. 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.

## 40. LITIGATIONS (continued)

- PKPU proceedings in Indonesia (continued)

  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.

- Chapter 11 proceedings in the United States

  On December 14, 2012, Gramercy entities (major bondholder of the US$ secured bonds) filed for Chapter 11 Proceedings in the US Bankruptcy Court ("US Court").

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

  On December 8, 2014, the Company filed a motion with the US Court to dismiss the Chapter 11 proceedings (Note 45a).

- Chapter 15 proceedings in the United States

  On March 26, 2013, following the ratification of the Company's Restructuring Plan by the Central Jakarta Commercial Court, the Company filed a petition under Chapter 15 of the United States Bankruptcy Code to recognize the PKPU proceedings as foreign main proceedings (Note 45a).

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

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

- Section 210 (10) proceedings in Singapore

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

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

  On February 24, 2014, the Singapore High Court sanctioned the schemes of arrangement of all the Relevant Subsidiaries.

## 40. LITIGATIONS (continued)

- On March 7, 2013, Golden Pacific International & Holding(s) Pte. Ltd. (GPIH), owner of the MT Golden Ambrosia vessel, issued a Letter of Demand to the Group to recover payment owed to it for outstanding charter hire and additional expenses, amounting to US$7.1 million. On August 14, 2013, GPIH completed the full submission of supporting documents related to the claims for adjudication by the Company.

  As of this report date, the above matter is still under its adjudication process and management is not able to assess the final outcome of the adjudication process. However, the management believes it is more conservative to record a liability for the transaction and decided to accrue the obligation.

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.

## 41. 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), Bank CIMB Niaga Tbk (trustee of bonds payable), Gramercy Distressed Opportunity Fund (Gramercy) (bondholders), Cowell & Lee Asia Credit Opportunity Fund (bondholders) and others. The majority of secured and unsecured creditors have agreed to the Restructuring Plan. The ratified Restructuring Plan ("the Plan") provides/prescribes, among others:

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

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

## 41. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

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

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

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

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

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

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

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

- Secured creditors will retain 100.0% of their principal debt which will all be denominated in US$ or Rp (as the case may be except for the MLA Lenders whose debt shall at all times remain denominated in US$) with repayments extended up to 10 years in line with the earnings of their vessels;

- Interest rate margins will remain in accordance with original debt facilities but will reflect US$ or Rp cost of the funds;

- The Company and any of the secured creditors may, by mutual consent, convert the currency of their principal debt at any time;

- Unsecured creditors will retain 100.0% of their principal debt, with a bullet repayment in Year 10;

- Interest rates are increased over time in line with forecasts and available funds with interest rates for both Rp and US$ denominated debt reflecting an appropriate currency differential;

- Trade suppliers will receive payments up to 80.0% of the outstanding amounts over 5 years; and

- Fund-raising of a certain amount during the 10-year period.

## 41. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

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

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

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

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

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

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

k. Upon approval of the Restructuring Plan by the Court, the Company will obtain recognition of the Restructuring Plan and the PKPU process under Chapter 15 of the United States Bankruptcy Code. The subsidiaries of the Company which have taken out applications under Section 210 (10) of the Companies Act intend to present schemes of arrangement to give effect to the principal and relevant terms of this Restructuring Plan in respect of that particular subsidiary, provided that the MLA Lenders support this course of action. Where necessary, the Relevant Subsidiaries of the Company which successfully put in place schemes of arrangement under Section 210 of the Companies Act intend to obtain recognition of those schemes under Chapter 15 of the United States Bankruptcy Code (Note 45a).

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

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

## 41. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

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

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

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

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

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

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

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

## 41. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

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

p. Group shall be required to fulfill its obligations under this agreement only insofar as such approvals and consents as may be necessary have been obtained (and have not been withdrawn or amended) from such regulatory or supervisory authorities as may be necessary, including without limitation the Singapore Exchange, the Indonesia Stock Exchange, the Otoritas Jasa Keuangan (OJK) or the shareholders of BLT or Buana, subsequent to the Plan being sanctioned by the Court in Jakarta.

## 42. FINANCIAL INSTRUMENTS

### a. Capital risk management

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

The Group manages its capital structure and makes adjustments to it, to cope with the changes in economic conditions. Currently, the Group manages its capital by regularly monitoring its working capital requirements in accordance with the Restructuring Plan. As of December 31, 2014, the Group experienced negative working capital and capital deficiency. As such, the Group will continuously apply cost-cutting and restructuring initiatives to review and monitor its capital expenditure. The Group also intends to propose the issuance of new equity in the context of the Restructuring Plan in order to reduce the capital deficiency of the Company in the long run.

### b. Categories of financial instruments

**Financial assets**

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| | US$'000 | US$'000 |
| Loans and receivables: | | |
| Cash and cash equivalents | 23,945 | 20,272 |
| Restricted cash | 9,168 | 9,168 |
| Trade receivables - third parties | 17,654 | 17,809 |
| Other receivables | 3,847 | 6,439 |
| AFS financial assets | 21,459 | 62,601 |
| Other non-current assets | 140 | 307 |
| **Total** | **76,213** | **116,596** |

## 42. FINANCIAL INSTRUMENTS (continued)

### b. Categories of financial instruments (continued)

**Financial liabilities**

| | December 31, 2014 US$'000 | December 31, 2013 US$'000 |
|---|---|---|
| Other financial liabilities: | | |
| Trade accounts payable | 30,353 | 48,185 |
| Accrued expenses | 18,184 | 20,623 |
| Loans payable | 727,456 | 732,815 |
| Bonds payable | 238,751 | 224,887 |
| Obligations under finance lease | 181,020 | 213,278 |
| Other payables | 251,902 | 209,882 |
| Notes payable | 382,135 | 363,911 |
| Provisions | 7,113 | 7,113 |
| Other current liabilities | 3,615 | 7,108 |
| Due to a related party | - | 89,309 |
| **Total** | **1,840,529** | **1,917,111** |

### c. Financial risk management policies

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

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

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

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

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

| | | 2014 | | 2013 | |
|---|---|---|---|---|---|
| | Currency | Foreign currencies | Equivalent to US$ | Foreign Currencies | Equivalent to US$ |
| | | Currencies'000 | US$'000 | US$'000 | Currencies'000 |
| **Assets** | | | | | |
| Cash and cash equivalents | Rp'000 | 1,032,250 | 83 | 843,557 | 68 |
| | SGD | 337 | 255 | 123 | 97 |
| | JPY | - | - | 5,683 | 54 |
| | EUR | 42 | 51 | 13 | 18 |
| Trade receivables - third parties | Rp'000 | - | - | 534 | 44 |
| | SGD | 7 | 5 | 3,834 | 3,028 |
| | JPY | - | - | 474 | 5 |
| | EUR | 1,033 | 1,257 | 846 | 1,168 |
| AFS financial assets | Rp'000 | - | - | 290,000,000 | 23,792 |
| | RMB | 60,034 | 9,811 | 59,817 | 9,811 |
| **Total** | | | **11,462** | | **38,085** |

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

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

| | Currency | 2014 Foreign currencies | 2014 Equivalent to US$ | 2013 Foreign Currencies | 2013 Equivalent to US$ |
|---|---|---|---|---|---|
| | | US$'000 | US$'000 | US$'000 | US$'000 |
| **Liabilities** | | | | | |
| Trade accounts payable | Rp'000 | 1,281,320 | 103 | 2,754,104 | 226 |
| | SGD | 676 | 512 | 2,093 | 1,653 |
| | JPY | 16,024 | 133 | 242 | 2 |
| | EUR | 1,549 | 1,884 | - | - |
| Loans payable | Rp'000 | 305,414,440 | 24,551 | 339,061,289 | 32,247 |
| | JPY | 1,848,916 | 15,346 | 1,812,812 | 17,229 |
| Bonds payable | Rp'000 | 1,143,920,200 | 91,955 | 1,029,915,248 | 84,495 |
| Obligations under finance lease | JPY | 16,383,101 | 135,780 | 16,413,727 | 155,994 |
| Other payables | JPY | 853,855 | 7,087 | 804,035 | 7,642 |
| | SGD | 1,431 | 1,085 | 1,391 | 1,099 |
| | GBP | 5,411 | 8,426 | 5,266 | 8,682 |
| **Total** | | | **286,862** | | **309,269** |

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:

| | December 31, 2014 Assets | December 31, 2014 Liabilities | December 31, 2013 Assets | December 31, 2013 Liabilities |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Rupiah | 83 | 116,609 | 23,904 | 116,968 |
| Yen | - | 158,346 | 59 | 180,867 |
| Singapore dollar | 260 | 1,597 | 3,125 | 2,752 |
| Euro | 1,308 | 1,884 | 1,186 | - |
| GBP | - | 8,426 | - | 8,682 |
| RMB | 9,811 | - | 9,811 | - |
| **Total** | **11,462** | **286,862** | **38,085** | **309,269** |

The following table details the Group's sensitivity analysis to changes in US$ against the above currencies. The sensitivity rates below are used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for the change in foreign currency exchange rates. A positive number below indicates an increase in profit and equity where the above currencies strengthen at certain percentage against the US$. For the same percentage of weakening of the above currencies against the US$, there would be an equal and opposite impact on profit and equity.

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

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

| | For the Year Ended December 31, 2014 | | For the Year Ended December 31, 2013 | |
|---|---|---|---|---|
| | Sensitivity rate | Effect on profit or loss and equity | Sensitivity rate | Effect on Profit or loss and equity |
| | | US$'000 | | US$'000 |
| Rupiah | 7% | (8,157) | 6% | (5,584) |
| Singapore dollar | 3% | (40) | 4% | 15 |
| Yen | 7% | (11,084) | 7% | (12,656) |
| Euro | 4% | (23) | 5% | 59 |
| GBP | 2% | (169) | 6% | (521) |
| RMB | 1% | 98 | 6% | 589 |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

#### Interest rate risks management

The Group is also exposed to interest rate risk as it also borrows funds in rupiah and US$ at floating interest rates. Pursuant to the Restructuring Plan, the Group does not enter into borrowings not governed by or permitted under the Restructuring Plan.

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 sensitivity analysis below has been determined based on the exposure to interest rate changes as at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

As of December 31, 2014 and 2013, the Group's significant exposure to the risk of changes in market interest rates relates primarily to bank loans from MLA. The following table summarizes the impact on income before income tax of reasonable movement in interest rates:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Basis point | Effect on income before tax | Basis point | Effect on loss before tax |
| | | US$'000 | | US$'000 |
| Increase | 50 | 2,942 | 50 | 2,843 |
| Decrease | (50) | (2,942) | (50) | (2,843) |

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

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

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

**Interest rate risks management (continued)**

Pursuant to the Restructuring Plan, the Group undertakes not to incur any further financial indebtedness or issue or give any guarantee or indemnity except as permitted by the Restructuring Plan or incurred in the ordinary course of trading of a vessel.

**Credit risk management**

The Group's exposure to credit risk is primarily attributable to cash in banks, restricted cash, trade receivables, other receivables, other financial assets 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 on-going basis to ensure that the Group is exposed to a minimal credit risk. Cash in banks and investments are placed only in creditworthy financial institutions.

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

**Credit quality of financial assets**

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

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

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

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

| | December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Neither past due nor impaired | | | | |
| | High quality | Standard quality | Past due but not impaired | Impaired | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash and cash equivalents | 23,945 | - | - | - | 23,945 |
| Restricted cash | 9,168 | - | - | - | 9,168 |
| Trade receivables - third parties | 9,535 | - | 8,119 | 5,685 | 23,339 |
| Other receivables | - | 3,847 | - | 4,122 | 7,969 |
| AFS financial assets | - | 21,459 | - | - | 21,459 |
| Other non-current assets | - | 140 | - | - | 140 |
| **Total** | **42,648** | **25,446** | **8,119** | **9,807** | **86,020** |

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

#### Credit quality of financial assets (continued)

| | December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | Neither past due nor impaired | | | | |
| | High quality | Standard quality | Past due but not impaired | Impaired | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash and cash equivalents | 20,272 | - | - | - | 20,272 |
| Restricted cash | 9,168 | - | - | - | 9,168 |
| Trade accounts receivable | 5,209 | - | 12,600 | 9,981 | 27,790 |
| Other receivables | - | 6,439 | - | - | 6,439 |
| AFS financial assets | - | 62,601 | - | - | 62,601 |
| Other non-current assets | - | 307 | - | - | 307 |
| **Total** | **34,649** | **69,347** | **12,600** | **9,981** | **126,577** |

#### 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.

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

In August and October 2014, Chembulk Group had entered into Fixed Forward Price contracts with World Fuel Services ("WFS") for the purchase of oil fuel at fixed prices for the first half of 2015. The Chembulk Group entered into fixed forward transactions to protect the vessels operations from expected fuel shortages due to the regulation requiring vessels sailing in the designated emission control areas to use fuel oil on board with specific Sulphur (Sulfur) content starting January 1, 2015.

#### Liquidity risk management

The Group's liquidity requirements mainly come from repayments of interest on bank loans, notes payable, bonds and 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.

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

#### Liquidity risk management (continued)

| | December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Less than three months | Three months to one year | More than one year to five years | Greater than five years | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Trade accounts payable | 30,353 | - | - | - | 30,353 |
| Accrued expenses | 18,184 | - | - | - | 18,184 |
| Loans payable | 12,762 | 76,677 | 385,895 | 401,199 | 876,533 |
| Bonds payable | - | 5,388 | 41,727 | 347,499 | 394,614 |
| Obligations under finance lease | 12,710 | 38,874 | 167,321 | 10,654 | 229,559 |
| Other payables | 246 | 5,865 | 18,820 | 374,062 | 398,993 |
| Notes payable | - | 3,230 | 28,966 | 527,943 | 560,139 |
| Provisions | 7,113 | - | - | - | 7,113 |
| Other current liabilities | 3,615 | - | - | - | 3,615 |
| **Total** | **84,983** | **130,034** | **642,729** | **1,661,357** | **2,519,103** |

| | December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | Less than three months | Three months to one year | More than one year to five years | Greater than five years | Total |
| | | US'000 | US$'000 | US$'000 | US$'000 |
| Trade accounts payable | 48,185 | - | - | - | 48,185 |
| Accrued expenses | 20,623 | - | - | - | 20,623 |
| Loans payable | 27,654 | 3,431 | 386,560 | 497,766 | 915,411 |
| Bonds payable | - | - | 36,528 | 361,939 | 398,467 |
| Obligations under finance lease | 7,502 | 27,844 | 210,799 | 35,818 | 281,963 |
| Other payables | 47,642 | 4,538 | 19,900 | 283,773 | 355,853 |
| Notes payable | - | - | 23,622 | 536,518 | 560,140 |
| Provisions | 7,113 | - | - | - | 7,113 |
| Due to a related party | - | - | - | 89,309 | 89,309 |
| Other current liabilities | 7,108 | - | - | - | 7,108 |
| **Total** | **165,827** | **35,813** | **677,409** | **1,805,123** | **2,684,172** |

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.

In March 2013, the Group's Restructuring Plan was ratified by the Court. Currently, the Restructuring Plan sets out the restructuring term sheet and repayment plans to respective creditors to finance and repay the debts. The repayment schedule of significant liabilities of the Group was restructured over a 10-year period (Note 41).

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

#### Fair value of financial instruments carried at amortized cost

Management considers that the carrying amounts of financial assets and financial liabilities approximate their fair values. The quantitative disclosures of fair value measurement hierarchy of financial assets and liabilities are as follows:

| | December 31, 2014 (Valuation date) | | | |
|---|---|---|---|---|
| | Fair value measurement using | | | |
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | US'000 | US$'000 | US$'000 | US$'000 |
| **Financial assets** | | | | |
| Cash and cash equivalents | - | 23,945 | - | 23,945 |
| Restricted cash | - | 9,168 | - | 9,168 |
| Trade receivables - third parties | - | 17,654 | - | 17,654 |
| Other receivables | - | 3,847 | - | 3,847 |
| AFS financial assets | - | - | 21,459 | 21,459 |
| Other non-current assets | - | 140 | - | 140 |
| **Total** | **-** | **54,754** | **21,459** | **76,213** |
| **Financial liabilities** | | | | |
| Trade accounts payable | - | 30,353 | - | 30,353 |
| Accrued expenses | - | 18,184 | - | 18,184 |
| Loans payable | - | 727,456 | - | 727,456 |
| Bonds payable | - | 238,751 | - | 238,751 |
| Obligations under finance lease | - | 181,020 | - | 181,020 |
| Other payables | - | 251,902 | - | 251,902 |
| Notes payable | - | 382,135 | - | 382,135 |
| Provisions | - | 7,113 | - | 7,113 |
| Other current liabilities | - | 3,615 | - | 3,615 |
| **Total** | **-** | **1,840,529** | **-** | **1,840,529** |

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

#### Fair value of financial instruments carried at amortized cost (continued)

| | December 31, 2013 (Valuation date) | | | |
|---|---|---|---|---|
| | Fair value measurement using | | | |
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | US'000 | US$'000 | US$'000 | US$'000 |
| **Financial assets** | | | | |
| Cash and cash equivalents | - | 20,272 | - | 20,272 |
| Restricted cash | - | 9,168 | - | 9,168 |
| Trade receivables - third parties | - | 17,809 | - | 17,809 |
| Other receivables | - | 6,439 | - | 6,439 |
| AFS financial assets | 23,791 | - | 38,810 | 62,601 |
| Other non-current assets | - | 307 | - | 307 |
| **Total** | **23,791** | **53,995** | **38,810** | **116,596** |
| **Financial liabilities** | | | | |
| Trade accounts payable | - | 48,185 | - | 48,185 |
| Accrued expenses | - | 20,623 | - | 20,623 |
| Loans payable | - | 732,815 | - | 732,815 |
| Bonds payable | - | 224,887 | - | 224,887 |
| Obligations under finance lease | - | 213,278 | - | 213,278 |
| Other payables | - | 209,882 | - | 209,882 |
| Notes payable | - | 363,911 | - | 363,911 |
| Due to a related party | - | 89,309 | - | 89,309 |
| Provisions | - | 7,113 | - | 7,113 |
| Other current liabilities | - | 7,108 | - | 7,108 |
| **Total** | **-** | **1,917,111** | **-** | **1,917,111** |

The carrying values of cash and cash equivalents, restricted cash, trade receivables, other receivables, other financial assets, trade accounts payable, accrued expenses and other current liabilities approximate their fair values because of their short-term nature. AFS financial assets are carried at fair value based on the quoted values of the securities. Unquoted AFS financial assets are carried at book value since fair value cannot be readily determined based on observable market data. The carrying value of loans payable, bonds payable, convertible bonds, notes payable and other payables are discounted using prevailing market interest rates with similar terms to these financial liabilities. Due to related parties is carried at cost and presented as non-current since it has no fixed repayment terms.

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).

## 42. FINANCIAL INSTRUMENTS (continued)

### c. Financial risk management policies (continued)

#### Fair value of financial instruments (continued)

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

In 2014 and 2013, 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 AFS financial assets**

| | For the year ended December 31, 2014 | | |
|---|---|---|---|
| | SVL | NL | Total |
| | US$'000 | US$'000 | US$'000 |
| **Beginning balance** | **28,999** | **9,811** | **38,810** |
| Impairment loss | (17,351) | - | (17,351) |
| **Ending balance** | **11,648** | **9,811** | **21,459** |

| | For the year ended December 31, 2013 | | |
|---|---|---|---|
| | SVL | NL | Total |
| | US$'000 | US$'000 | US$'000 |
| **Beginning balance** | **-** | **34,302** | **34,302** |
| Reclassification | 81,000 | - | 81,000 |
| Impairment loss | (52,001) | (24,491) | (76,492) |
| **Ending balance** | **28,999** | **9,811** | **38,810** |

#### Collateral

The Group has restricted cash which serves as security for a standby letter of credit facility agreement (Notes 8 and 39). As of December 31, 2014 and 2013, the fair value of resticted cash amounted to US$9.2 million for both years. The Group has pledged its investment in BULL to certain loans (Notes 6 and 19). As of December 31, 2014 and 2013, the fair value of investment BULL pledged amounted to nil and US$23.8 million, respectively. The Group has also pledged all of its fixed assets vessels to various loans and obligations under finance lease. As of December 31, 2014 and 2013, the fair value of fixed assets vessels pledged amounted to US$589.2 million and US$641.5 million, respectively (Notes 5, 19 and 23).

## 43. 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 2014 and 2013, the Group sold vessels for the payment of loans amounting to US$6.4 million and US$16.0 million, respectively (Notes 5 and 19).

- In 2013, the creditors of the Group executed their right over the pledge of shares of stock of a subsidiary, in consideration for the payment of loans amounting to US$14.6 million, which were pledged as security to the loans (Note 6).

## 43. NON-CASH TRANSACTIONS (continued)

- In 2013, the Group's Restructuring Plan was approved and ratified by the Court. Significant liabilities of the Group were restructured and the terms of the original agreements were modified in accordance with the Restructuring Plan. As a result, the Group recognized gain on restructuring of liabilities amounting to US$317.1 million and equity portion to be issued to creditors of US$25.2 million (Notes 19, 20, 21, 22 and 41).

- Pursuant to the Restructuring Plan, the Group deconsolidated one of its subsidiaries, BULL. Accordingly, all the assets, liabilities and non-controlling interest related to BULL were derecognized in the consolidated financial statements as disclosed in Note 6. The Group recognized loss on deconsolidation of subsidiaries amounting to US$41.4 million (Note 6).

- The deconsolidation of BULL in 2013 did not affect the creditors' collateral over certain vessels of BULL which the Group provided as security for some of its loans. Thus, even after deconsolidation, the Group creditors were able to enforce their rights to sell the vessels of BULL in consideration for payment of loans of BLT Group amounting to US$5.3 million (Note 37).

- In 2014, Teekay BLT Corporation declared dividend of US$87.1 million which was all applied for the payments of the Group's loans to Teekay BLT Corporation and Teekay Corporation.

- As a result of the Group's reconciliation of the amount due to BULL, gain on restructuring was recognized in the 2014 statement of comprehensive income amounting to US$22.5 million.

## 44. GOING CONCERN

The Group is in capital deficiency and negative working capital position of US$1.2 billion and US$101.9 million in 2014, and US$1.1 billion and US$64.9 million in 2013, respectively.

Since the global financial crisis in 2010, the reduction in industrial production capabilities and oversupply of newly built vessels resulted in a reduction of freight volume and rates, ultimately throwing the global shipping industry in a state of turmoil. Under persistently poor shipping market conditions and increasing operating costs, the Group faced numerous challenges to run the business and to fulfil its financial obligations as it suffered recurring losses ever since.

As such, on January 26, 2012, the Company declared a debt standstill on the payment of its financial obligations, including all of the Company's bank loans, bonds payable, payment on vessels leases and on similar obligations of its other subsidiaries other than BULL to help assess the impact of these events and to establish a financial reorganization of the Group. Following the debt standstill announcement, events of default were declared by creditors and one of the Company's creditors, Mandiri, filed PKPU to the Central Jakarta Commercial Court against the Company on June 14, 2012 in relation to its debt.

On March 14, 2013, the Restructuring Plan was approved by the Company's creditors and ratified by the Central Jakarta Commercial Court on March 22, 2013 as described in Note 41. The Group is required to get the recognition in the United States of the Indonesian PKPU proceedings, pursuant to Chapter 15 of the United States Bankruptcy Code and Singapore Court. On May 21, 2013, the US Court granted recognition of the Indonesian PKPU proceedings as a foreign main proceedings.

Following the Group's restructuring efforts and ratification of the Restructuring Plan, the Group saw an improvement in its operational and financial performance as the Group realized a gross profit of US$54.7 million in 2014 and US$38.7 million in 2013. The Group also realized income before interest and tax of US$52.9 million in 2014 and US$297.1 million in 2013. The 2013 net income mainly coming from gain on debt restructuring, gain on extinguishment of debt and foregin exchange gains. Nevertheless, the Group continued to remain in a capital deficiency position due to the significant recurring losses over the past years.

## 44. GOING CONCERN (continued)

Management recognizes that the Group's continuation as a going concern is dependent upon its ability to generate sufficient cash flows to meet its obligations on a timely basis, to comply with the terms and conditions of the Restructuring Plan and to attain successful operations to improve the position of the Company's capital deficiency. These conditions raise substantial doubt on the Group's ability to continue as a going concern. As part of the Group's continuing efforts to respond to and manage any possiblity for adverse effects arising from the above-mentioned economic and business conditions, the Group is undertaking and is continuously implementing the following measures, among others:

a. Implementation of the approved Restructuring Plan.

b. Maintenance of regular contact with all creditors who wish to know the status of the Group's capacity to service its debts and to execute the Restructuring Plan.

c. Implementation of cost-cutting initiatives, such as the establishment of the Vessels Management Control Department as an oversight to operational and crew expenditure of the vessels.

d. Continuous review of its capital expenditures, working closely with all Ship Managers to ensure the maintenance of the fleet is carried out efficiently.

e. Effect changes in its personnel to maintain an effective workforce for the future. Redundant departments and personnel will be streamlined in order to achieve a cohesive and productive team.

   As of the completion date of the consolidated financial statements, the completed initiatives under the approved PKPU include, among others:

   a. Replacement of all of the Company's Board of Directors with independent, experienced executives based on the results of the Annual General Meeting of Sharesholders ("AGM") held on March, 19 2014.

   b. Signing of final documentation with secured creditors as required by the Restructuring Plan namely:
      i. Mizuho, which was executed on August 22, 2013.
      ii. Mandated Lead Lenders ("MLA") on October 8, 2014, which commenced on November 28, 2014.
      iii. BCA, which was executed on October 17, 2014.
      iv. USD bondholders and filing with the US Bankruptcy Court on December 8, 2014.

   c. The Singapore section 210 proceedings were completed on February 24, 2014 and the repayment plan for trade creditors under these schemes commenced on May 7, 2014.

   d. The Company had filed the application under Chapter 15 of the US Bankruptcy Code and obtained the order granting comity to the PKPU plan on January 8, 2015 (Notes 45a).

Despite the current uncertain economic outlook, management believes that the Group will be able to fulfil its obligations under the Restructuring Plan, execute its strategies and manage its business and financial risks successfully. The Group's management also believes that the Group has adequate resources to continue its operational existence in the foreseeable future. Accordingly, the Group continues to adopt the going concern assumption in preparing the consolidated financial statements.

The consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainty disclosed above.

## 45. EVENTS AFTER THE FINANCIAL REPORTING PERIOD

a. On January 8, 2015, the US Court granted recognition of the Restructuring Plan pursuant to Chapter 15 of the US Bankcruptcy Code and sanctioned the mandatory exchange of the HY Bonds; in addition, the US Court also dismissed the Chapter 11 proceedings filed by Gramercy against the Company.

b. On March 30, 2015, the Group paid its currently maturing Working Capital Facility Loans from MLA Lenders totaling US$10.0 million plus accrued interest of US$0.6 million.

## 46. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed on March 31, 2015.