SEROJA

INVESTMENTS LIMITED

Company Registration No. 198300847M

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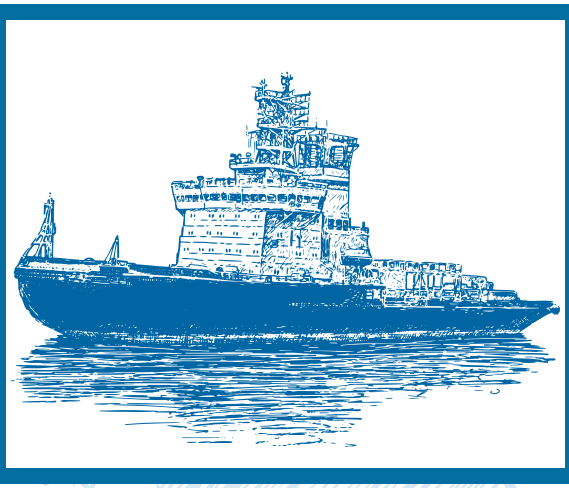

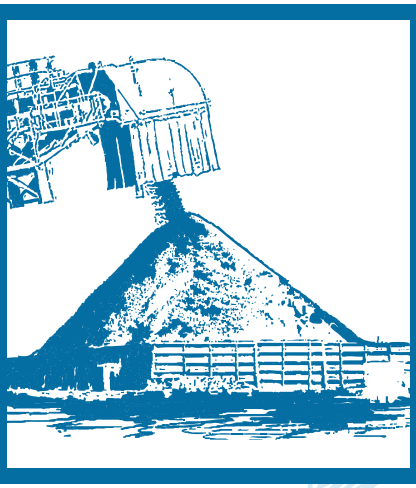

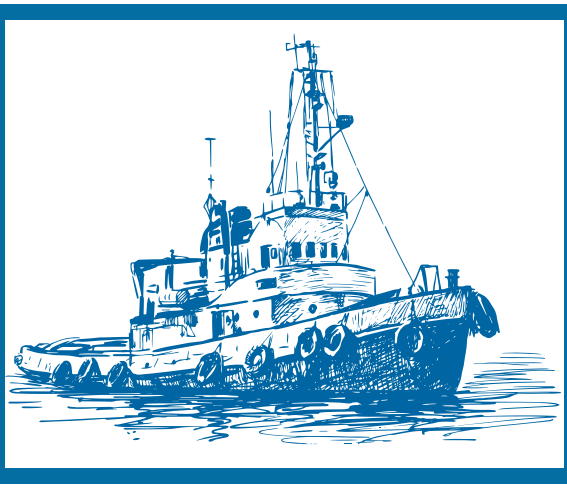

ANNUAL REPORT **2014**

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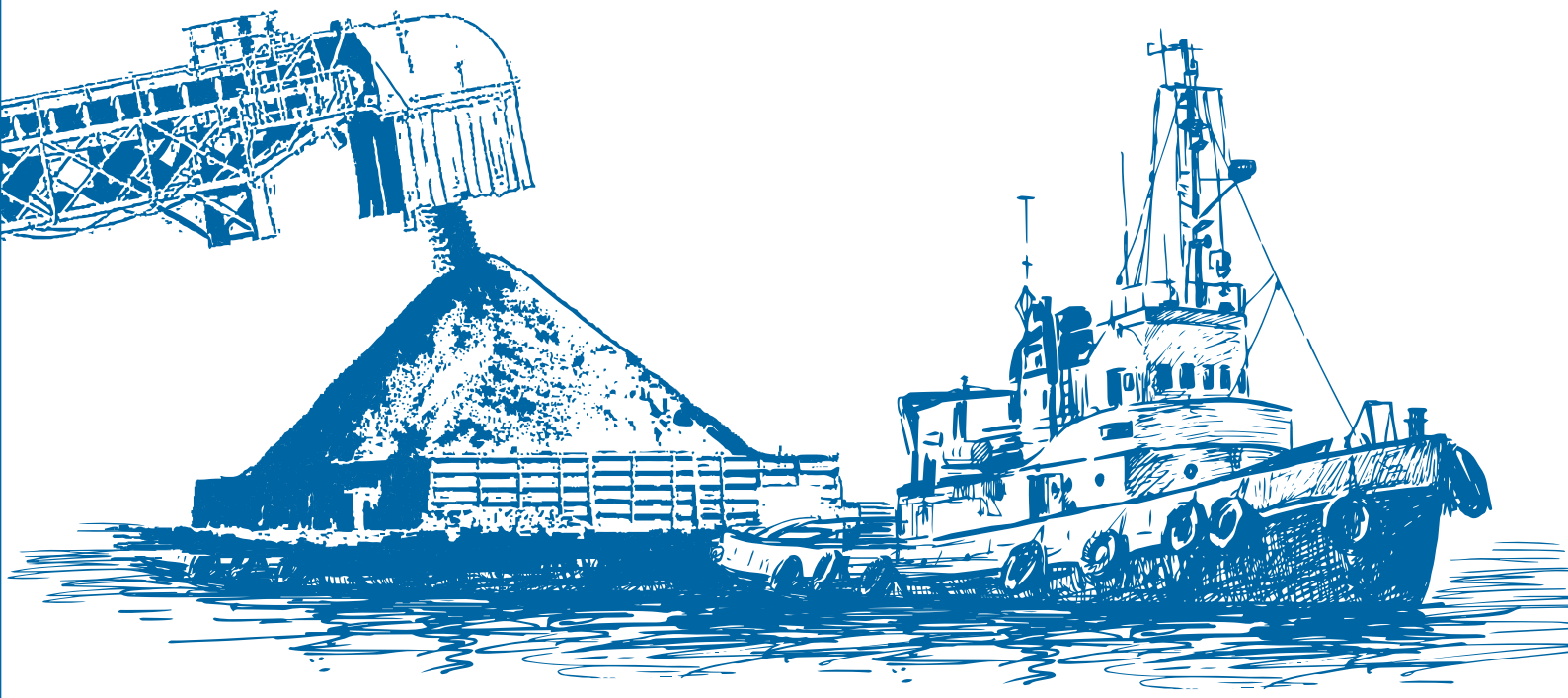
Corporate Profile



We are principally engaged in the provision of vessel chartering services to transport dry bulk cargo. As at end of FY2014, we own and operate a fleet of 65 vessels consisting of tugboats and barges, which mainly navigate waters around the Indonesian archipelago. We also own a panamax vessel, which is currently chartered to a third party customer on time charter basis. Besides owning vessels for marine transportation of dry bulk cargo, we also have a 15% stake in a Floating Storage and Offtake ("FSO") vessel, which is chartered to Petrochina International Jabung Ltd.

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

Our fleet of tugboats and barges is relatively young, with an average age of 8.9 years for tugboats and 7.0 years for barges, as compared to estimated useful lives of 16 years under normal wear and tear conditions. All of our tugboats are installed with Global Positioning System, which enables us to track and monitor the routes and locations of our vessels.

Chairman's Message

Dear Valued Shareholders,

On behalf of the Board of Directors of Seroja Investments Limited ("Seroja" or the "Group"), I am pleased to present to you the Annual Report of the Group for the financial year ended 31 December 2014 ("FY 2014").

▶ Overview of FY2014

Despite a lower revenue, the Group managed to turn around from a hefty loss to shareholders of US$10.4 million in FY2013 to a profit attributable to shareholders of US$1.4 million in FY2014. Our Group's revenue decreased by 6.1% from US$69.6 million in FY2013 to US$65.3 million in FY2014. This was mainly due to the disposal of a capesize vessel and a panamax vessel which resulted in significant lower time charter revenue. The capesize vessel was off-hired since late December 2013 and has not contributed to any revenue in FY2014 as compared to revenue of US$3.9 million generated in FY2013. For the panamax vessel, it was off-hired in late August 2014 in anticipation of delivery to her buyer in September 2014. However, due to some dispute with the buyer, the vessel was only successfully delivered in December 2014 after the dispute was put to rest.

Due to the weak economic conditions which resulted in low freight rates, the Group had to work harder and efforts were paid off from the larger volume shipments secured during the current financial year as compared to FY2013. Total tonnage delivered by its fleet of tugboats and barges in Indonesia continued to rise in FY2014 over FY2013 despite strong competition and weak demand in the last quarter of FY2014. The Group also controlled its costs well and improved on its productivity to generate better returns for the current financial year.

With the drybulk carrier market remaining in the doldrums, the Group took hard but firm decision to dispose of above-mentioned vessels due to low demand and excess capacity flooding the market. The Group is currently left with one panamax vessel from its joint ventures which were split upon the completion of the share transfers of two joint venture companies on 5 December 2014. With the split, the Group gained full control of one panamax vessel and renamed it to reflect the change in ownership and control. The Group currently chartered the panamax vessel on short period time charter to a third party charterer but will continue to explore means to maximize returns on the vessel as and when opportunities arise.

▶ Opportunities & threats

Demand for coal in Indonesia has been well supported by healthy domestic consumption. Despite the drop in oil price, coal is still the preferred source of energy due to its lower cost and availability in Indonesia. Marine transportation of coal will continue to spearhead the movement of coal from production plants to power plants to generate sufficient electricity required to produce goods and services for consumption by the large population in Indonesia. Indonesia continues to be one of the world's largest exporter of coal and such exports will be a boost to marine transportation. The favorable factors of local consumption and significant share of coal production allocated for exports will continue to drive the demand for our fleet of tugboats and barges in Indonesia.

Prices of most commodities dropped significantly in FY2014. In particular, oil prices continued to drop to a low in beginning of the new financial year before recovering slightly in recent months. Although lower oil prices will help in reducing part of operating costs, such cost savings will be offset by lower freight rates due to an adjustment factor in line with oil prices as stipulated in the charter contracts with our major customers.

Chairman's Message

Stay Focused

The New Year may be as challenging as last financial year but Seroja will remain focus and continue to keep a vigilant watch over whatever challenges lie ahead. The economic conditions remain weak in the beginning of the New Year and may continue to stagnate for some time before recovery kicks in.

Seroja has grown in size with its vessel fleet in Indonesia increasing significantly from 47 vessels prior to relisting in SGX to 65 vessels currently to cater to the strong demand for its services over the years. This is a result of leveraging on its strong relationship with major customers to provide increasing cargo volume to keep its vessel fleet fully deployed. Besides its existing major customers providing core support, Seroja will rely on its network to source for more customers as well as other cargo type. All such efforts will be made to ensure the vessel fleet be optimally utilized so as to contribute positively to the financials of the Group.

To stay ahead of competition, Seroja will continue to strive to outperform its competitors by providing better quality services, improving on productivity and controlling costs. With determination and drive to do things better, Seroja will remain focus on its strength and withstand any challenges to build its leadership position in Indonesia for marine transportation.

Note of Appreciation

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

Edwin Soeryadjaya
Chairman

Board of Directors

Mr Edwin Soeryadjaya
Chairman

Mr Edwin Soeryadjaya is the non-executive Chairman and also non-executive Director of the Group. He currently serves as President Commissioner of PT Saratoga Investama Sedaya Tbk, PT Tower Bersama Infrastructure Tbk, PT Mitra Pinasthika Mustika Tbk and PT Lintas Marga Sedaya and is a Commissioner of PT Provident Agro Tbk. Mr Edwin Soeryadjaya is also the non-executive Chairman and Director of Interra Resources Limited, listed on the SGX-ST.

In 1978, Mr Edwin Soeryadjaya joined PT Astra International Tbk and was responsible for its financial restructuring and public listing. He left the Astra Group as Vice President Director in 1993. In 1998, Mr Edwin Soeryadjaya and Mr Sandiaga Uno founded Saratoga Capital, an investment company focusing on natural resources, infrastructure and consumer products.

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

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

Mr Husni Heron
CEO

Mr Husni Heron is the CEO of the Group. He is responsible for overall management and operations, formulating the business model and driving growth strategies of our Group. Mr Heron is also President Director of our subsidiaries, PT PSJ and PT PSJP, from 2008 to 2014.

Mr Heron started his career in PT Astra International Tbk in 1988 in the finance and budget department. He remained there till 1992 and last held the position of coordinator of international finance division. He was involved in the initial public offering of PT Astra International Tbk on the Indonesia Stock Exchange in February 1990, the largest initial public offering in Indonesia at the time.

From 1993 to 1996, Mr Heron was the General Manager of Finance & Accounting of PT Surya Raya Idaman. From 1996 to 2001, Mr Heron was the Finance Director of PT Bhuwanatala Indah Permai Tbk and was involved in fund raising, project finance and merger and acquisition activities.

From 2001 to 2014, Mr Heron was the Managing Director of PT Saratoga Investama Sedaya overseeing the activities of the company's subsidiaries. He graduated from the Accounting Department of Gadjah Mada University in 1988 with a Bachelor's degree in Accountancy. He is a certified public accountant in Indonesia. He is also a member of the Indonesian Institute of Audit Committee.

Mr Masdjan
Executive Director

Mr Masdjan is the Chief Operating Officer of the Group. He was Director of PT PSJ and PT PSJP from 1999 to 2014. Mr Masdjan is the founder of the PSJ Group and is currently responsible for managing the Group's day-to-day activities.

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

Board of Directors

Mr Andreas Tjahjadi
Executive Director

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

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

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

Since 2006, Mr Tjahjadi is the President Commissioner of PT Mitra Investindo Tbk, a granite mining and trading company listed on the Indonesia Stock Exchange. Mr Tjahjadi graduated from Northrop University in the US with a Bachelor's degree in Engineering Technology in 1976. He subsequently obtained his Masters of Science (Marketing), Northrop University in 1978.

Mr Ng Soon Kai
Alternate Director

Mr Ng Soon Kai is an Alternate Director to Mr Edwin Soeryadjaya. Mr Ng is a professional lawyer and is currently the Managing Director of Ng Chong & Hue LLC. He has vast experience in litigation, mergers and acquisitions, corporate restructuring, reverse takeovers and schemes of arrangement. He obtained Second Class Upper Division Honours in Law from the National University of Singapore in 1989. He is also a Commissioner for Oaths and a Notary Public.

Mr Yap Kian Peng
Independent Director

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

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

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

Mr Ng Yuen
Independent Director

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

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

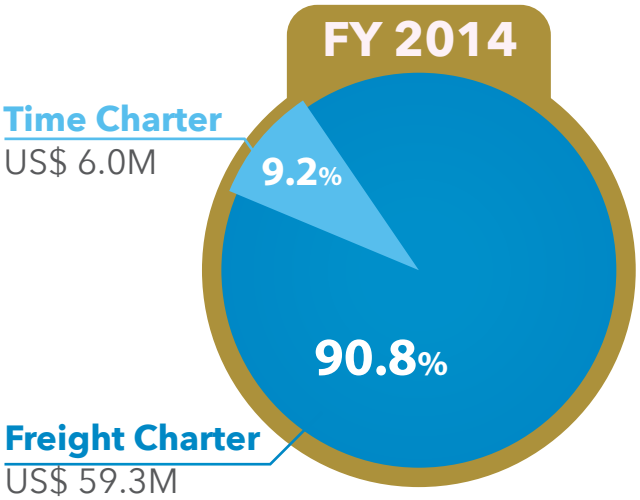
Operations and Financial Review

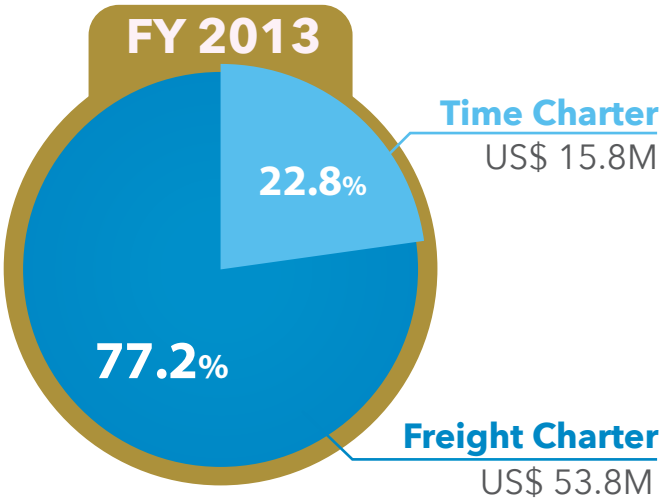
Operations and Financial Review

Due to disposal of one capesize vessel and one panamax vessel during the financial year, the Group recorded a lower revenue for FY2014 as compared to FY2013. However, the Group reversed from a loss attributable to shareholders of US$10.4 million in FY2013 to a profit attributable to shareholders of US$1.4 million in FY2014. Our operations and performance review for FY2014 are presented below in more details.

Revenue

The Group's revenue decreased by 6.1% from US$69.6 million in FY2013 to US$65.3 million in FY2014. The lower revenue was due to decrease in time charter revenue which is partly offset by increase in freight charter revenue. Freight charter revenue increased by US$5.5 million from US$53.8 million in FY2013 to US$59.3 million in FY2014 due mainly to higher tonnage delivered as well as higher average freight rate to a major customer. Time charter revenue decreased by US$9.8 million from US$15.8 million in FY2013 to US$6.0 million in FY2014. This was mainly due to disposal of a capesize vessel and a panamax vessel as well as less time charter contracts secured for tugboats and barges in Indonesia as customers prefer to charter on spot or per voyage basis due to the weak freight rates. The breakdown of freight charter and time charter revenue for FY2014 and FY2013 are presented in the diagrams as follow:





Profitability

Gross profit increased by 10.1% or US$1.2 million from US$12.1 million in FY2013 to US$13.3 million in FY2014 mainly due to lower operating expenses which is partly offset by lower revenue generated for the year under review. Gross profit margin increased from 17.4% in FY2013 to 20.4% in FY2014. This was mainly attributed to the higher average freight rate, lower depreciation charges, lower management and maintenance fees as a result of the disposal of the capesize and panamax vessels as abovementioned.

Other gains in FY2014 comprise exchange gain amounting to US$0.2 million as compared to other losses in FY2013 which pertain mainly to write-off of damaged tugboat of US$0.5 million which is partly offset by exchange gain of US$0.2 million.

Administrative expenses decreased by 64.9% or US$10.7 million from US$16.4 million in FY2013 to US$5.7 million in FY2014. This was due mainly to impairment loss on capesize and panamax vessels of US$11.4 million in FY2013 as compared to no such impairment loss in FY2014. Excluding the impairment loss in FY2013, administrative expenses will have increased from US$5 million in FY2013 to US$5.7 million in FY2014 due mainly to selling expenses incurred for the disposal of the capesize and panamax vessels as abovementioned. Finance expenses decreased by 26.3% or US$0.7 million from US$2.8 million in FY2013 to US$2.1 million in FY2014. The decrease was mainly due to lower bank borrowings due to repayments made during the current financial year, in particular, the full outstanding loan to finance the panamax vessels was fully repaid on 8 December 2014 from proceeds received for sale of one panamax vessel completed on 5 December 2014.

Operations and Financial Review

The share of results of associates decreased by 95.3% or US$0.6 million from US$0.6 million in FY2013 to US$29k in FY2014 mainly due to chartering expenses incurred to charter a new FSO vessel in place of existing FSO vessel which was undergoing repair and maintenance works in FY2014Q1 as well as higher spare part and supplies incurred to carry out such repair and maintenance works.

Arising from the above, the Group reversed form a net loss attributable to shareholders of US$10.4 million in FY2013 to a net profit attributable to shareholders of US$1.4 million for FY2014.

Other comprehensive income increased from US$21k in FY2013 to US$0.8 million in FY2014 mainly due to difference between non-controlling interests disposed and fair value of consideration received of US$0.7million arising from disposal of 50% equity state in subsidiary, Seroja Shipping Services Pte Ltd. Accordingly, the group reversed from a total comprehensive loss attributable to shareholders of US$10.4 million in FY2013 to a total comprehensive income attributable to shareholders of US$2.1 million for FY2014.

The Group's earnings per ordinary share was 0.35 US cents in FY2014 as compared to losses per ordinary share of 2.68 US cents in FY2013. Net asset value per ordinary share increased from 10.89 US cents in FY2013 to 11.43 US cents in FY2014.

Financial Position

Trade and other receivables decreased by US$12.6 million from US$20.1 million as at 31 December 2013 to US$7.5 million as at 31 December 2014. The decrease was mainly due to settlement of outstanding receivables due from entities related to Zhushui upon the transfer of shares in joint ventures as announced through SGXnet on 5 December 2014. The same applies to settlement of payables with entities related to Zhushui and this explained for decrease in trade and other payables from US$18.5 million as at 31 December 2013 to US$5.2 million as at 31 December 2014. Asset classified as held for sale of US$3.3 million as at 31 December 2013 pertained to reclassification of capesize vessel from non current asset to current asset due to decision to dispose the said vessel which was completed in March 2014. Inventories decreased by US$0.6 million mainly due to more vessels drydocked as at current year end as compared to 31 December 2013. The increase in other current assets of US$0.5 million was mainly due to increase in advance payments made for spare parts and supplies ordered for vessels' use and maintenance due to the long lead time required to take delivery of such items.

Property, plant and equipment decreased from US$116.6 million as at 31 December 2013 to US$112.2 million as at 31 December 2014. This was mainly due to depreciation charges during the year under review which was partly offset by purchase of one set of tugboat and barge and drydocking costs capitalized.

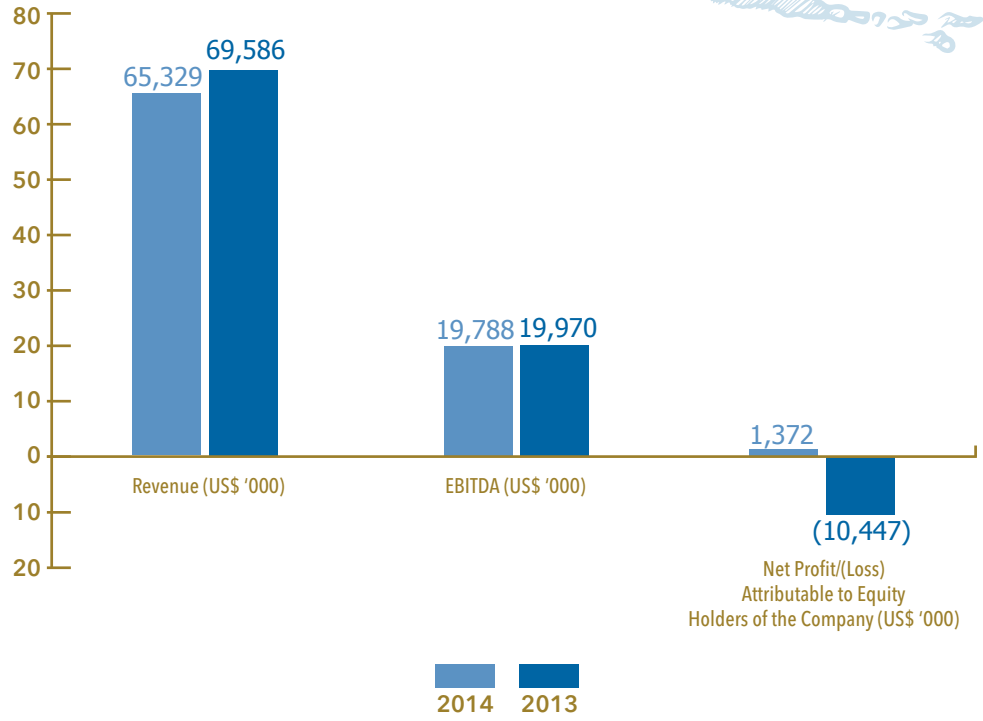
Total borrowings (current and non-current) decreased by US$17.2 million from US$64.0 million as at 31 December 2013 to US$46.8 million as at 31 December 2014. The decrease was due to repayments of finance lease obligations and bank loans during the year under review.

The Group is in negative working capital position as at 31 December 2014 as its current liabilities exceed current assets by US$14.7 million. This is mainly due to short term borrowings obtained to repay a bank loan in full. Despite the negative working capital position, the Group continues to generate positive cashflow from operations of US$18.7million for FY2014 (FY2013: US$18.0 million) and has generated sufficient cashflow each quarter to service the current portion of bank loans due on quarterly basis. The Group has also tightened its capital expenditures to contain significant cash outflows.

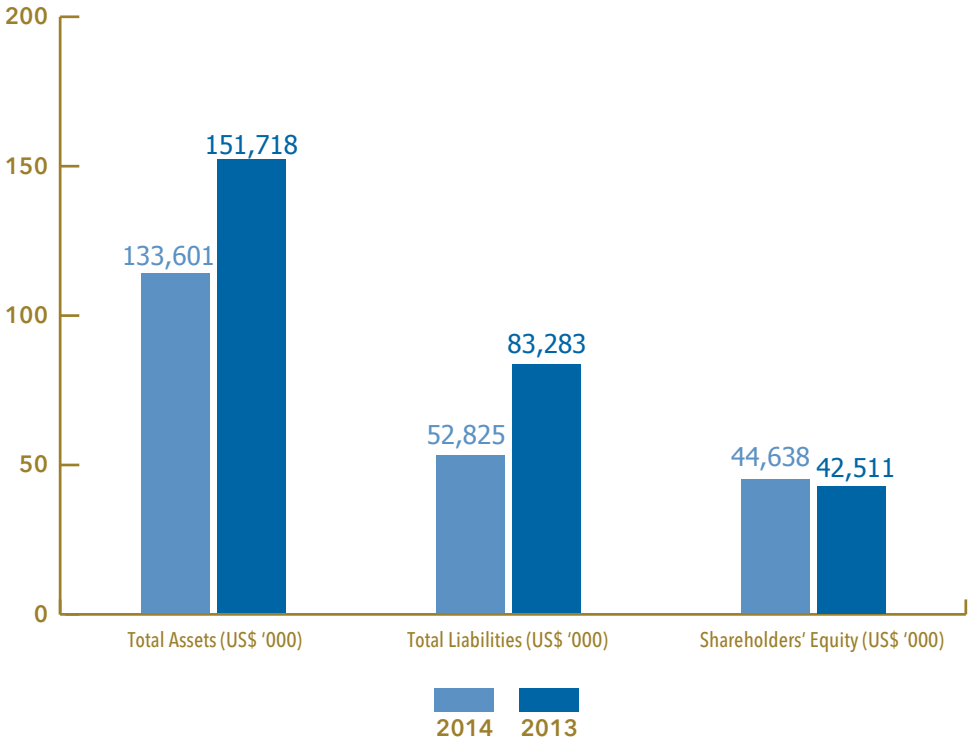
Net cash generated from operating activities and investing activities amounted to US$18.7 million and US$2.9 million respectively which was partly offset by net cash used in financing activities of US$19.4 million. Cash generated from investing activities was mainly due to non-controlling interests arising from reclassification of joint venture to subsidiary, proceeds from disposal of vessels as well as disposal of 50% equity stake in a subsidiary company, Seroja Shipping Services Pte Ltd which were partly offset by purchase of a set of tugboat and barge and drydocking expenditures incurred during the financial year. Cash used in financing activities was for repayments of bank loan, finance lease obligations and interest expenses which was partly offset by borrowings from a third party obtained to repay a bank loan. Arising from the above, the Group generated a net increase in cash and cash equivalents of US$2.2 million from US$4.3 million as at 31 December 2013 to US$6.5 million as at 31 December 2014.

Financial Highlights

Profit and Loss Statement Review

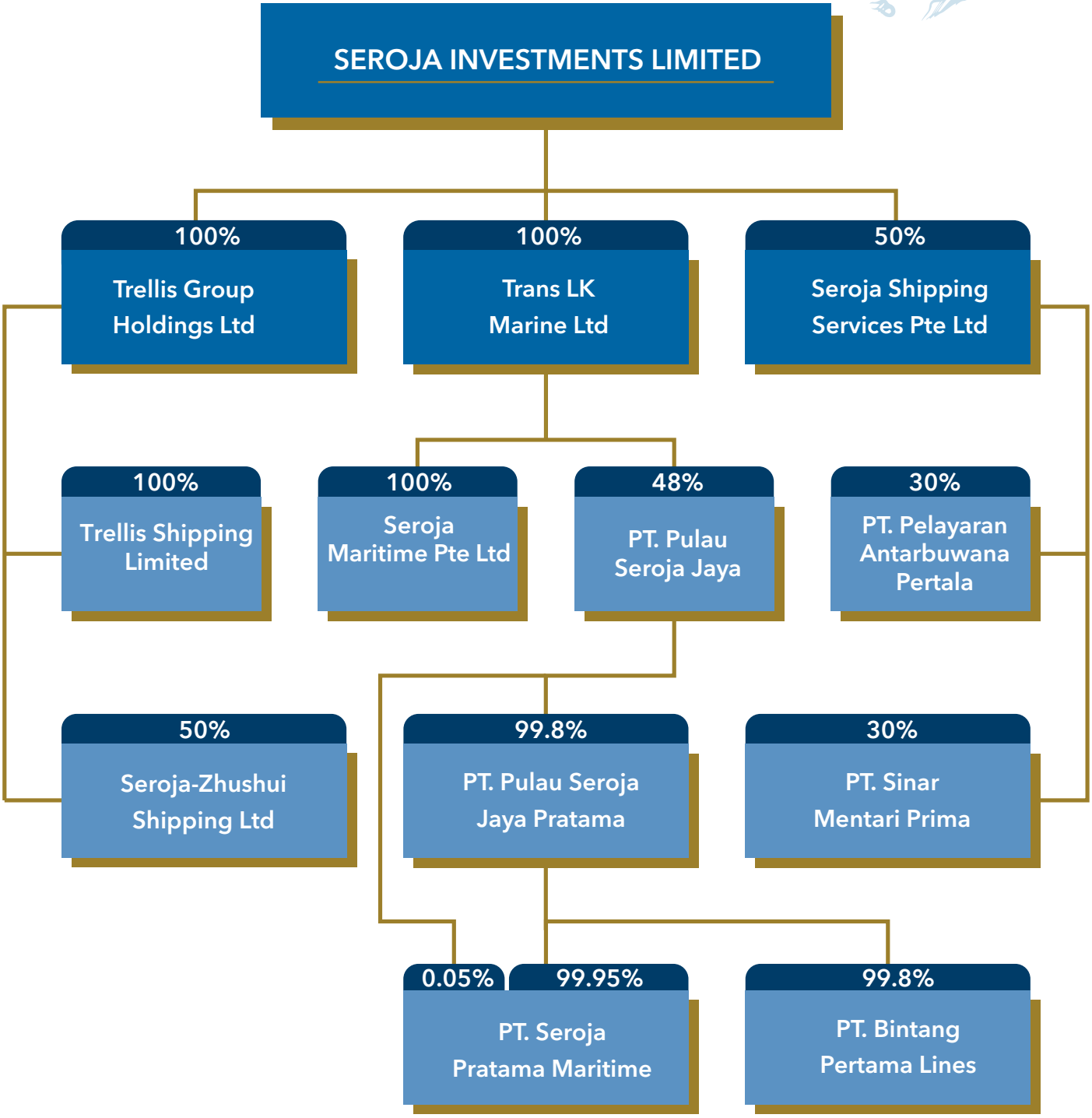


Balance Sheet Review



Per share data	FY2014	FY2013
Earnings/(Losses) - Basic (US cents)	0.4	(2.7)
Net tangible assets (US cents)	11.4	10.9

Group Structure



Corporate Information

Board of Directors
Edwin Soeryadjaya, Non-executive Chairman
Husni Heron, Chief Executive Officer
Masdjan, Chief Operating Officer
Andreas Tjahjadi, Non-executive Director
Ng Soon Kai, Alternate to Edwin Soeryadjaya
Yap Kian Peng, Independent Director
Ng Yuen, Independent Director

Audit Committee
Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

Nominating Committee
Ng Yuen, Chairman
Edwin Soeryadjaya
Yap Kian Peng

Remuneration Committee
Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

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

Independent Auditor
Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
100 Beach Road
Shaw Tower #30-00
Singapore 189702
Partner-in-charge
Chin Chee Choon
(appointed from financial year ended 31 December 2014)

Principal Place of Business
15 Scotts Road,
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Singapore 228218.
Tel: (65) 6438 4221
Fax: (65) 6438 8782

Registered Office
96 Robinson Road,
#15-01/02, SIF Building
Singapore 068899.
Tel: (65) 6538 3177
Fax: (65) 6532 5554
Company Registration Number
198300847M

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

Principal Bankers
UOB Limited, Singapore
PT. Bank UOB Buana
OCBC Limited, Singapore

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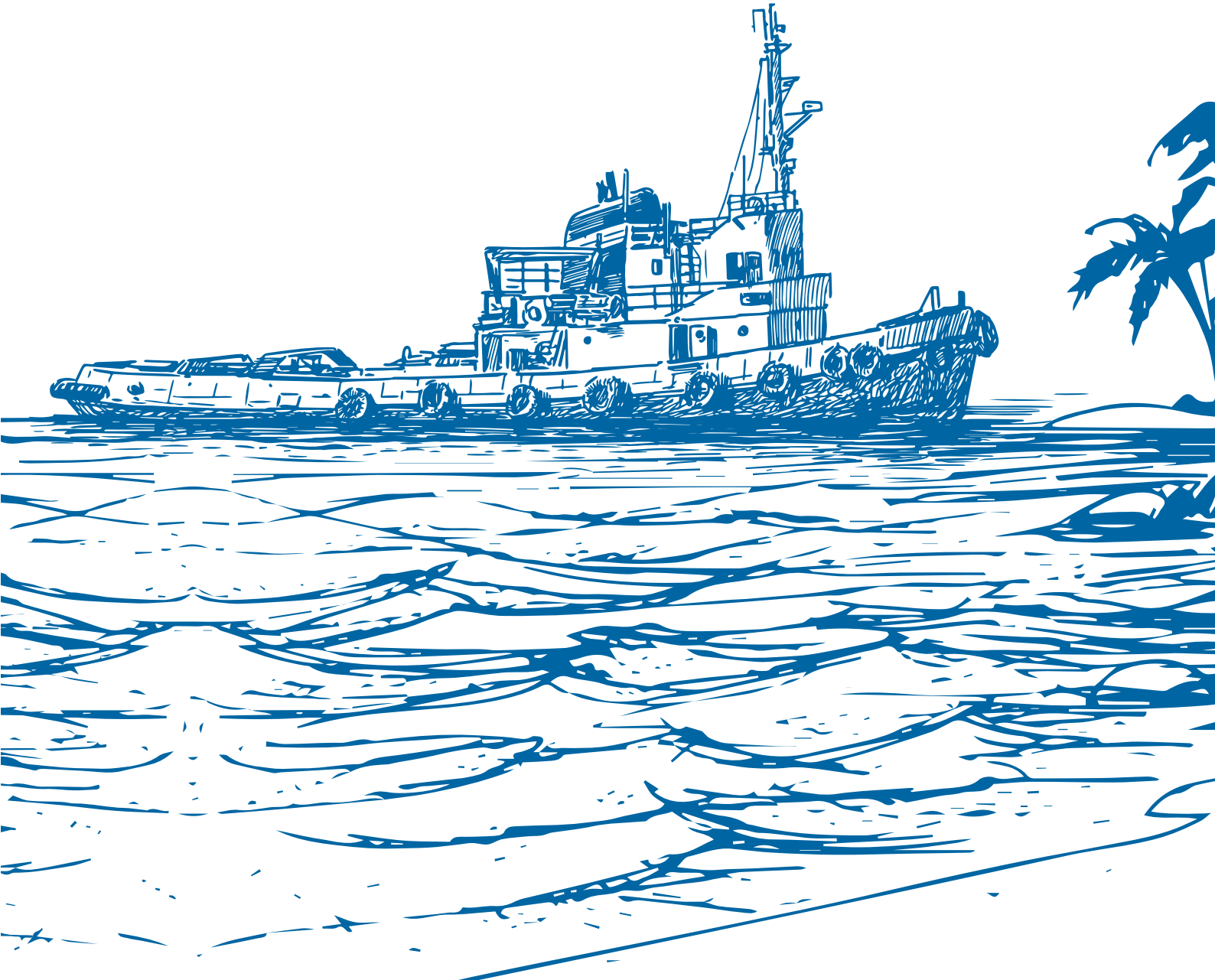

Financial Contents

Corporate Governance Report

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

BOARD MATTERS

BOARD'S CONDUCT OF AFFAIRS

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

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

(i) to review the performance and prospects of the Group;

(ii) to review management performance;

(iii) to approve the Group's strategic aims, key operational initiatives, major investment and funding decisions; and

(iv) to identify principal risks of the Group's business and ensure adequate risk management processes and systems are in place.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee which are all chaired by Independent Directors. These Committees function within clearly defined terms of references and operating procedures. The effectiveness of each Committee is reviewed by the Board on a regular basis.

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

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

The attendance of the Directors at Board Meetings and Committee Meetings during the financial year ended 31 December 2014 is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	4	1	1
Mr Edwin Soeryadjaya	-	-	-	-
Mr Ng Soon Kai (Alternate Director of Mr. Edwin Soeryadjaya)	4	4	1	1
Mr Husni Heron	4	4*	-	-
Mr Masdjan	3	3*	-	-
Mr Andreas Tjajahdi	4	3*	-	-
Mr Ng Yuen	4	4	1	1
Mr Yap Kian Peng	4	4	1	1

* By invitation

There was no new appointment of directors in FY2014. For new director, a formal letter of appointment setting out the terms and conditions of appointment will be given to him or her. The Company is responsible to conduct briefing for new directors to enable them to be familiar with the structure and operations of the Group. Existing Directors and key executive officers will be available to answer any queries the new Directors may have of the Company.

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

BOARD COMPOSITION AND GUIDANCE

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

The Board comprises three Executive Directors, two Non-Executive Directors (including one who is an Alternate Director of Mr Edwin Soeryadjaya) and two Independent Directors. The current Board Members comprise directors who as a group provide core competencies such as accounting, finance, business, legal, management experience, industry knowledge and strategic planning experience and hence would be able to provide a balanced view within the Board. Key information regarding the Directors is given in the section titled "Board of Directors" in this Annual Report.

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

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

The Board is satisfied that its current size is adequate and appropriate and that the present composition of the Board allows it to effectively exercise objective judgement independently of the management. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience and possesses the necessary competencies for effective decision making.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

Mr Edwin Soeryadjaya, the Chairman, bears responsibilities for the strategic planning and development of the Group's business and spearheading the expansion and growth of the Group. He is also responsible for ensuring the integrity and effectiveness of the governance process of the Board.

As the CEO, Mr Husni Heron's responsibilities include overseeing the overall management and operations as well as formulating the business model and growth strategies of the Group. He is responsible for the day-to-day management of the Group's corporate affairs and ensuring that strategies and policies adopted by the Board are implemented.

The Board noted the guideline under the Code that independent directors should make up at least half of the Board where the Chairman is not an independent director. The Board is of the view that based on current size and operations of the Group as well as the relevant experience and expertise of existing directors in the Board, it is not necessary to have at least half of the Board made up of independent directors.

BOARD MEMBERSHIP

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

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

The NC's responsibilities include the following:

(i) reviewing and making recommendations to the Board on all board appointments, re-nomination, re-election and removal of all directors of the Company and directors of subsidiary, PT Pulau Seroja Jaya ("PT PSJ"), who are appointed as representatives of the Company, having regard to the relevant director's contribution and performance;

(ii) reviewing and approving, together with the Board, the exercising of vote by subsidiary, Trans LK Marine Limited, at any shareholders' meeting in respect of the appointment of directors of PT PSJ;

(iii) ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

(iv) determining on an annual basis whether or not a director is independent;

(v) assessing the performance of the Board and contribution of each director to the effectiveness of the Board; and,

(vi) reviewing and approving any new employment of related persons and the proposed terms of their employment.

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

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

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

BOARD PERFORMANCE

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

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

The Board is of the opinion that the financial indicators set out in the Code as guidelines for the evaluation of Directors are more of a measure of management's performance and hence are less applicable to Directors. The financial indicators may not necessarily fully measure the long term success and value creation to shareholders of the Company.

The Nominating Committee is tasked with the assessment of the Board's performance. The assessment process will adopt both quantitative and qualitative criteria. The NC has implemented a Board assessment checklist and Director assessment checklist to assess and increase the overall effectiveness of the Board.

Factors taken into consideration for the assessment of each Director include attendance at meetings, adequacy of preparation, participation, industry knowledge and functional expertise. Factors for assessment of the Board as a whole include the board structure, conduct of meetings, corporate strategy, risk management and internal controls, business and financial performance, compensation, financial reporting and communication with the shareholders.

ACCESS TO INFORMATION

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

Directors are from time to time furnished with information concerning the Group to enable them to be fully cognizant of the decisions and actions of the management. The Board has unrestricted access to the Company's records and information.

In order to ensure that the Board is able to fulfill its responsibilities, the management will provide adequate and timely information to the Board on the affairs of the Company and the Group in the form of on-going reports relating to the operational and financial performance of the Group.

The Board has separate and independent access to the Company Secretary and to other key executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary or his representative attends all Board meetings and meetings of the Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

The main duties of the RC include the following:

(i) recommending a framework and reviewing the procedure for fixing the remuneration packages of Executive Directors and key executives of the Group;

(ii) reviewing from time to time the appropriateness of remuneration awarded to Directors including, but not limited to, Director's fees, salaries, allowances, bonuses, share options and benefits in kind;

(iii) reviewing on an annual basis the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees; and

(iv) recommending a formal and transparent process for determining Directors' fees for the Non-Executive Directors of the Company.

Each RC member will abstain from voting on any resolution in respect of his own remuneration. The RC is provided with access to expert professional advice on remuneration matters, if required, and the expenses of such services will be borne by the Company.

LEVEL AND MIX OF REMUNERATION

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

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The Directors receive Directors' fees, in accordance with their contribution, taking into consideration factors such as effort and time spent and responsibilities of the Directors. The Directors' fees are recommended by the entire Board for shareholders' approval at each AGM. No Director is involved in deciding his own remuneration.

The Executive Directors have service agreements which cover the terms of employment, salaries and other benefits. No incentive scheme has been implemented by the Company for its Directors and key management personnel as at date of this report.

DISCLOSURE ON REMUNERATION

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

For competitive reasons, the Company will only disclose the remuneration of Directors and Key Executives in bands of S$250,000. The details of the remuneration of Directors and top 2 key executives of the Group for services rendered during the financial year ended 31 December 2014 are as follows:

	Salary %	Bonus %	Fees %	Allowances and Other Benefits %	Total Compensation %
Directors					
Below S$250,000					
Mr Husni Heron	79.3	-	20.7	-	100
Mr Masdjan	47.7	-	52.3	-	100
Mr Edwin Soeryadjaya	3.3	-	96.7	-	100
Mr Andreas Tjahjadi	84.4	-	15.6	-	100
Mr Ng Yuen	-	-	100	-	100
Mr Yap Kian Peng	-	-	100	-	100
Key Executives					
Below S$250,000					
Boby Susanto(1)	100.0	-	-	-	100
Lim Poh Chen	92.9	7.1	-	-	100

(1) Mr Boby Susanto is the son of Mr Masdjan, the Chief Operating Officer and Executive Director of the Company.

Save as disclosed above, there are no employees who are immediate family members of a Director or the CEO whose remuneration exceeded S$50,000 during the financial year ended 31 December 2014.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Board is accountable to the shareholders and is mindful of its obligations to comply with statutory requirements and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Board currently provides shareholders with the Company's performance, position and prospects on a quarterly basis via announcements to the SGX-ST within the prescribed periods.

The management provides financial reports to the Board on a regular basis. The Directors have separate and independent access to all levels of key personnel in the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management system, is conducted annually. In this respect, the AC reviews the audit plans and the findings of the external and internal auditors and ensures that the management follows up on the auditors' recommendations raised, if any, during the audit process.

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

The Board recognizes its responsibilities for the overall internal control framework but notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. Based on the reports of the external and internal auditors and the various management controls put in place, the Board, with the concurrence of the AC, is satisfied on the adequacy of the internal controls addressing financial, operational and compliance risks.

The Board has also received assurance from the CEO and the Financial Controller at the Board meeting held on 26 February 2015 that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) that the Company's risk management and internal control systems in place are effective.

AUDIT COMMITTEE ("AC")

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

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

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

(i) review with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;

(ii) review the quarterly, half-yearly and annual financial statements before submission to the Board for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(iii) review the internal control and procedures and co-ordination between the external auditors and the management, review the assistance given by the management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(iv) ensure that annual internal controls audit are commissioned until such time it is satisfied that the Group's internal controls are robust and effective enough;

(v) review and approve all formal hedging and trading policies, and ensure that adequate procedures are in place, prior to implementation by the Group;

(vi) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(vii) consider the appointment or re-appointment of the external auditors, the audit fee, and matters relating to the resignation or dismissal of the auditors;

(viii) review and approve all interested person transactions of the Group prior to entry;

(ix) review any potential conflicts of interest;

(x) review all minutes of meetings conducted by the board of directors of PT PSJ, at least on a quarterly basis, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(xi) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(xii) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

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

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

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

During the financial year, the AC met with the management and the external auditors on four (4) occasions. These meetings included, amongst other things, a review of the Group's financial statements, the internal control procedures, prospects of the Group, independence of the external auditors, changes in accounting standards and issues which have a direct impact on financial statements, The AC members will also meet up with external and internal auditors without the presence of management during one of the AC meetings. The AC reviews the independence of the external auditors and the nature and extent of non-audit services provided by the external auditors to the Group and is satisfied that such services will not prejudice the independence and objectivity of the external auditors. During the year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to US$81,000 and nil respectively. The AC has recommended to the Board that Nexia TS Public Accounting Corporation, Singapore be nominated for re-appointment as auditors at the forthcoming AGM.

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

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

INTERNAL AUDIT

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

The Group has outsourced its internal audit function to a related party, PT Saratoga Investama Sedaya ("PT Saratoga"). The internal audit department from PT Saratoga includes members who have diverse experience in various industries and will be able to add value and assist the Group to maintain a sound system of internal controls to safeguard shareholders' interest..The AC is satisfied that the independence of the internal auditors is not compromised by any other material relationship with the Group. The internal auditors report primarily to the AC Chairman and has full access to the documents, records, properties and personnel of the Group.

The findings and recommendations of the internal auditors are discussed at the AC meeting and management is required to follow up on such recommendations to strengthen the internal control system of the Group. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (IIA).

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS

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

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

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

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

The Company will maintain open communications with investors and shareholders and will strive to attend to their queries directly, whether verbal or written. The Company welcomes active participation from shareholders at its AGMs.

At the AGMs, the Chairpersons of the AC, NC, RC are usually present and available to address any queries by shareholders. The External Auditors are also present to assist the Directors in addressing any relevant queries from shareholders.

Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to be kept updated on the Group's strategies and goals. The Company will make announcement via SGXNET and advertise in local newspapers the notice of the AGMs.

The Company's Articles of Association allows a member entitled to attend and vote to appoint a proxy to attend and vote instead of the member and a proxy need not be a member of the Company.

DEALINGS IN SECURITIES

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

INTERESTED PERSON TRANSACTIONS

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

The details of interested person transactions for the financial year ended 31 December 2014 are set out below:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate (excluding transactions less than $100,000) pursuant to Rule 920
	US$ '000	US$ '000
Freight charter revenue from PT Adaro Indonesia	NIL	37,035
Purchase of 50% equity stake in Seroja Shipping Services Pte Ltd by Extend Links Limited (1)	NIL	2,000

(1) Ms Fatmawati Sim, who is the daughter of Mr Masdjan, the Chief Operating Officer and Executive Director of the Company, is the beneficial owner of all the shares in Extend Links Limited.

RISK MANAGEMENT POLICIES AND PROCESSES

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Group also considers the various financial risks and management policies, details of which are found on pages 63 to 68 of the Annual Report.

Directors' Report

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

Directors

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

Edwin Soeryadjaya
Husni Heron
Masdjan
Andreas Tjahjadi
Yap Kian Peng
Ng Yuen
Ng Soon Kai (Alternate Director for Edwin Soeryadjaya)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2014	As at 31.12.2014	As at 1.1.2014	As at 31.12.2014
The Company				
(No. of ordinary shares)				
Edwin Soeryadjaya	23,520,349	24,270,349	91,562,988	90,812,988
Husni Heron	-	-	3,380,357	3,380,357
Masdjan	-	-	36,325,195	36,325,195
Andreas Tjahjadi	-	-	17,491,703	17,491,703
Ng Soon Kai	-	-	4,225,446	4,225,446
Subsidiary				
– Seroja Shipping Services Pte Ltd				
(No. of ordinary shares)				
Masdjan	-	-	-	1,302,880

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

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

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements.

Share options

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

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

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

Audit Committee

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

Yap Kian Peng (Chairman)

Edwin Soeryadjaya

Ng Yuen

All members of the AC were non-executive directors, two of whom, including the chairman, were independent directors.

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

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

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

Audit Committee (continued)

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

Independent Auditor

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

On behalf of the directors

Husni Heron
Director

Masdjan
Director

27 March 2015

Statement by Directors

For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 27 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Husni Heron
Director

Masdjan
Director

27 March 2015

Independent Auditor's Report

To the Members of Seroja Investments Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Seroja Investments Limited (the "Company") and its subsidiaries (the "Group") set out on pages 27 to 70, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Chin Chee Choon
Appointed from financial year ended 31 December 2014

Singapore
27 March 2015

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	Note	2014 US$'000	2013 US$'000
Revenue	4	**65,329**	69,586
Cost of services		**(52,011)**	(57,488)
Gross profit		**13,318**	12,098
Other gains/(losses) - net	5	**213**	(336)
Expenses			
- Administrative		**(5,748)**	(16,399)
- Finance	8	**(2,053)**	(2,750)
Share of results of associated companies	18	**29**	621
Profit/(loss) before income tax		**5,759**	(6,766)
Income tax expense	9	**(690)**	(656)
Net profit/(loss)		**5,069**	(7,422)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Difference between non-controlling interests disposed and fair value of consideration received	16	**697**	-
		697	-
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-employment benefits plan	24	**120**	21
Other comprehensive income		**817**	21
Total comprehensive income/(loss)		**5,886**	(7,401)
Net profit/(loss) attributable to:			
Equity holders of the Company		**1,372**	(10,447)
Non-controlling interests		**3,697**	3,025
		5,069	(7,422)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**2,127**	(10,437)
Non-controlling interests		**3,759**	3,036
		5,886	(7,401)
Earnings/(losses) (US cents per share)			
Basic and diluted	10	**0.35**	(2.68)

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

Balance Sheets

As at 31 December 2014

	Note	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
ASSETS					
Current assets					
Cash and bank balances	11	**6,511**	4,292	**463**	346
Trade and other receivables	12	**7,531**	20,124	**28,844**	28,850
Inventories	14	**1,558**	2,193	**-**	-
Other current assets	15	**1,121**	585	**57**	56
		16,721	27,194	**29,364**	29,252
Non-current asset classified as held-for-sale	13	**-**	3,277	**-**	-
		16,721	30,471	**29,364**	29,252
Non-current assets					
Investments in subsidiaries	16	**-**	-	**23,440**	22,138
Investments in associated companies	18	**4,636**	4,607	**-**	-
Property, plant and equipment	19	**112,244**	116,640	**106**	165
		116,880	121,247	**23,546**	22,303
Total assets		**133,601**	151,718	**52,910**	51,555
LIABILITIES					
Current liabilities					
Trade and other payables	20	**5,228**	18,471	**321**	339
Borrowings	21	**23,518**	27,155	**1,600**	-
Finance lease liabilities	22	**2,647**	2,741	**-**	-
		31,393	48,367	**1,921**	339
Non-current liabilities					
Borrowings	21	**18,171**	29,000	**-**	-
Finance lease liabilities	22	**2,496**	5,143	**-**	-
Deferred income tax liabilities	23	**309**	355	**-**	-
Provision for post-employment benefits	24	**456**	418	**-**	-
		21,432	34,916	**-**	-
Total liabilities		**52,825**	83,283	**1,921**	339
NET ASSETS		**80,776**	68,435	**50,989**	51,216
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	**31,801**	31,801	**56,951**	56,951
Currency translation reserves		**3**	3	**-**	-
Other reserves	16	**697**	-	**-**	-
Retained earnings/(accumulated losses)	26	**12,137**	10,707	**(5,962)**	(5,735)
		44,638	42,511	**50,989**	51,216
Non-controlling interests		**36,138**	25,924	**-**	-
Total equity		**80,776**	68,435	**50,989**	51,216

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

Consolidated Statement of Changes in Equity

As at 31 December 2014

	Attributable to equity holders of the Company						
	Share capital	Currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014							
As at 1 January 2014	31,801	3	-	10,707	42,511	25,924	68,435
Net profit for the year	-	-	-	1,372	1,372	3,697	5,069
Other comprehensive income for the year	-	-	697	58	755	62	817
Total comprehensive income for the year	-	-	697	1,430	2,127	3,759	5,886
Non-controlling interests from 50% disposal of wholly owned subsidiary (Note 16)	-	-	-	-	-	1,303	1,303
Non-controlling interests from reclassification of joint venture to subsidiary (Note 16 & 17)	-	-	-	-	-	5,152	5,152
As at 31 December 2014	**31,801**	**3**	**697**	**12,137**	**44,638**	**36,138**	**80,776**
2013							
As at 1 January 2013	31,801	3	-	21,144	52,948	22,888	75,836
Net (loss)/profit for the year	-	-	-	(10,447)	(10,447)	3,025	(7,422)
Other comprehensive income for the year	-	-	-	10	10	11	21
Total comprehensive income/(loss) for the year	-	-	-	(10,437)	(10,437)	3,036	(7,401)
As at 31 December 2013	**31,801**	**3**	**-**	**10,707**	**42,511**	**25,924**	**68,435**

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

Consolidated Statement of Cash Flows

As at 31 December 2014

	Note	Group 2014 US$'000	2013 US$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**5,759**	(6,766)
Adjustments for:			
- Depreciation of property, plant and equipment	6	**11,976**	12,545
- Impairment loss on property, plant and equipment	6	**-**	11,441
- Interest expense	8	**2,053**	2,750
- Interest income	5	**(24)**	(14)
- Share of profit of associated companies	18	**(29)**	(621)
- Property, plant and equipment written off	5	**-**	521
- Gain on disposal of property, plant and equipment	5	**(13)**	(15)
		19,722	19,841
Changes in working capital:			
- Trade and other receivables		**12,593**	(4,358)
- Inventories		**635**	(1,015)
- Other current assets		**(536)**	215
- Trade and other payables		**(13,130)**	3,825
- Provision for post-employment benefits		**158**	220
Cash generated from operations		**19,442**	18,728
Income tax paid		**(735)**	(701)
Interest received		**24**	14
Net cash provided by operating activities		**18,731**	18,041
Cash flows from investing activities			
Disposal of subsidiary	16	**2,000**	-
Investments in associated companies	18	**-**	(360)
Non-controlling interests from reclassification of joint ventures to subsidiaries, including cash and bank balances		**5,152**	-
Purchase of property, plant and equipment	19	**(7,582)**	(2,885)
Proceeds from disposal of property, plant and equipment		**3,291**	15
Net cash provided by/(used in) investing activities		**2,861**	(3,230)
Cash flows from financing activities			
Proceeds from borrowings		**7,975**	-
Repayment of borrowings		**(22,440)**	(15,271)
Repayment of finance lease		**(3,010)**	(3,010)
Interest paid		**(1,898)**	(2,689)
Net cash used in financing activities		**(19,373)**	(20,970)
Net increase/(decrease) in cash and cash equivalents		**2,219**	(6,159)
Cash and cash equivalents			
Beginning of financial year		**4,292**	10,451
End of financial year	11	**6,511**	4,292

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with resolution of the directors on 27 March 2015.

1 General information

The Company is a public limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of SGX-ST. The address of the Company's registered office is 96 Robinson Road, #15-01/02, SIF Building, Singapore 068899 and its principal place of business is 15 Scotts Road, #08-05, Thong Teck Building, Singapore 228218.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

2 Significant accounting policies

2.1 *Basis of preparation*

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

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

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

<u>FRS 112 Disclosures of Interests in Other Entities</u>

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

2 **Significant accounting policies** (continued)

2.2 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisition

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

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

Acquisition-related costs are expensed as incurred.

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary is recorded as goodwill. If the cost of an acquisition is less than the fair value of the Group's share of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

2 **Significant accounting policies** (continued)

2.2 ***Group accounting*** *(continued)*

(a) Subsidiaries (continued)

(iii) Disposals

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

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

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(iv) Reverse acquisition

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

Because the consolidated financial statements represent the continuation of the financial statement of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

- the assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.
- the assets and liabilities of the legal parent (the accounting acquiree) are recognised at fair value and measured in accordance with FRS 103.
- the retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.
- the amount recognised as issued equity interests in the consolidated financial statements is determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to cost of reverse acquisition determined in accordance with FRS 103. However, the equity structure reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent issued to effect the combination.

(b) Transactions with non-controlling interests

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

2 **Significant accounting policies** (continued)

2.2 ***Group accounting*** *(continued)*

(c) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operations in its separate financial statements.

(d) Associated companies

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

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

(i) Acquisitions

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

2 **Significant accounting policies** (continued)

2.2 Group accounting *(continued)*

(d) *Associated companies (continued)*

(ii) Equity method of accounting

In applying the equity method accounting, the Group's share of its associated companies post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, if any, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

Please refer to Note 2.5 "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.3 Revenue recognition

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

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Rendering of services

Revenue from charter hire of barges and tugboats is recognised when the services are rendered.

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

2 **Significant accounting policies** (continued)

2.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Vessel	
- Tugboats and barges	16 years
- Capesize vessel	10 years
- Panamax vessel	30 years
Drydocking	2 ½ years
Buildings	20 years
Machinery and equipment	4 years
Motor vehicles	4 - 5 years
Office equipment	3 - 4 years
Furniture and fittings	3 - 10 years

No depreciation is provided on land and construction-in-progress.

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

(c) Subsequent expenditure

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

(d) Disposal

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

2 **Significant accounting policies** (continued)

2.5 Investments in subsidiaries, associated companies and joint ventures

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

2.6 Impairment of non-financial assets

Property, plant and equipment

Investment in subsidiaries, associated companies and joint ventures

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

2.7 Borrowing costs

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

2.8 Financial assets

(a) Classification

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

Loans and receivables

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

2 **Significant accounting policies** (continued)

2.8 ***Financial assets*** *(continued)*

(b) Recognition and derecognition

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

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

(c) Measurement

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

(d) Impairment

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

Loans and receivables

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

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

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

2.9 ***Offsetting financial instruments***

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

2 **Significant accounting policies** (continued)

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Borrowings

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

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

2.12 Trade and other payables

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

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

2.13 Fair value estimation of financial assets and liabilities

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

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

2.14 Leases

(a) When the Group is the lessee:

The Group leases vessels under finance leases and office premises under operating leases.

(i) Lessee - Finance leases

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

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

2 **Significant accounting policies** (continued)

2.14 Leases *(continued)*

(a) When the Group is the lessee: (continued)

(i) Lessee - Finance leases (continued)

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

(ii) Lessee - Operating leases

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

(b) When the Group is the lessor:

The Group leases vessels under operating leases.

(i) Lessor - Operating leases

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

2.15 Income taxes

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

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

A deferred income tax asset is recognised for all temporary differences, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

2 **Significant accounting policies** (continued)

2.16 Provisions for other liabilities and charges

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

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

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

2.17 Employee compensation

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

(a) Defined benefit plans

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise. Past service costs are recognised immediately in profit or loss.

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

(b) Defined contribution plans

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

(c) Short-term compensated absences

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

2 **Significant accounting policies** (continued)

2.18 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses) – net".

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

(c) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

2.19 Segment reporting

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

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts, if any.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of businesses, are taken to equity as a deduction, net of tax, from the proceeds.

2 Significant accounting policies (continued)

2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.23 Non-current assets classified as held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3 Critical accounting estimates, assumptions and judgements

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

(a) Useful lives and residual value of vessels

The cost of the vessels is depreciated using the straight-line basis to write-off the cost of the assets less estimated residual value over their estimated useful lives. Management estimates the useful lives of these vessels to be 10-30 years with estimated residual value of 0 to 10%. These are common life expectancies and residual values applied in the shipping industry. Changes in the expected level of usage and technological developments could impact on the economic useful life of these vessels. Therefore future depreciation charges could be revised. Depreciation of vessels of the financial year ended 31 December 2014 amounted to US$9,184,000 (2013: US$10,199,000).

If the estimated useful lives of the vessels were to increase or decrease by 10%, the depreciation expenses on the vessels for the financial year ended 31 December 2014 would be lower by about US$849,503 (2013: US$861,000) or higher by about US$958,063 (2013: US$1,164,000) respectively.

If the estimated residual value of the vessels were to increase or decrease by 10%, the depreciation expenses on the vessels for the financial year ended 31 December 2014 would be lower by about US$9,000 (2013: US$19,000) or higher by about US$9,000 (2013: US$19,000) respectively.

4 Revenue

	Group	
	2014	2013
	US$'000	US$'000
Freight charter	**59,308**	53,753
Time charter	**6,021**	15,833
	65,329	69,586

5 Other gains/(losses) - net

	Group	
	2014	2013
	US$'000	US$'000
Interest income	**24**	**14**
Foreign exchange gain	**176**	**156**
Property, plant and equipment written off (Note 19)	**-**	**(521)**
Gain on disposal of property, plant and equipment	**13**	**15**
	213	**(336)**

6 Expenses by nature

	Group	
	2014	2013
	US$'000	US$'000
Audit fees paid/payables to:		
- auditors of the Company	**81**	80
- other auditor	**16**	14
Depreciation of property, plant and equipment (Note 19)	**11,976**	12,545
Directors' fees	**220**	220
Entertainment	**607**	921
Employee compensation (Note 7)	**3,441**	4,166
Impairment loss on property, plant and equipment (Note 13 and 19)	**-**	11,441
Insurance	**1,390**	1,184
Port and agency fees	**1,754**	2,010
Professional fees	**475**	571
Purchases of fuel	**17,728**	18,971
Vessel charter	**3,102**	3,328
Vessel/crew costs	**2,711**	2,452
Vessel disposal costs	**1,621**	-
Vessel maintenance	**5,292**	11,058
Vessel supplies	**3,375**	3,640
Changes in inventories	**635**	(1,015)
Others	**3,335**	2,301
	57,759	73,887

7 Employee compensation

	Group	
	2014	2013
	US$'000	US$'000
Salaries and wages	**3,299**	3,918
Pension benefits (Note 24)	**128**	235
Employer's contributions to Central Provident Fund (CPF)	**14**	13
	3,441	4,166

8 Finance expense

	Group	
	2014	2013
	US$'000	US$'000
Interest expense		
- term bank loans	**1,784**	2,579
- finance lease	**269**	171
	2,053	2,750

9 Income taxes

(a) Income tax expense

	Group	
	2014	2013
	US$'000	US$'000
Tax expense attributable to profit is made up of:		
Current income tax – Indonesia	**736**	701
Deferred income tax (Note 23)	**(46)**	(45)
	690	656

The tax expense on the profit/(loss) differs from the amount that would arise using the tax calculated at domestic rates of income tax as explained below:

	Group	
	2014	2013
	US$'000	US$'000
Profit/(loss) before income tax	**6,456**	(6,766)
Share of profit of associated companies, net of tax (Note 18)	**(29)**	(621)
Profit/(loss) before tax and share of profit of associated companies	**6,427**	(7,387)
Tax calculated at domestic rates applicable to profits in the respective countries	**102**	33
Effects of :		
- Expenses not deductible for tax purposes	**599**	622
- Deferred tax assets not recognised	**35**	46
	736	701

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

Current income tax expense of Indonesia subsidiaries is calculated at 1.2% of the subsidiaries' local fee transport services in accordance with the Decree of the Minister of Finance of Republic of Indonesia No.416/KMK.04/1996 dated 14 June 1996 and Circular Letter of Directorate General of Taxation No.SE-32/PJ.4/1996 dated 16 August 1996. The Singapore tax rate was 17% for financial years 2014 and 2013.

The joint operations are exempted from income tax in their respective countries of incorporation and therefore no income tax has been provided on the joint operations' profit.

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

Deferred tax assets for the year amounting to US$203,000 (2013: US$271,000) not recognised were derived from the unutilised business tax losses incurred by the dormant and investment holding entities. It is not recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

10 Earnings per share

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

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

	Group	
	2014	2013
Net profit/(loss) attributable to equity holders of the Company (US$'000)	**1,372**	(10,447)
Average number of shares ('000)	**390,388**	390,388
Basic and diluted earnings/(loss) (US cents per share)	**0.35**	(2.68)

11 Cash and bank balances

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**6,511**	4,292	**463**	346

12 Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables				
- non-related parties	**1,937**	1,609	**-**	-
- related parties	**3,475**	17,325	**-**	-
	5,412	18,934	**-**	-
Due from subsidiaries (non- trade)	**-**	-	**28,844**	13,526
Due from joint operations (non-trade)	**-**	-	**-**	15,324
Advances to staff	**25**	28	**-**	-
VAT receivables	**2,094**	1,162	**-**	-
	7,531	20,124	**28,844**	28,850

Non-trade amounts due from staff, subsidiaries and joint ventures are unsecured, interest-free and are repayable on demand.

13 Non-current asset classified as held-for-sale

Details of the Group's 50% share of non-current assets classified as held-for-sale are as follows:

	Group	
	2014	2013
	US$'000	US$'000
Property, plant and equipment (Note 19)	**-**	3,277

In 2013, following the Group's firm intention to dispose a vessel owned by the joint operation, Seroja-Zhushui Shipping Limited, the vessel has been classified as an asset held for sale on the balance sheet of the Group. The carrying amount of the vessel has been written down to the fair value less costs to sell at US$6,554,000 and recorded an impairment loss of US$6,997,000. The fair value of the vessel has been referred to the "Purchase Price" in the Memorandum of Agreement for sale of M.V. Zhushui 2 dated 28 February 2014, and is therefore within the Level 2 of the fair value hierarchy. The transaction has been completed on 31 March 2014.

14 Inventories

	Group	
	2014	2013
	US$'000	US$'000
Fuel	**1,081**	1,038
Consumables	**477**	1,155
	1,558	2,193

The cost of inventories recognised as an expense and included in "cost of services" amounted to US$22,813,000 (2013: US$23,236,000).

15 Other current assets

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Prepayments	**1,108**	572	**44**	43
Deposits	**13**	13	**13**	13
	1,121	585	**57**	56

16 Investments in subsidiaries

	Company	
	2014	2013
	US$'000	US$'000
Equity investments at cost		
Beginning of financial year	**22,138**	22,138
Additions	**2,605**	-
Disposal	**(1,303)**	-
End of financial year	**23,440**	22,138

16 Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 31 December 2014 and 2013:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held directly by the parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2014	2013	**2014**	2013	**2014**	2013
			%	%	**%**	%	**%**	%
Held directly by the Company								
Trans LK Marine Pte Ltd (f.k.a. Trans LK Marine Ltd) [1]	Investment holding	Singapore	**100**	100	**100**	100	**-**	-
Trellis Group Holdings Ltd[1]	Investment holding	British Virgin Islands	**100**	100	**100**	100	**-**	-
Seroja Shipping Services Pte Ltd[1][5]	Investment holding	Singapore	**50**	100	**50**	100	**50**	-
Held by Trans LK Marine Pte Ltd								
PT Pulau Seroja Jaya[2][5]	Provision of marine transportation of drybulk freight	Indonesia	**48**	48	**48**	48	**52**	52
Seroja Maritime Pte Ltd[1][4]	Provision of marine transportation of drybulk freight	Singapore	**100**	100	**100**	100	**-**	-
Held by PT Pulau Seroja Jaya								
PT Pulau Seroja Jaya Pratama[2][5]	Provision of marine transportation of drybulk freight	Indonesia	**99.8**	99.8	**47.9**	47.9	**52.1**	52.1
PT Seroja Pratama Maritim[4][5]	Provision of marine transportation of drybulk freight	Indonesia	**100**	100	**47.9**	47.9	**52.1**	52.1
Held by PT Pulau Seroja Jaya Pratama								
PT Bintang Pertama Lines[2][5]	Provision of marine transportation of drybulk freight	Indonesia	**99.8**	99.8	**47.8**	47.8	**52.2**	52.2
Held by Trellis Group Holdings Ltd								
Trellis Shipping Limited (f.k.a. Seroja-Zhushui 3 Shipping Ltd)[3][5][6]	Provision of marine transportation of drybulk freight	British Virgin Islands	**100**	-	**100**	-	**-**	-
Seroja-Zhushui Shipping Ltd[3][5][6]	Provision of marine transportation of drybulk freight	British Virgin Islands	**50**	-	**50**	-	**50**	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International.
(2) Audited by KAP Kanaka Puradiredja Suhartono, Indonesia, an independent member firm of Nexia International.
(3) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International for consolidation purposes.
(4) Not audited as it is presently dormant.
(5) Regarded as subsidiaries on the basis that the Group controls the entity based on the exposure to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
(6) Regarded as joint operations in previous year (Note 17).

16 Investments in subsidiaries (continued)

Carrying value in non-controlling interests

	2014	2013
	US$'000	US$'000
PT Pulau Seroja Jaya and its subsidiaries	**31,131**	25,924
Seroja-Zhushui Shipping Limited *	**3,688**	-
Other subsidiaries with immaterial non-controlling interests	**1,319**	-
End of financial year	**36,138**	25,924

Summarised financial information of subsidiaries with material non-controlling interests

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

Summarised balance sheet

	PT Pulau Seroja Jaya and its subsidiaries As at 31 December		**Seroja-Zhushui Shipping Limited * As at 31 December**	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Current				
Assets	**15,669**	15,427	**34,548**	-
Liabilities	**(25,891)**	(28,222)	**(13,947)**	-
Total current net (liabilities)/assets	**(10,222)**	(12,795)	**20,601**	-
Non-current				
Assets	**83,148**	87,129	**-**	-
Liabilities	**(18,435)**	(29,031)	**-**	-
Total non-current net assets	**64,713**	58,098	**-**	-
Net assets	**54,491**	45,303	**20,601**	-

Summarised income statement

	PT Pulau Seroja Jaya and its subsidiaries For the year ended 31 December		**Seroja-Zhushui Shipping Limited * For the year ended 31 December**	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Revenue	**60,815**	57,890	**-**	-
Profit/(loss) before income tax	**9,906**	4,245	**(2,928)**	-
Income tax expense	**(735)**	(701)	**-**	-
Net profit/(loss)	**9,171**	3,544	**(2,928)**	-
Other comprehensive income	**120**	21	**-**	-
Total comprehensive income/(loss)	**9,291**	3,565	**(2,928)**	-
Total other comprehensive income/(loss) allocated to non-controlling interests	**4,831**	1,854	**(1,464)**	-

* *Regarded as joint operation in previous year.*

16 Investments in subsidiaries (continued)

Summarised cash flows

	PT Pulau Seroja Jaya and its subsidiaries For the year ended 31 December		Seroja-Zhushui Shipping Limited* For the year ended 31 December	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Cash flows from operating activities				
Cash generated from operations	**17,809**	15,450	**23,191**	-
Interest paid	**(624)**	(847)	**(110)**	-
Income tax paid	**(735)**	(701)	**-**	-
Net cash generated from operating activities	**16,450**	13,902	**23,081**	-
Net cash (used in)/generated from investing activities	**(7,521)**	(2,758)	**6,554**	-
Net cash used in financing activities	**(6,825)**	(12,679)	**(29,511)**	-
Net increase/(decrease) in cash and cash equivalents	**2,104**	(1,535)	**124**	-
Cash and cash equivalents at the beginning of year	**3,564**	5,099	**254**	-
Cash and cash equivalents at end of year	**5,668**	3,564	**378**	-

* *Regarded as joint operation in previous year.*

Following is the transaction with non-controlling interests ("NCI") for the financial years ended 31 December 2014:

Disposal of interest in a subsidiary without loss of control

On 24 July 2014, the Company and its wholly-owned subsidiary, Seroja Shipping Services Pte Ltd ("SSS"), has entered into a sale and purchase agreement dated 24 July 2014 with NCI for the sale of 1,302,880 ordinary shares in SSS representing 50% of the issued and paid up shares in SSS to a related party for a consideration of US$2 million. This transaction does not result in a loss of control.

	2014
	US$'000
Carrying amount of 50% of SSS	**1,303**
Purchase consideration paid by NCI	**(2,000)**
Difference recognised in other comprehensive income	**(697)**

17 Investments in joint operations

The Group has the following equity holding and deemed control of the following joint operations:

Name	Principal activities	Country of business/ incorporation	Proportion of equity interest held by the Group		Proportion of Group's deemed control	
			2014	2013	**2014**	2013
			%	%	**%**	%
Held by Trellis Group Holding Ltd						
Seroja-Zhushui Shipping Ltd (1) (3)	Provision of marine transportation of drybulk freight	British Virgin Islands	**-**	50	**-**	50

17 Investments in joint operations (continued)

The Group has the following equity holding and deemed control of the following joint operations: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of equity interest held by the Group		Proportion of Group's deemed control	
			2014	2013	**2014**	2013
			%	%	**%**	%
Trellis Shipping Ltd (f.k.a. Seroja-Zhushui 3 Shipping Ltd) (1)(2)	Provision of marine transportation of drybulk freight	British Virgin Islands	-	50	-	50
Seroja-Zhushui 5 Shipping Ltd (1)(4)	Provision of marine transportation of drybulk freight	British Virgin Islands	-	50	-	50

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International for consolidation purposes.
(2) Became wholly owned subsidiary (Note 16) of the Group in the financial year ended 31 December 2014.
(3) Regarded as subsidiaries on the basis that the Group controls the entity based on the exposure to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity (Note 16). Accordingly, approximately additional 50% of the assets and liabilities of the entity as presented in the summarised balance sheet below, representing non-controlling interests, were consolidated in the Group.
(4) Disposed in exchange for 50% interest in Trellis Shipping Ltd.

There are no contingent liabilities relating to the Group's interests in the joint operations.

Summarised financial information for joint operations

Set out below are the summarised financial information for the joint operations of the Company.

Summarised balance sheet

	Seroja-Zhushui Shipping Ltd As at 31 December		Trellis Shipping Ltd (f.k.a. Seroja-Zhushui 3 Shipping Ltd) As at 31 December		Seroja-Zhushui 5 Shipping Ltd As at 31 December	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Current assets	-	72,766	-	8,722	-	8,700
Includes:						
- Cash and cash equivalents	-	255	-	257	-	251
Current liabilities	-	(62,587)	-	(32,667)	-	(32,663)
Includes:						
- Financial liabilities (excluding trade payables)	-	(60,158)	-	(30,507)	-	(30,503)
- Other current liabilities (including trade payables)	-	(2,429)	-	(2,160)	-	(2,160)
Non-current assets	-	-	-	24,500	-	24,500
Net assets	-	10,179	-	555	-	537

17 Investments in joint operations (continued)

Summarised financial information for joint operations (continued)

Summarised statement of comprehensive income

	Seroja-Zhushui Shipping Ltd As at 31 December		Trellis Shipping Ltd (f.k.a. Seroja-Zhushui 3 Shipping Ltd) As at 31 December		Seroja-Zhushui 5 Shipping Ltd As at 31 December	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Revenue	-	6,566	-	8,413	-	8,413
Expenses						
Includes:						
- Depreciation	-	(2,118)	-	(1,033)	-	(1,033)
- Interest expense	-	(148)	-	(397)	-	(397)
Loss from continuing operations	-	(4,939)	-	(3,109)	-	(3,098)
Income tax expense	-	-	-	-	-	-
Post-tax loss from continuing operations, representing total comprehensive loss	-	(4,939)	-	(3,109)	-	(3,098)

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

18 Investments in associated companies

	Group	
	2014	2013
	US$'000	US$'000
Equity investments at cost		
Beginning of financial year	**4,607**	3,626
Additions	**-**	360
Share of profits	**29**	621
End of financial year	**4,636**	4,607

Set out below is the associated company of the Group as at 31 December 2014, which, in the opinion of the directors, is material to the Group. The associated company listed below have share capital consisting solely of ordinary shares, which are held by a subsidiary of the Group. The country of incorporation is also their principal place of business.

18 Investments in associated companies (continued)

Name of entities	Principal activities	Country of incorporation	% of ownership interest 2014	2013
Held by Seroja Shipping Services Pte Ltd				
PT. Sinar Mentari Prima [(1)]	Provision of marine transportation	Indonesia	**30**	30

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

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

Summarised financial information for associated companies

Set out below are the summarised financial information for the PT. Sinar Mentari Prima.

Summarised balance sheet

	PT. Sinar Mentari Prima As at 31 December 2014 US$'000	2013 US$'000
Current assets	**1,785**	1,385
Includes:		
- Cash and cash equivalents	**990**	835
Current liabilities	**(6,601)**	(5,321)
Includes:		
- Financial liabilities (excluding trade payables)	**(5,808)**	(5,287)
Non-current assets	**23,798**	25,152
Non-current liabilities	**(4,453)**	(6,790)
Includes:		
- Financial liabilities	**(4,453)**	(6,790)
Net assets	**14,529**	14,426

18 Investments in associated companies (continued)

Summarised statement of comprehensive income

	PT. Sinar Mentari Prima For the year ended 31 December	
	2014	2013
	US$'000	US$'000
Revenue	**7,370**	7,358
Interest income	**3**	3
Expenses		
Includes:		
- Depreciation	**(2,085)**	(2,015)
- Interest expense	**(319)**	(428)
Profit before tax	**191**	2,515
Income tax expense	**(88)**	(88)
Profit after tax, representing total comprehensive income	**103**	2,427

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

Reconciliation of summarised financial information

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

	PT. Sinar Mentari Prima As at 31 December	
	2014	2013
	US$'000	US$'000
Net assets – At 1 January	**14,426**	11,999
Profit for the year	**103**	2,427
Net assets – At 31 December	**14,529**	14,426
Carrying value / Interest in associated company (30%)	**4,359**	4,328
Add: Carrying value of individually immaterial associated companies	**277**	279
Carrying value of Group's interest in associated companies	**4,636**	4,607

19 Property, plant and equipment

Group 2014	Vessels US$'000	Drydocking US$'000	Land US$'000	Buildings US$'000	Machinery and Equipment US$'000	Motor Vehicles US$'000	Office Equipment US$'000	Furniture and Fittings US$'000	Total US$'000
Cost									
Beginning of financial year	163,515	8,726	79	582	1,265	824	98	7	175,096
Additions	5,516	2,064	-	-	-	-	2	-	7,582
Disposal	-	-	-	-	-	(229)	-	-	(229)
End of financial year	169,031	10,790	79	582	1,265	595	100	7	182,449
Accumulated depreciation and impairment losses									
Beginning of financial year	51,526	5,042	-	131	1,046	627	80	4	58,456
Depreciation charge (Note 6)	9,184	2,544	-	32	133	73	9	1	11,976
Disposal	-	-	-	-	-	(227)	-	-	(227)
End of financial year	60,710	7,586	-	163	1,179	473	89	5	70,205
Net Book Value									
End of financial year	**108,321**	**3,204**	**79**	**419**	**86**	**122**	**11**	**2**	**112,244**

19 **Property, plant and equipment** (continued)

Group (continued) 2013	Vessels US$'000	Drydocking US$'000	Land US$'000	Buildings US$'000	Machinery and Equipment US$'000	Motor Vehicles US$'000	Office Equipment US$'000	Furniture and Fittings US$'000	Total US$'000
Cost									
Beginning of financial year	174,919	5,866	79	557	1,265	916	98	7	183,707
Additions	-	2,860	-	25	-	-	-	-	2,885
Reclassified to asset classified held-for-sale (Note 13)	(10,404)	-	-	-	-	-	-	-	(10,404)
Written off (Note 5)	(1,000)	-	-	-	-	-	-	-	(1,000)
Disposal	-	-	-	-	-	(92)	-	-	(92)
End of financial year	163,515	8,726	79	582	1,265	824	98	7	175,096
Accumulated depreciation and impairment losses									
Beginning of financial year	37,492	2,991	-	98	897	615	72	3	42,168
Depreciation charge (Note 6)	10,199	2,051	-	33	149	104	8	1	12,545
Reclassified to asset classified held-for-sale (Note 13)	(7,127)								(7,127)
Written off (Note 5)	(479)	-	-	-	-	-	-	-	(479)
Disposal	-	-	-	-	-	(92)	-	-	(92)
Impairment losses (Note 6)	11,441	-	-	-	-	-	-	-	11,441
End of financial year	51,526	5,042	-	131	1,046	627	80	4	58,456
Net Book Value									
End of financial year	**111,989**	**3,684**	**79**	**451**	**219**	**197**	**18**	**3**	**116,640**

19 Property, plant and equipment (continued)

Vessels with carrying amounts of US$97,952,000 (2013: US$100,806,000) and US$10,370,000 (2013: US$11,183,000) were pledged as security for bank borrowings (Note 21) and held under finance leases (Note 22), respectively at the balance sheet date.

Company	Office Equipment	Furniture and Fittings	Motor Vehicle	Total
2014	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cost				
Beginning and end of financial year	9	7	293	309
Accumulated Depreciation				
Beginning of financial year	9	4	131	144
Depreciation charge	-	1	58	59
Disposal	-	-	-	-
End of financial year	9	5	189	203
Net Book Value				
End of financial year	**-**	**2**	**104**	**106**
2013				
Cost				
Beginning and end of financial year	9	7	293	309
Accumulated Depreciation				
Beginning of financial year	9	3	73	85
Depreciation charge	-	1	58	59
Disposal	-	-	-	-
End of financial year	9	4	131	144
Net Book Value				
End of financial year	**-**	**3**	**162**	**165**

20 Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade payables to:				
- Non-related parties	**4,232**	17,567	**-**	-
Accrued operating expenses	**996**	904	**321**	339
	5,228	18,471	**321**	339

21 Borrowings

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Current				
Bank borrowings	**15,543**	27,155	**-**	-
Related party	**1,600**	-	**1,600**	-
Non-related party	**6,375**	-	**-**	-
	23,518	27,155	**1,600**	-
Non-current				
Bank borrowings	**18,171**	29,000	**-**	-
Total borrowings	**41,689**	56,155	**1,600**	-

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

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
6 months or less	**14,146**	20,955	**-**	-
6 – 12 months	**9,372**	6,200	**1,600**	-
1 – 5 years	**18,171**	29,000	**-**	-
	41,689	56,155	**1,600**	-

(a) Security granted

Total borrowings include secured liabilities of US$41,689,000 (2013: US$56,155,000) for the Group.

Bank borrowings of the Group are secured by the following:

- certain vessels of subsidiaries (Note 19);
- pledge of the shares of subsidiary, PT Pulau Seroja Jaya ("PT PSJ") by certain shareholders of PT PSJ;
- an assignment of all moneys and rights to receive money in respect of any of the pledged vessels, and their respective insurances;
- an assignment of all rights in respect of certain coal barging contracts;
- a charge on the cash, receivables and inventories of PT PSJ;
- corporate guarantees by related parties of certain directors.

21 Borrowings (continued)

(b) Fair value of non-current borrowings

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

	Group	
	2014	2013
	US$'000	US$'000
Bank borrowings	**16,952**	26,613

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

	Group	
	2014	2013
Bank borrowings	**6%**	6%

22 Finance lease liabilities

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

	Group	
	2014	2013
	US$'000	US$'000
Minimum lease payments due		
- Not later than one year	**3,010**	3,010
- Between one and five years	**2,888**	5,898
	5,898	8,908
Less: Future finance charges	**(755)**	(1,024)
Present value of finance lease liabilities	**5,143**	7,884

The present values of finance lease liabilities are analysed as follows:

Not later than one year	**2,647**	2,741
Between one and five years	**2,496**	5,143
Total	**5,143**	7,884

23 Deferred income tax

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

	Group	
	2014	2013
	US$'000	US$'000
Deferred income tax liabilities (to be settled after one year):		
Fair value gains on acquisition of subsidiary		
Beginning of the financial year	**355**	400
Credited to profit or loss (Note 9)	**(46)**	(45)
End of the financial year	**309**	355

As at 31 December 2014, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subjected to withholding taxes of the Group's subsidiaries established in the Indonesia. In the opinion of the management, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The deferred tax liabilities not recognised are approximately US$4,522,000 (2013: US$3,146,000).

24 Post-employment benefits

	Group	
	2014	2013
	US$'000	US$'000
Obligations recognised in the balance sheet for:		
Defined pension benefits	**456**	418
Expenses charged to profit or loss:		
Defined pension benefits (Note 7)	**128**	235
Remeasurements for:		
Defined pension benefits	**120**	21

The amount recognised in the balance sheet is determined as follows:

	Group	
	2014	2013
	US$'000	US$'000
Present value of unfunded obligations/ Liability recognised in the balance sheet	**456**	418

24 Post-employment benefits (continued)

The movement in the defined benefit obligation is as follows:

	Group	
	2014	2013
	Present value of obligation US$'000	Present value of obligation US$'000
Beginning of financial year	**418**	220
Current service cost	**99**	195
Interest expense	**29**	40
	128	235
Remeasurements:		
- Actuarial gain	**(120)**	(21)
	(120)	(21)
Exchange differences	**35**	(6)
Benefits paid during the year	**(5)**	(10)
End of financial year	**456**	418

The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	**8.2%**	9%
Salary growth rate	**7%**	7%
Mortality rate*	**TMI '11**	TMI '11
Disability rate	**10%**	10%

*Based on Indonesian Mortality Table.

25 Share capital

	Group		Company	
2014 & 2013	Number of ordinary shares	Amount	Number of ordinary shares	Amount
Issued and fully paid	'000	US$'000	'000	US$'000
Beginning and end of financial year	390,388	31,801	390,388	56,951

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

Reverse acquisition

At Group level

The acquisition of Trans LK Marine Limited ("Trans LK") in 2009 has been accounted for as a reverse acquisition in the consolidated financial statements of the Group. Trans LK, which is the legal subsidiary, is considered the acquirer for accounting purposes. Accordingly, the consolidated statement of comprehensive income, balance sheets, statement of changes in equity and cash flow statement of the Group have been prepared as a continuation of Trans LK's financial statements, in accordance with the group accounting policies (Note 2.2).

26 Retained earnings/(accumulated losses)

(a) Retained earnings are distributable except for accumulated retained earnings of associated companies amounting to US$2,030,000 (2013: US$2,001,000).

(b) Movement in retained profits for the Group and Company is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**10,707**	21,144	**(5,735)**	(4,848)
Net profit/(loss)	**1,372**	(10,447)	**(227)**	(887)
Remeasurements of post-employment benefit liabilities*	**58**	10	**-**	-
End of financial year	**12,137**	10,707	**(5,962)**	(5,735)

* The remeasurements of post-employment benefit liabilities for the year amounted to US$120,000 (2013: US$21,000) (Note 24) out of which the non-controlling interests share amounted to US$62,000 (2013: US$11,000).

27 Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2014	2013
	US$'000	US$'000
Freight charter revenue from related party	**37,035**	**38,339**

Outstanding balances as at 31 December 2014 and 2013 arising from related transactions are disclosed in Note 12.

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

(b) Key management personnel compensation is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Salaries and bonuses	**387**	756
Directors' fees	**220**	220
Employers' contributions to CPF	**9**	9
	616	985

Included in the salaries and bonuses above are total directors' remunerations of US$284,000 (2013: US$597,000).

28 Commitments

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

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

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

	Group and Company	
	2014	2013
	US$'000	US$'000
Not later than one year	**77**	77
Between one and five year	**18**	87
	95	164

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

The Group leases out certain items of property, plant and equipment to non-related parties and related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2014	2013
	US$'000	US$'000
Not later than one year	**1,428**	15,432
Between one and five year	**-**	31,773
	1,428	47,205

29 Financial risk management

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

29 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	US$ US$'000	SGD US$'000	IDR US$'000	Total US$'000
At 31 December 2014				
Financial assets				
Cash and bank balances	5,765	28	718	6,511
Trade and other receivables	4,735	-	2,796	7,531
Receivables from subsidiaries	66,521	-	-	66,521
	77,021	28	3,514	80,563
Financial liabilities				
Trade and other payables	(2,893)	(321)	(2,014)	(5,228)
Finance lease liabilities	(5,143)	-	-	(5,143)
Borrowings	(41,689)	-	-	(41,689)
Payables from subsidiaries	(66,521)	-	-	(66,521)
	(116,246)	(321)	(2,014)	(118,581)
Net financial (liabilities)/assets	(39,225)	(293)	1,500	(38,018)
Less: Net financial liabilities denominated in the functional currencies of respective entities	39,225	-	-	39,225
Currency exposure	**-**	**(293)**	**1,500**	**1,207**

	US$ US$'000	SGD US$'000	IDR US$'000	Total US$'000
At 31 December 2013				
Financial assets				
Cash and bank balances	4,220	58	14	4,292
Trade and other receivables	18,753	-	1,371	20,124
Receivables from subsidiaries and joint ventures	59,289	-	-	59,289
	82,262	58	1,385	83,705
Financial liabilities				
Trade and other payables	(15,322)	(339)	(2,810)	(18,471)
Finance lease liabilities	(7,884)	-	-	(7,884)
Borrowings	(56,155)	-	-	(56,155)
Payables from subsidiaries and joint ventures	(59,289)	-	-	(59,289)
	(138,650)	(339)	(2,810)	(141,799)
Net financial liabilities	(56,388)	(281)	(1,425)	(58,094)
Less: Net financial liabilities denominated in the functional currencies of respective entities	56,388	-	-	56,388
Currency exposure	**-**	**(281)**	**(1,425)**	**(1,706)**

29 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	2014			2013		
	US$	SGD	Total	US$	SGD	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets						
Cash and bank balances	435	28	463	288	58	346
Trade and other receivables	28,844	-	28,844	28,850	-	28,850
	29,279	28	29,307	29,138	58	29,196
Financial liabilities						
Trade and other payables	-	(321)	(321)	-	(339)	(339)
Borrowings	(1,600)	-	(1,600)	-	-	-
	(1,600)	(321)	(1,921)	-	(339)	(339)
Net financial assets/(liabilities)	27,679	(293)	27,386	29,138	(281)	28,857
Less: Net financial assets denominated in the functional currencies of the Company	(27,679)	-	(27,679)	(29,138)	-	(29,138)
Currency exposure	**-**	**(293)**	**(293)**	**-**	**(281)**	**(281)**

If the SGD and IDR change against USD by 5% (2013: 5%) and 5% (2013: 20%) respectively with all other variables held constant, the effects arising from the net currency exposure will be as follows:

	2014 US$'000		2013 US$'000	
	Net profit	Equity	Net profit	Equity
Group				
SGD against USD				
- strengthened	**(15)**	**(15)**	(14)	(14)
- weakened	**15**	**15**	14	14
IDR against USD				
- strengthened	**75**	**75**	(71)	(71)
- weakened	**(75)**	**(75)**	71	71
Company				
SGD against USD				
- strengthened	**(15)**	**(15)**	(14)	(14)
- weakened	**15**	**15**	14	14

29 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risks

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

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate bank borrowings. The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated in USD. If the interest rates of USD denominated borrowings increase/decrease by 0.50% in 2014 and 2013 respectively, with all other variables including tax rate being held constant, the net profit will be lower/higher by US$169,000 (2013: US$281,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

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

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the CEO based on an on-going credit evaluation. The Group's trade receivables comprise 3 debtors (2013: 3 debtors) that represent 92% (2013: 95%) of trade receivables. As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. The Group's major classes of financial assets are trade receivables.

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

	Group	
	2014	2013
	US$'000	US$'000
By types of customers		
Indonesian local companies		
-Non-related parties	**1,937**	1,609
-Related parties	**3,475**	17,325
	5,412	18,934

29 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

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

There is no other class of financial assets that is past due but not impaired except for trade receivables.

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

	Group	
	2014	2013
	US$'000	US$'000
Past due < 3 months	**586**	3,989

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

Group	**Less than 1 year US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'000**
At 31 December 2014			
Trade and other payables	5,228	-	-
Finance lease liabilities	3,010	2,888	-
Borrowings	23,518	19,466	-
	31,576	22,354	-
At 31 December 2013			
Trade and other payables	18,471	-	-
Finance lease liabilities	3,010	3,010	2,888
Borrowings	27,155	13,283	18,405
	48,636	16,293	21,293
Company			
At 31 December 2014			
Trade and other payables	321	-	-
Borrowings	1,600	-	-
	1,921	-	-
At 31 December 2013			
Trade and other payables	339	-	-

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

29 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk

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

Management monitors capital based on gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as sum of borrowings, finance lease liabilities and trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Net debt	**45,549**	78,218	**1,458**	-
Total equity	**80,776**	68,435	**50,989**	51,216
Total capital	**126,325**	146,653	**52,447**	51,216
Gearing ratio	**36%**	53%	**3%**	-

The Group is in compliance with all externally imposed capital requirements where the Company has no externally imposed capital requirements for financial year ended 31 December 2014 and financial year ended 31 December 2013.

(e) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is disclosed on the face of the balance sheet and in note to the financial statements, except for the following:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Loans and receivables	**14,042**	24,416	**29,307**	29,196
Financial liabilities at amortised cost	**52,060**	82,510	**1,921**	339

30 Segment information

Geographical information

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

	Revenue	
	2014	2013
	US$'000	US$'000
Indonesia	**60,815**	57,890
China	**4,514**	11,696
	65,329	69,586

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

	Non-current assets	
	2014	2013
	US$'000	US$'000
Indonesia	**88,424**	77,433
British Virgin Islands	**23,714**	39,040
Singapore	**4,742**	4,774
	116,880	121,247

Revenue from major customers:

For the financial year ended 31 December 2014, revenue from two major customers contributed to the Group's revenue of approximately US$37,035,000 and US$16,340,000 (2013: US$38,339,000 and US$11,696,000) respectively were included in vessel chartering services segment.

31 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on 1 January 2015 or later periods and which the Group has not early adopted:

- Amendments to FRS 19 Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- FRS 102 Share-based Payment (effective for annual periods beginning on or after 1 July 2014)
- FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
- FRS 16 Property, Plant and Equipment and FRS 38 Intangible assets (effective for annual periods beginning on or after 1 July 2014)
- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- FRS 114 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)

31 New or revised accounting standards and interpretations (continued)

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on 1 January 2015 or later periods and which the Group has not early adopted: (continued)

- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
- FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

Statistics of Shareholdings

As at 17 March 2015

Share Capital

Number of shares issued : 390,388,110
Class of shares : Ordinary shares
Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 MARCH 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10,305	60.78	204,951	0.05
100 - 1,000	4,268	25.17	1,436,883	0.37
1,001 - 10,000	1,280	7.55	5,130,339	1.31
10,001 - 1,000,000	1,079	6.36	67,494,390	17.29
1,000,001 AND ABOVE	24	0.14	316,121,547	80.98
	16,956	100.00	390,388,110	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2015

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	93,210,452	23.88
2	CITIBANK NOMINEES SINGAPORE PTE LTD	73,461,850	18.82
3	RAFFLES NOMINEES (PTE) LTD	51,149,160	13.10
4	REAVIS GLOBAL LTD	36,325,195	9.30
5	QUARTO CAPITAL INVESTMENT LIMITED	13,213,530	3.38
6	ATTICA FINANCE LTD	6,760,714	1.73
7	MAYBANK KIM ENG SECURITIES PTE LTD	6,199,443	1.59
8	EMAS FORTUNA LIMITED	4,225,446	1.08
9	LEVEN GROUP LTD	4,081,299	1.05
10	OCBC SECURITIES PRIVATE LTD	3,870,370	0.99
11	MITO INVESTMENTS LIMITED	3,380,357	0.87
12	FIENNES HOLDING CORPORATION	2,491,703	0.64
13	LEE KAI HENG	2,300,000	0.59
14	NG KAR WENG	1,974,000	0.51
15	SINGAPORE NOMINEES PTE LTD	1,841,325	0.47
16	NG HWEE KOON	1,754,500	0.45
17	JEREMY LEE SHENG POH	1,450,000	0.37
18	PHILLIP SECURITIES PTE LTD	1,356,698	0.35
19	LIM CHWEE KIM	1,300,000	0.33
20	CITIBANK CONSUMER NOMINEES PTE LTD	1,233,769	0.32
	TOTAL	**311,579,811**	**79.82**

Statistics of Shareholdings

As at 17 March 2015

Substantial Shareholders

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 17 March 2015.

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

(1) Mr Edwin Soeryadjaya is deemed interested in the shares held by PT Saratoga Investama Sedaya by virtue of the fact that he owns a direct/deemed interest of 44.92% of PT Saratoga Investama Sedaya.

(2) Mr Sandiaga Salahuddin Uno is deemed interested in the shares held by Attica Finance Ltd and PT Saratoga Investama Sedaya by virtue of the fact that he owns 100% of Attica Finance Ltd and 29.15% of PT Saratoga Investama Sedaya.

(3) Mr Masdjan is deemed interested in the shares held by Reavis Global Ltd by virtue of the fact that he owns 100% of Reavis Global Ltd.

Shareholdings held in the hands of the public

Based on information available to the Company as at 17 March 2015, approximately 48.63% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Tuesday, 28 April 2015 at 10.00a.m.

AS ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors and Statement of Directors thereon.

   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Article 99 of the Company's Articles of Association:

   (i) Mr Husni Heron **(Resolution 2)**

   (ii) Mr Edwin Soeryadjaya **(Resolution 3)**

3. To approve the payment of Directors' fees of up to S$277,000/- for the financial year ending 31 December 2015 and the payment thereof on a quarterly basis (2014: S$277,000/-).

   (Resolution 4)

4. To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 5)

AS SPECIAL BUSINESS

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

5. **General authority to issue and allot shares**

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

   (A) (i) issue and allot shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company, excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares, excluding treasury shares, shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares, at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions, rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 6)

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

That:

(i) approval be and is hereby given for the renewal of the mandate for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, as set out in the Appendix to the Annual Report (the "**Appendix**"), with any party who falls within the classes of Interested Persons as described in the Appendix and that such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;

(ii) approval given in paragraph (i) above shall, unless either revoked or varied by the Company in general meeting, continue to be in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier;

(iii) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and to implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(iv) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to this Resolution.

(Resolution 7)

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

BY ORDER OF THE BOARD

Ng Soon Kai
Company Secretary
13 April 2015

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be Transacted:

1. Mr Husni Heron will upon re-election as a Director of the Company, remain as the Chief Executive Officer.

2. Mr Edwin Soeryadjaya will upon re-election as a Director of the Company, remain as the non-executive Chairman and a member of the Audit, Nominating and Remuneration Committees.

3. Resolution 4 proposed above, is to facilitate payment of Directors' fees during the financial year in which the fees are incurred.

4. Resolution 6 is to authorise the Directors of the Company to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 6 in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 6 issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as the Directors consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   For the purpose of Resolution 6, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes :

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. When a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 96 Robinson Road #15-01/02 SIF Building Singapore 068899 not less than forty-eight (48) hours before the time for holding the Annual General meeting.

Appendix

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

Board of Directors :

Mr Edwin Soeryadjaya (Non-Executive Chairman)
Mr Husni Heron (Chief Executive Officer)
Mr Masdjan (Executive Director)
Mr Andreas Tjahjadi (Executive Director)
Mr Ng Soon Kai (Alternate Director to Mr Edwin Soeryadjaya)
Mr Ng Yuen (Independent Director)
Mr Yap Kian Peng (Independent Director)

Registered Office :

96 Robinson Road
#15-01/02 SIF Building
Singapore 068899

7 April 2015

To : The Shareholders of Seroja Investments Limited

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH ADARO GROUP

1. Introduction

Seroja Investments Limited (the "**Company**") has issued a notice (the "**Notice**") convening the Annual General Meeting (the "**AGM**") of the Company to be held on 28 April 2015.

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

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

2. Overview of the Adaro Group

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

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

3. Shareholders' Mandate for Adaro Transactions

At the Annual General Meeting of the Company held on 29 April 2014 (the "**AGM**"), the Company had obtained a general mandate from Shareholders (the "**Shareholders' Mandate**") to authorise the Company, its subsidiaries and associated companies (the "**Group**") to enter into certain business transactions falling within the categories of interested person transactions described in the Company's Letter to Shareholders dated 7 April 2014 with any party who is of the class or classes of interested persons described in the said Letter, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of the interested person transactions as described in the said Letter.

4. Proposed Renewal of Shareholders' Mandate for Adaro Transactions

Appendix

4.1 Chapter 9 of the Listing Manual

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

In particular, an immediate announcement is required where:

(a) the transaction is of a value equal to, or more than, three per cent. (3%) of the latest audited consolidated net tangible assets (the "**NTA**") of the listed company and its subsidiaries; or

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

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

(a) the transaction is of a value equal to, or more than, five per cent. (5%) of the latest audited consolidated NTA of the listed company and its subsidiaries; or

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

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

For illustration purposes, based on the audited consolidated accounts of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2014, the audited consolidated NTA of the Group as at 31 December 2014 was US$44.6 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year, Shareholders' approval will be required where:

(a) the transaction is of a value equal to, or more than, US$2.2 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group; or

(b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, US$2.2 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group.

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

4.2 Definitions

For the purposes of Chapter 9 of the Listing Manual:

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

(b) an "**associate**" means:

(i) in relation to any director, chief executive officer or Controlling Shareholder (being an individual):

(1) his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);

(2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(3) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;

(ii) in relation to a Controlling Shareholder (being a company), its subsidiary or holding company or a subsidiary company of such holding company or a company in which it and/or they taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more;

(c) "**Control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;

(d) a "**Controlling Shareholder**" in relation to a listed company means a person who:

(i) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued shares excluding treasury shares in the company (unless the SGX-ST has determined such a person not to be a Controlling Shareholder of the company); or

(ii) in fact exercises Control over the company,

or such other definition as the SGX-ST may from time to time determine;

(e) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

(f) an "**interested person**" means:

(i) a director, chief executive officer or Controlling Shareholder of the listed company; or

(ii) an associate of such director, chief executive officer or Controlling Shareholder;

(g) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

4.3 Shareholders' Mandate

4.3.1 Rationale for and Benefits of the Shareholders' Mandate

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

The Shareholders' Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for entering into such transactions. This will substantially reduce the expenses associated with the convening of the general meetings on an ad hoc basis, improve administrative efficacy, and allow major manpower resources and time to be channelled towards attaining other corporate objectives.

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

4.3.2 Scope of the Shareholders' Mandate

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

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

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

4.4 Categories of Interested Persons

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

4.5 Categories of Interested Person Transactions

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

4.6 Guidelines for the Adaro Transactions

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

(a) the fees charged by the Group shall not be more favourable to the Adaro Group than those offered to unrelated third party customers after taking into consideration factors such as (but not limited to) type of charter, quantum and tenure of the contract, quantity and type of cargo, distance of the voyage, level of risks faced by vessels when plying requested routes (if any), type of vessels required, cargo loading and discharging time, and delivery schedules; and

(b) the credit period granted by the Group to the Adaro Group shall not be more than 60 days. This is higher than the 30 days credit period generally granted to unrelated third party customers, but is consistent with that presently granted to the Adaro Group, taking into consideration factors such as (but not limited to) the quantum and tenure of the contract and the credit period typically granted by other providers offering similar chartering services to the Adaro Group.

4.7 Control and Review procedures for the Adaro Transactions

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

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

(b) any Adaro Transaction that exceeds 3% of the Group's latest audited NTA in value (the "**Threshold Limit**") will be reviewed and approved by the Audit Committee prior to entering into the transaction. The Threshold Limit has been set based on the Directors' views on the anticipated value of the potential Adaro Transactions that the Group may enter into with the Adaro Group going forward;

(c) the Audit Committee will review the Adaro Transactions on a quarterly basis to ensure that they are conducted on normal commercial terms and in accordance with the guidelines and review procedures

outlined above and that the relevant approvals have been obtained while examining the adequacy of the Company's internal controls including those relating to Adaro Transactions;

(d) if, during these reviews, the Audit Committee is of the view that the above guidelines and review procedures have become inappropriate or have been become insufficient to ensure that the Adaro Transactions will be conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from its Shareholders based on new guidelines and procedures. During the period prior to obtaining a fresh mandate from Shareholders, all transactions with the Adaro Group will be subject to prior review and approval by the Audit Committee;

(e) Mr Edwin Soeryadjaya is a member of the Audit Committee and is interested in the Adaro Transactions, and as such, will abstain from approving the Adaro Transactions. In the event that any other member of the Audit Committee or the Director or Executive Officer of the Group appointed to review and approve the Adaro Transactions is interested in the Adaro Transactions, or is a nominee for the time being of Mr Edwin Soeryadjaya, he or she will abstain from approving that particular transaction;

(f) the Company will maintain a register of all Adaro Transactions entered into pursuant to the Shareholders' Mandate for Adaro Transactions. This register shall be prepared and maintained by personnel of the Company (who shall not be interested in any of the Adaro Transactions) who is duly delegated to do so by the Audit Committee. To facilitate review and approval by the Audit Committee, the register will set out the Adaro Transactions and similar transactions entered into by the Group with non-interested persons, with details on the nature of the transaction and factors taken into consideration to determine the applicable fees and charges such as (but not limited to) type of charter, quantum and tenure of the contract, quantity and type of cargo, distance of the voyage, type of vessels required, cargo loading and discharging time, and delivery schedules. The Group's internal audit plan will incorporate a review of the Adaro Transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate for Adaro Transactions. The internal auditor shall report directly to the Audit Committee on all its findings from the review of the Adaro Transactions; and

(g) the Audit Committee shall, when it deems necessary, have the right to require the appointment of auditors or any independent professionals to review all matters relating to the Adaro Transactions.

4.8 Audit Committee's Confirmation

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

(a) the guidelines, control and review procedures under the Shareholders' Mandate for Adaro Transactions have not changed since the renewal of Shareholders' Mandate on 29 April 2014; and

(b) the guidelines, control and review procedures referred to in paragraphs 4.6 and 4.7 above are sufficient to ensure that the Adaro Transactions are undertaken on an arm's length basis and on normal commercial terms which are not more favourable to the Adaro Group than to unrelated third parties.

4.9 Validity period of the Shareholders' Mandate

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

4.10 Disclosure to Shareholders

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

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

4.11 Abstention from Voting

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

5. Directors' and Controlling Shareholders' Interests

As at 31 March 2015, the latest practicable date prior to the printing of this Appendix (the "**Latest Practicable Date**"), the interests of Directors and controlling shareholders of the Company are recorded in the Register of Shareholders were as follows :

	Direct Interest		Deemed Interest	
	Number of shares	% of total issued shares (%)	Number of shares	% of total issued shares (%)
Directors				
Mr Edwin Soeryadjaya	24,270,349	6.22	90,812,988	23.26
Mr Husni Heron	-	-	3,380,357	0.87
Mr Masdjan	-	-	36,325,195	9.30
Mr Andreas Tjahjadi	-	-	17,491,703	4.48
Mr Ng Soon Kai	-	-	4,225,446	1.08
Mr Ng Yuen	-	-	-	-
Mr Yap Kian Peng	-	-	-	-
Controlling shareholders				
Mr Edwin Soeryadjaya	24,270,349	6.22	90,812,988	23.26
Mr Sandiaga Salahuddin Uno	-	-	97,573,702	24.99
PT Saratoga Investama Sedaya	90,812,988	23.26	-	-

Note :

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

6. Directors' Recommendation

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

7. Directors' Responsibility Statement

The Directors of the Company collectively and individually accept responsibility for the accuracy of the information given in this Letter and confirm, having made all reasonable inquiries, that to the best of their

knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

8. Advice to Shareholders

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

9. Singapore Exchange Securities Trading Limited

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

Yours faithfully,

For and on behalf of the Board of Directors of

Seroja Investments Limited

Mr Husni Heron

Chief Executive Officer

SEROJA INVESTMENTS LIMITED

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

IMPORTANT:

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

PROXY FORM
ANNUAL GENERAL MEETING

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

of _____ (Address)

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

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

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

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

Or failing *him/her/them, the Chairman of the meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("**AGM**") of the Company to be held on 28 April 2015 at 10.00 a.m. at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 and at any adjournment thereof.

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

Resolutions	To be used on show of hands		To be used in the event of a poll	
	For**	Against**	For***	Against***
Ordinary Resolution 1 To receive and adopt the audited accounts for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors and Statement of Directors thereon.				
Ordinary Resolution 2 To re-elect Mr Husni Heron, who is retiring by rotation pursuant to Articles 99 of the Articles of Association of the Company.				
Ordinary Resolution 3 To re-elect Mr Edwin Soeryadjaya, who is retiring by rotation pursuant to Articles 99 of the Articles of Association of the Company.				
Ordinary Resolution 4 To approve the payment of Directors' fees of up to S$277,000/- for the financial year ending 31 December 2015 and the payment thereof on a quarterly basis (2014: S$277,000/-)				
Ordinary Resolution 5 To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors to fix their remuneration.				
Ordinary Resolution 6 To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited.				
Ordinary Resolution 7 To approve the renewal of the general mandate for Interested Person Transactions.				

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

Dated this _____ day of _____ 2015

Total Number of Shares Held

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

Important: Please read notes overleaf

Notes to the Proxy Form:

1. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares entered against his/her name in the Depository Register and registered in his/her name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.

3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

6. The instrument appointing proxy or proxies, together with the letter of power of attorney or other authority (if any), under which it is signed, or a notarially certified copy thereof, must be deposited at the registered office of the Company at 96 Robinson Road #15-01/02 SIF Building Singapore 068899, not less than 48 hours before the time set for the Annual General Meeting.

7. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

SEROJA INVESTMENTS LIMITED
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