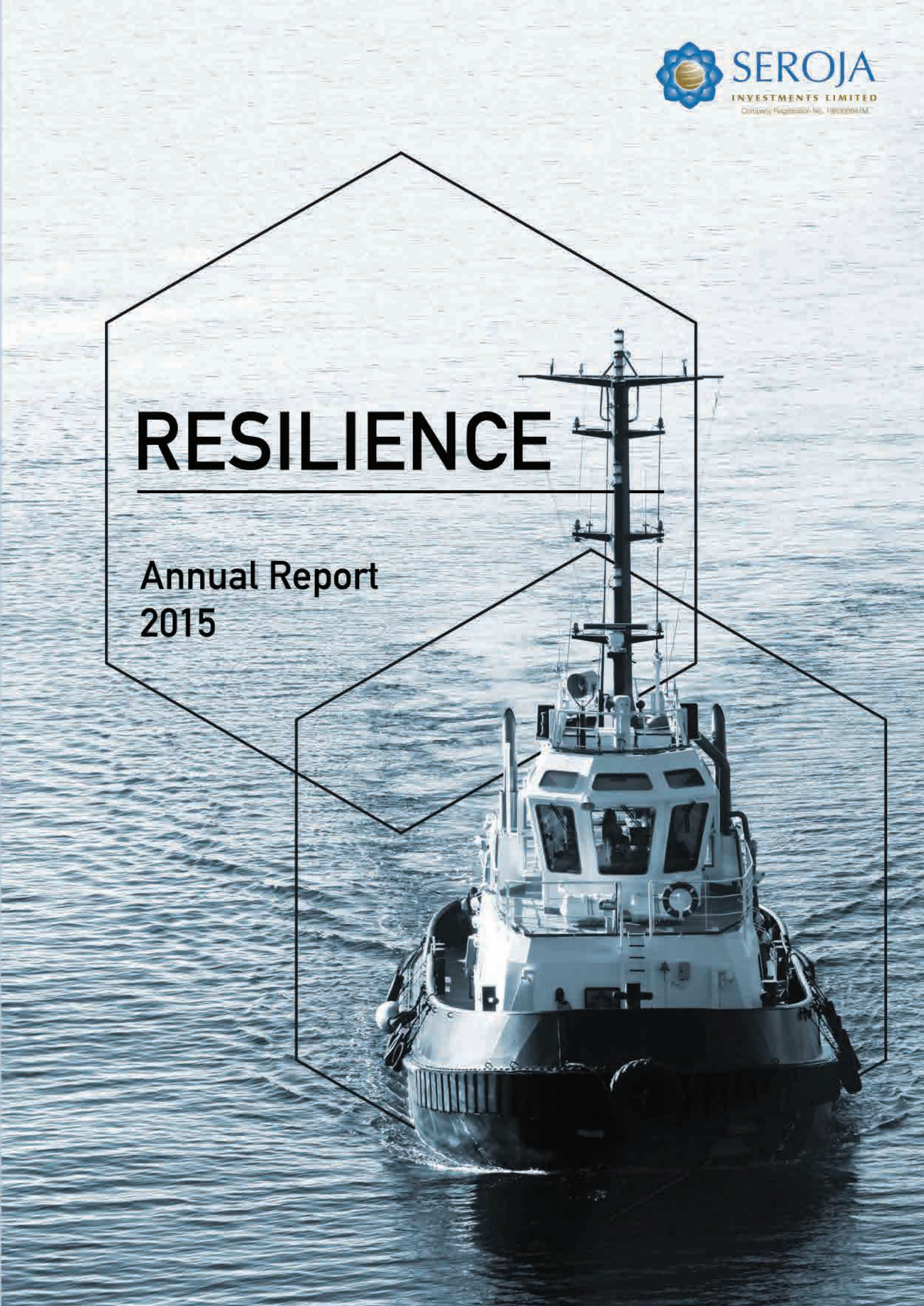
SEROJA
INVESTMENTS LIMITED
Company Registration No. 198301004-M

RESILIENCE

Annual Report 2015



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SEROJA
INVESTMENTS LIMITED
Company Registration No. 198300847M

Corporate **Profile**

We are principally engaged in the provision of vessel chartering services to transport dry bulk cargo. As at end of FY2015, we own and operate a fleet of 65 vessels consisting of tugboats and barges which mainly navigate waters around the Indonesian archipelago. 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 9.9 years for tugboats and 8.0 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 2015 ("FY 2015").

Overview of FY2015

Amid a downturn in the shipping industry, the Group reversed from a profit attributable to shareholders of US$1.4 million in FY2014 to a loss attributable to shareholders of US$8.5 million in FY2015. However, the loss included a one-off loss on disposal of a panamax vessel amounting to US$10.3 million and excluding such loss, the Group would have instead generated a profit attributable to shareholders of US$1.8 million in FY2015 which is about 28.6% more than the profit attributable to shareholders in FY2014. Despite the downturn, it is indeed encouraging that the Group managed to turn in positive operating results, saved for the loss of disposal of the remaining panamax vessel which will not be repeated. Our Group's revenue decreased by 28.1% from US$65.3 million in FY2014 to US$47.0 million in FY2015. This was a result of weak demand and low freight rate, coupled with the offloading of 2 panamax vessels in December 2014 and September 2015 respectively.

The Group has totally exited from owning drybulk carriers by disposing of its last panamax vessel in September 2015 and will focus its resources on its fleet of tugboats and barges in Indonesia. Due to difficulty in getting good charter rates for such vessels which was hit with weak demand and overcapacity, the Group has to make a painful decision to dispose its last panamax vessel which had been making losses since the beginning of FY2015 due to high operating costs and low charter rates. In hindsight, it was a right decision as after the disposal, the drybulk market has continued to deteriorate and the Baltic Panamax Index (BPI) had fallen to a new low in February 2016. Hence, the Group would be bleeding continuously into the new financial year if not for the disposal of the panamax vessel. Also, holding on to such a vessel would result in further impairment losses based on current market conditions.

Despite lower tonnage demand from its major customers, the Group managed to secure tonnage from new customers to compensate for the lower demand from major customers. As a result, total tonnage delivered by its fleet of tugboats and barges in Indonesia only dropped by a marginal 0.7% in FY2015 as compared to FY2014. The Group's strategy of expanding its customer base has borne fruit as the total cargo volume shipped has not dropped significantly during such a shipping downturn.

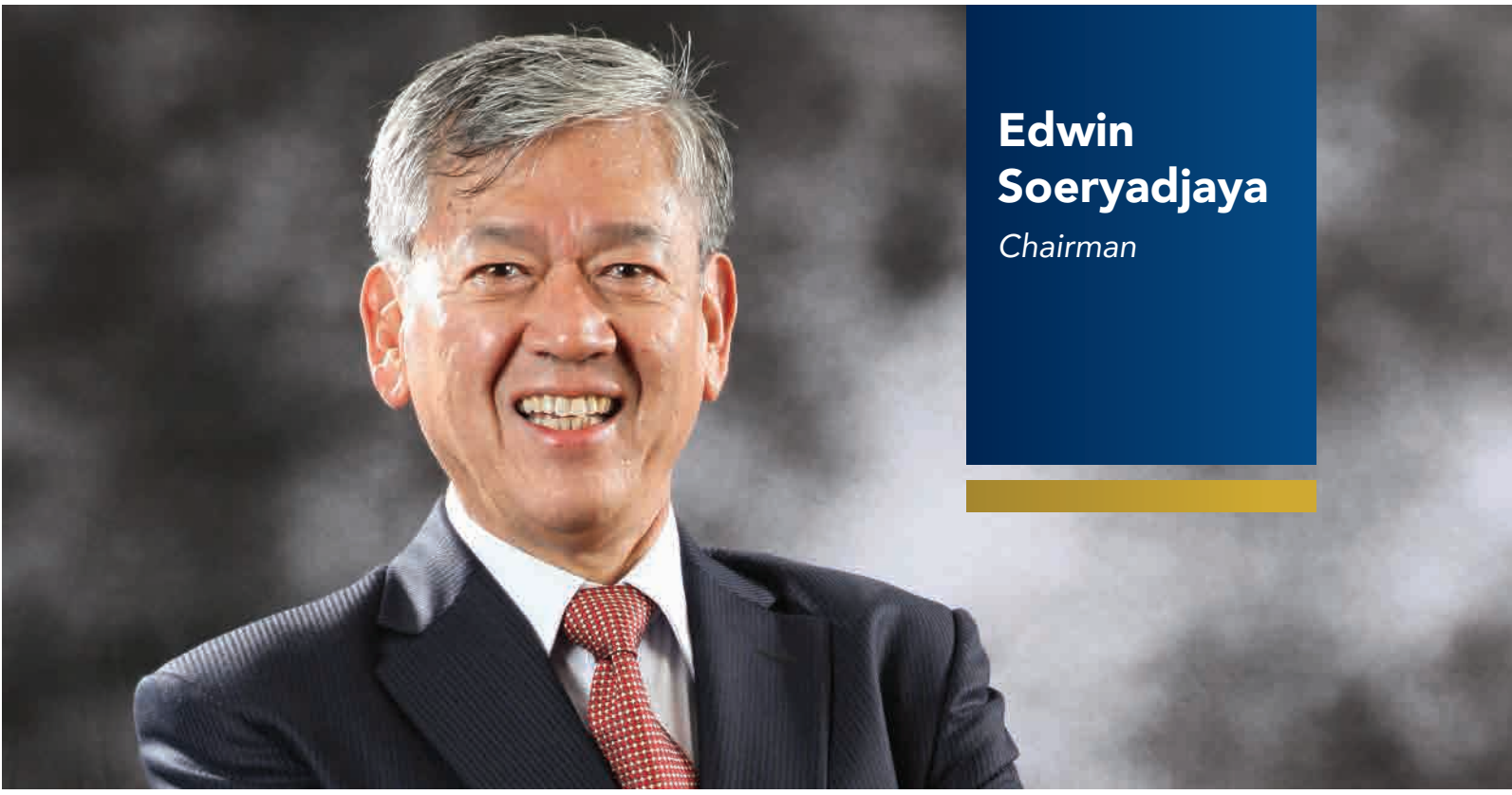
Opportunities & threats

Marine transportation is still the key means of moving large quantity of commodities across the many islands in Indonesia as well as for exports out of Indonesia. Our fleet of tugboats and barges are all Indonesian flagged and the carbotage laws in Indonesia have given our vessel fleet a competitive edge against overseas flagged vessels. Our main competition is from other similar Indonesian flagged vessels but with our quality and reliable service, we will continue to stand tall with such competitors.

Commodities markets remained weak due to slow down in global economy and the economic outlook is still uncertain on how long commodities markets will remain in the doldrums. The weakness in commodities price has put a dent on freight rates which are expected to remain weak in the beginning of 2016 until global economic outlook changes for the better.

Our bank loan obtained in FY2011 is due for repayment in the second quarter of FY2016. The loan has decreased to US$14.3 million as at 31 January 2016 from an initial principal sum of US$70 million in FY2011. We are in the process of negotiation for refinancing of a larger loan size to repay the said loan and the balance proceeds will be for further fleet expansion if necessary. With the refinancing, this will further strengthen our balance sheet and the Group will have more funding to capitalize on any new growth opportunities as and when they arise.

Chairman's **Message**



Resilience

The difficult shipping environment in 2015 may continue to flow through in 2016 but the Group will take measures to ensure it is ready for such challenges. The Group will continue to leverage on its strong relationship with existing customers to secure a bigger share of the total cargo shipments required by customers. The Group is also constantly on the lookout for new customers to expand its customer base for organic growth.

The Group believes that providing efficient and quality service is core to keeping customers happy and satisfied. All support staff will be trained to be equipped with the skill and knowledge to render support to customers as and when necessary. The Group will continue to provide quality and reliable service in order to retain its major customers as well as win over new customers to steer the Group towards more growth opportunities.

Resilience is the key to success in difficult times. The Group will continue to enhance operational efficiency and monitor operating expenses of its vessels to ensure its vessel fleet is managed effectively and efficiently to deliver the best returns to its shareholders.

A 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 valued shareholders for their continuous support.

Edwin Soeryadjaya
Chaiman

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

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

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

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

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

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 responsible for managing the Group's day-to-day activities.

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

Board of **Directors**

Mr Ng Soon Kai
Non-Executive Director

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

Mr Yap Kian Peng
Independent Director

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

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

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

Mr Ng Yuen
Independent Director

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

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

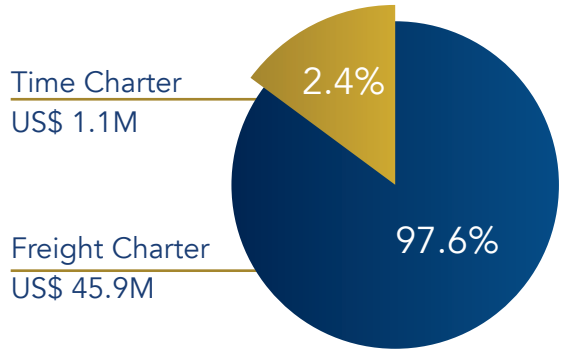
Operations and Financial Review

The Group recorded a lower revenue for FY2015 as compared to FY2014 and reversed from a profit attributable to shareholders of US$1.4 million in FY2014 to a loss attributable to shareholders of US$8.5 million in FY2015. However, excluding the one-off loss on disposal of panamax vessel, the Group would have instead generated a profit attributable to shareholders of US$1.8 million for FY2015 which is approximately 28.6% higher than FY2014. Our operations and performance review for FY2015 are presented below in more details.

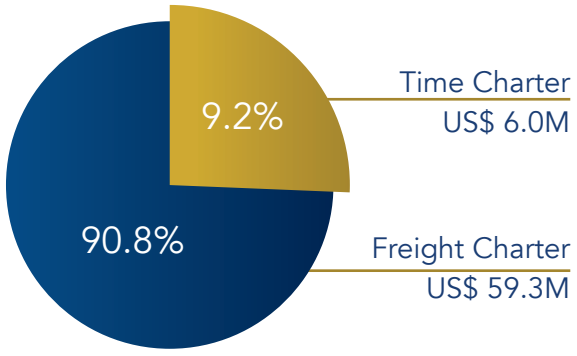
Revenue

The Group's revenue decreased by 28.1% from US$65.3 million in FY2014 to US$47.0 million in FY2015. The lower revenue was due to decrease in both the freight charter revenue as well as time charter revenue. Freight charter revenue decreased by US$13.4 million from US$59.3 million in FY2014 to US$45.9 million in FY2015 due mainly to lower demand from major customers as well as lower average freight rate for the year under review. Time charter revenue decreased by US$4.9 million from US$6.0 million in FY2014 to US$1.1 million in FY2015. This was mainly due to no contribution from one panamax vessel which was disposed in December 2014. Contribution from another panamax vessel also ceased in August 2015 due to its disposal on 1 September 2015. There was also no significant time charter contract secured in Indonesia for tugboats and barges as customers prefer to charter under spot or per voyage basis due to freight rates remaining weak. The breakdown of freight charter and time charter revenue for FY2015 and FY2014 are presented in the diagrams as follow:-

FY 2015



FY 2014



Profitability

Gross profit decreased by 15.2% or US$2.0 million from US$13.3 million in FY2014 to US$11.3 million in FY2015 mainly due to lower revenue which is partly offset by lower operating expenses incurred for the year under review. Gross profit margin increased from 20.4% in FY2014 to 24.0% in FY2015. This was mainly attributed to the lower fuel price, lower depreciation charges, lower management and maintenance fees as a result of the disposal of the two panamax vessels as abovementioned which was partly offset by the lower average freight rate for the year under review.

Other losses in FY2015 comprise mainly loss on disposal of a panamax vessel on 1 September 2015 amounting to US$10.3 million as well as exchange loss of US$0.5 million due to currency fluctuation. Other gain in FY2014 of US$0.2 million comprised of mainly exchange gain.

Administrative expenses decreased by 43.5% or US$2.5 million from US$5.7 million in FY2014 to US$3.2 million in FY2015. This was due mainly to lower expenses incurred in selling one panamax vessel in the current financial year as compared to higher expenses in scrapping a capesize vessel and sale of a panamax vessel in FY2014. Also, lower office supplies, transport, salaries and related costs were incurred in line with the lower business activities. Finance expenses increased by 5.0% or US$0.1 million from US$2.1 million in FY2014 to US$2.2 million in FY2015. The increase was mainly due to one-off upfront fee of US$0.2 million incurred for new loan obtained by subsidiary, PT PSJ to finance its working capital which is partly offset by lower finance costs incurred due to lower bank borrowings as a result of repayments made.

The share of results of associates increased significantly by US$0.8 million from US$29k in FY2014 to US$0.8 million in FY2015. The lower share of results of associates in FY2014 was 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 as well as higher spare part and supplies incurred to carry out such repair and maintenance works. No such expenses was repeated in FY2015.

Other comprehensive income for FY2015 comprised of foreign currency translation loss of overseas subsidiaries of US$0.2 million and gains on remeasurement of post employment benefits plan amounting to US$60k whereas other comprehensive income for FY2014 comprised of foreign currency translation gain of overseas subsidiaries of US$1.3 million and gains on remeasurement of post employment benefits plan amounting to US$0.1 million.

Arising from the above, the Group reversed from a net profit attributable to shareholders of US$1.4 million in FY2014 to a net loss attributable to shareholders of US$8.5 million for FY2015 mainly due to loss on disposal of a panamax vessel. Excluding the one-off loss on vessel disposal of US$10.3 million, the Group would have generated a net profit attributable to shareholders of US$1.8 million in FY2015 which is about 28.6% higher than that of FY2014. The Group reversed from a total comprehensive income attributable to shareholders of US$2.7 million in FY2014 to a total comprehensive loss attributable to shareholders of US$8.6 million for FY2015. If the one-off loss on vessel disposal was excluded, the Group would have reversed from a total comprehensive loss to a total comprehensive income attributable to shareholders of US$1.7 million for FY2015.

The Group's losses per ordinary share was 2.18 US cents in FY2015 as compared to earnings per ordinary share of 0.35 US cents in FY2014. Net asset value per ordinary share decreased from 10.87 US cents in FY2014 to 8.69 US cents in FY2015.

Financial Position

Trade and other receivables increased by US$1.6 million from US$7.5 million as at 31 December 2014 to US$9.1 million as at 31 December 2015. The increase was mainly due to higher revenue generated during the last 2 months of current financial year which remained outstanding as at current financial year end. Inventories decreased by US$0.6 million from US$1.5 million as at 31 December 2014 to US$0.9 million as at 31 December 2015 mainly due to lower purchase of fuel, spare parts and supplies for the fleet of tugboats and barges in Indonesia. The decrease in other current assets of US$0.6 million from US$1.1 million as at 31 December 2014 to US$0.5 million as at 31 December 2015 was mainly due to lower advance payments made for spare parts and supplies ordered for vessels' use and maintenance.

Property, plant and equipment decreased from US$109.9 million as at 31 December 2014 to US$79.9 million as at 31 December 2015. This was mainly due to disposal of a panamax vessel as well as depreciation charges during the year under review which was partly offset by drydocking costs capitalized.

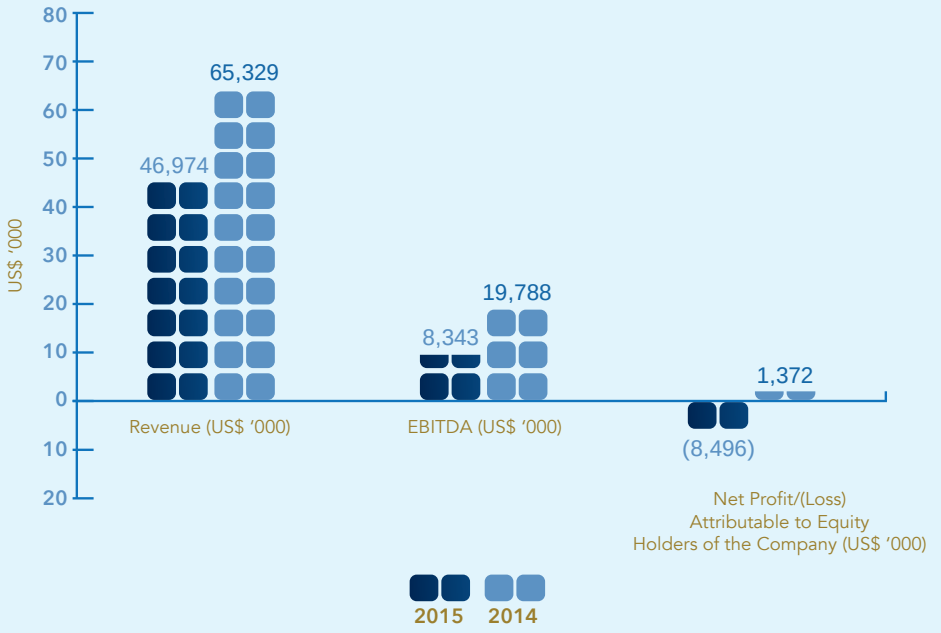
Total borrowings (current and non-current) decreased by US$20.4 million from US$46.8 million as at 31 December 2014 to US$26.4 million as at 31 December 2015. The decrease was due to repayments of bank loans and finance lease obligations during the year under review which was partly offset by a new bank loan secured by a subsidiary to finance its working capital.

The Group is in negative working capital position as at 31 December 2015 as its current liabilities exceed current assets by US$7.4 million (FY2014: US$14.7 million). Despite the negative working capital position, the Group continues to generate positive cashflow from operations of US$16.7 million for FY2015 (FY2014: US$18.8 million) and has generated sufficient cashflow each quarter to service the current portion of bank loans payable on quarterly basis. The Group will continue to tighten its capital expenditures to contain significant cash outflows.

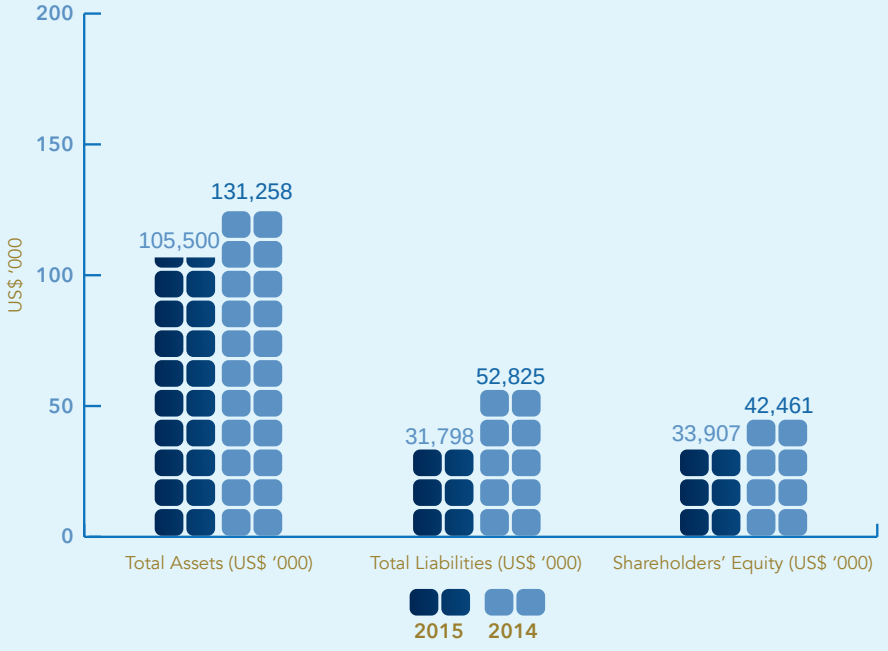
Net cash generated from operating activities and investing activities amounted to US$16.7 million and US$9.0 million respectively which was partly offset by net cash used in financing activities of US$22.6 million. Cash generated from investing activities was mainly due to proceeds from disposal of a panamax vessel which was partly offset by drydocking expenditures incurred for existing fleet of tugboats and barges in Indonesia. Cash used in financing activities was for repayments of loans, finance lease obligations and interest which was partly offset by new bank loan obtained to finance the working capital of its subsidiary. Arising from the above, the Group generated a net increase in cash and cash equivalents of US$3.1 million from US$6.5 million as at 31 December 2014 to US$9.6 million as at 31 December 2015.

Financial **Highlights**

Profit and Loss Statement Review



Balance Sheet Review



Per share data	FY2015	FY2014
(Losses)/Earnings – Basic (US cents)	(2.18)	0.35
Net tangible assets (US cents)	8.69	10.87

Group **Structure**

Corporate **Information**

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

Audit Committee
Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

Nominating Committee
Ng Yuen, Chairman
Edwin Soeryadjaya
Yap Kian Peng

Remuneration Committee
Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

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

Independent Auditor
Nexia TS Public Accounting Corporation
Public Accountants and 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)

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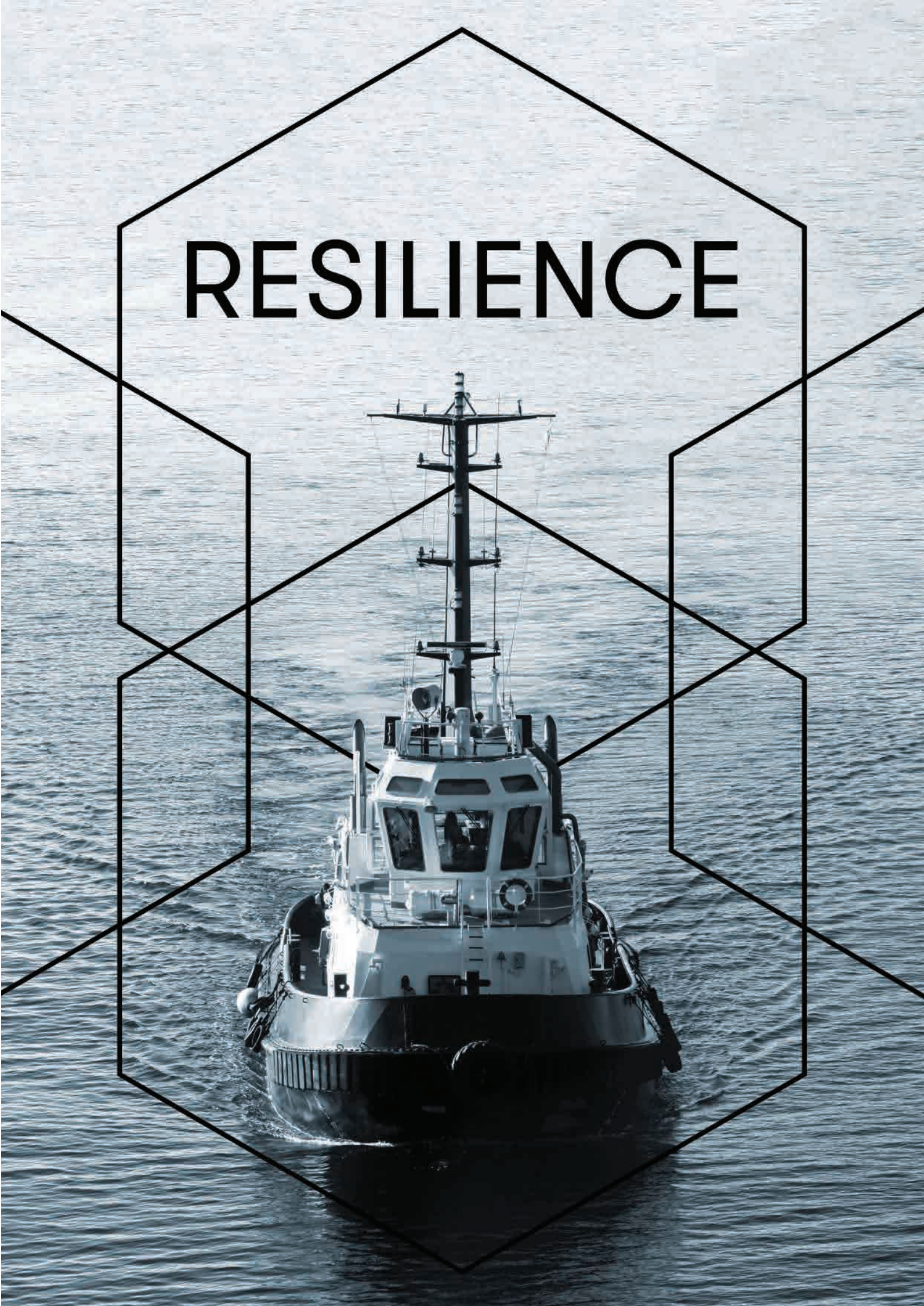
Fax: (65) 6557 4899

Company Registration Number
198300847M

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

Principal Bankers
UOB Limited, Singapore
PT. Bank UOB Buana

RESILIENCE



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Corporate **Governance Report**

The Board of Directors (the "**Board**") is committed to maintaining a high standard of corporate governance and transparency within the Group to protect the interests of its shareholders and enhance long-term shareholder value. This report describes the Company's corporate governance processes and practices which have been adopted in line with the spirit of the Code of Corporate Governance 2012 (the "**Code**"), with specific reference to the principles and guidelines of the Code. The Company adheres largely to the principles and guidelines as set out in the Code, and endeavours to specify and explain any deviation from the Code.

BOARD MATTERS

BOARD'S CONDUCT OF AFFAIRS

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

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

(i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

(ii) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

(iii) to review management performance;

(iv) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; and

(v) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met.

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

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

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

The attendance of the Directors at Board Meetings and Committee Meetings during the financial year ended 31 December 2015 is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	4	1	1
Mr Edwin Soeryadjaya	1	1	-	-
Mr Masdjan	2	2*	1*	1*
Mr Andreas Tjahjadi	4	4*	1*	1*
Mr Ng Soon Kai	4	4	1*	1*
Mr Ng Yuen	4	4	1	1
Mr Yap Kian Peng	4	4	1	1

* By invitation

There was no new appointment of directors in FY2015. For the appointment of a 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 for conducting briefing sessions for new directors to enable them to be familiar with the structure and operations of the Group. Existing Directors and key executive officers will be available to answer any queries the new Directors may have of the Company.

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

BOARD COMPOSITION AND GUIDANCE

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

The Board comprises two Executive Directors, two Non-Executive Directors and two Independent Directors. The current Board Members comprise directors who as a group provide 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 have served on the Board for more than nine years. No individual or small group of individuals dominates the decision making process of the Board.

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.

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

The Board noted the guideline under the Code that independent directors should make up at least half of the Board where the Chairman is not an independent director. The Board is of the view that based on current size and operations of the Group as well as the relevant experience and expertise of existing directors in the Board, it is not necessary to have at least half of the Board made up of independent directors, but will take the relevant guideline into consideration during a review of its succession plans in the next few years.

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 Pte Ltd, 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. There were only 2 key management personnel (who are not Directors or the CEO) whom the Company considered to be key executives of the Group. The details of the remuneration of Directors and top 2 key executives of the Group for services rendered during the financial year ended 31 December 2015 are as follows:

	Salary %	Bonus %	Fees %	Allowances and Other Benefits %	Total Compensation %
Directors					
S$250,000 to below S$500,000					
Mr Andreas Tjahjadi	84.9	-	13.4	1.7	100
Below S$250,000					
Mr Edwin Soeryadjaya	-	-	100	-	100
Mr Masdjan	-	-	100	-	100
Mr Ng Soon Kai	-	-	100	-	100
Mr Ng Yuen	-	-	100	-	100
Mr Yap Kian Peng	-	-	100	-	100
Key Executives					
Below S$250,000					
Boby Susanto[(1)]	95.1	-	-	4.9	100
Lim Poh Chen	93.0	7.0	-	-	100

(1) Mr Boby Susanto is the son of Mr Masdjan, the Chief Operating Officer and Executive Director of the Company. Mr Boby Susanto's remuneration falls between the range of S$50,000 to S$100,000.

The aggregate remuneration paid to the top two key executives of the Company (who are not Directors or the CEO) for FY2015 is US$168,000. Save as disclosed above, there are no employees who are immediate family members of a Director or the CEO whose remuneration exceeded S$50,000 during the financial year ended 31 December 2015.

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 adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology 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 of the opinion that the Group's internal controls addressing financial, operational and compliance and information technology controls and risk management system were adequate and effective for the financial year ended 31 December 2015.

The Board has also received assurance from the Executive Director undertaking the role of CEO and the Group Financial Controller at the Board meeting held on 25 February 2016 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$75,000 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 qualified accounting firm, Johan Malonda Mustika & Rekan which is an independent member of Baker Tilly International to strengthen the internal audit function so as to assist the Group to maintain a sound system of internal controls to safeguard shareholders' interest. The internal auditor meets or exceeds the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

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

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 Constitution 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 2015 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	-	27,563
Interest paid to Extend Links Limited (1)	129	-

(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 62 to 67 of the Annual Report.

Directors' Statement

For the financial year ended 31 December 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

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 26 to 72 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2015	As at 31.12.2015	As at 1.1.2015	As at 31.12.2015
The Company				
(No. of ordinary shares)				
Edwin Soeryadjaya	24,270,349	24,270,349	90,812,988	90,812,988
Andreas Tjahjadi	-	-	17,491,703	17,491,703
Masdjan	-	-	36,325,195	36,325,195
Ng Soon Kai	-	-	4,225,446	4,225,446

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2015	As at 31.12.2015	As at 1.1.2015	As at 31.12.2015
Subsidiary				
Seroja Shipping Services Pte Ltd				
(No. of ordinary shares)				
Masdjan	-	-	1,302,880	1,302,880

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2016.

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

Share options

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

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

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

Audit Committee

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

Yap Kian Peng (Chairman)
Edwin Soeryadjaya
Ng Yuen

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

The Audit Committee 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 2015 before their submission to the Board of Directors.

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

During the financial year, the AC met with the management and the independent auditor on four (4) 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.

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.

For the financial year ended 31 December 2015

Independent Auditor

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

On behalf of the directors

Andreas Tjahjadi
Director

Masdjan
Director

21 March 2016

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 subsidiary corporations (the "Group") set out on pages 26 to 72, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2015, and 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 financial statements 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, 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 subsidiary corporations 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

21 March 2016

Consolidated Statement Of **Comprehensive Income**

For the financial year ended 31 December 2015

	Note	**2015 US$'000**	2014 US$'000 (Restated)
Revenue	4	**46,974**	65,329
Cost of services		**(35,681)**	(52,011)
Gross profit		**11,293**	13,318
Other (losses)/gains - net	5	**(10,802)**	213
Expenses			
- Administrative		**(3,246)**	(5,748)
- Finance	8	**(2,155)**	(2,053)
Share of results of associated companies	16	**810**	29
(Loss)/profit before income tax		**(4,100)**	5,759
Income tax expense	9	**(511)**	(690)
Net (loss)/profit		**(4,611)**	5,069
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**(180)**	2,039
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-employment benefits plan	22	**60**	120
Other comprehensive (loss)/income		**(120)**	2,159
Total comprehensive (loss)/income		**(4,731)**	7,228
Net (loss)/profit attributable to:			
Equity holders of the Company		**(8,496)**	1,372
Non-controlling interests		**3,885**	3,697
		(4,611)	5,069
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Company		**(8,554)**	2,679
Non-controlling interests		**3,823**	4,549
		(4,731)	7,228
(Losses)/earnings per share attributable to equity holders of the company (US cents per share)			
Basic and diluted	10	**(2.18)**	0.35

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

Balance **Sheets**

As at 31 December 2015

	Note	Group 31/12/2015 US$'000	31/12/2014 US$'000 (Restated)	1/1/2014 US$'000 (Restated)
ASSETS				
Current assets				
Cash and bank balances	11	**9,557**	6,511	4,292
Trade and other receivables	12	**9,103**	7,531	20,124
Inventories	13	**949**	1,558	2,193
Other current assets	14	**512**	1,121	585
		20,121	16,721	27,194
Non-current asset classified as held-for-sale		**-**	-	3,277
Non-current assets				
Investments in subsidiary corporations	15	**-**	-	-
Investments in associated companies	16	**5,446**	4,636	4,607
Property, plant and equipment	17	**79,933**	109,901	112,258
		85,379	114,537	116,865
Total assets		**105,500**	131,258	147,336
LIABILITIES				
Current liabilities				
Trade and other payables	18	**4,717**	5,228	18,471
Borrowings	19	**20,271**	23,518	27,155
Finance lease liabilities	20	**2,496**	2,647	2,741
		27,484	31,393	48,367
Non-current liabilities				
Borrowings	19	**3,600**	18,171	29,000
Finance lease liabilities	20	**-**	2,496	5,143
Deferred income tax liabilities	21	**264**	309	355
Provision for post-employment benefits	22	**450**	456	418
		4,314	21,432	34,916
Total liabilities		**31,798**	52,825	83,283
NET ASSETS		**73,702**	78,433	64,053
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	23	**31,801**	31,801	31,801
Currency translation reserves		**(519)**	(432)	(1,681)
Other reserves	15	**(305)**	(305)	-
Retained earnings	24	**2,930**	11,397	9,967
		33,907	42,461	40,087
Non-controlling interests		**39,795**	35,972	23,966
Total equity		**73,702**	78,433	64,053

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

Balance **Sheets**

As at 31 December 2015

	Note	Company 31/12/2015 US$'000	31/12/2014 US$'000
ASSETS			
Current assets			
Cash and bank balances	11	**2,537**	463
Trade and other receivables	12	**24,265**	28,844
Inventories	13	**-**	-
Other current assets	14	**52**	57
		26,854	29,364
Non-current assets			
Investments in subsidiary corporations	15	**23,440**	23,440
Investments in associated companies	16	**-**	-
Property, plant and equipment	17	**46**	106
		23,486	23,546
Total assets		**50,340**	52,910
LIABILITIES			
Current liabilities			
Trade and other payables	18	**174**	321
Borrowings	19	**-**	1,600
		174	1,921
Net assets		**50,166**	50,989
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	**56,951**	56,951
Accumulated losses	24	**(6,785)**	(5,962)
Total equity		**50,166**	50,989

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

Consolidated Statement of Changes in Equity

As at 31 December 2015

	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
2015							
As at 1 January 2015 (as previously reported)	31,801	3	697	12,137	44,638	36,138	80,776
Restatements							
Other comprehensive loss	-	(435)	-	(740)	(1,175)	(1,168)	(2,343)
Non-controlling interests from 50% disposal of wholly owned subsidiary (Note 15)	-	-	(1,002)	-	(1,002)	1,002	-
Total restatements	-	(435)	(1,002)	(740)	(2,177)	(166)	(2,343)
As at 1 January 2015 (Restated)	31,801	(432)	(305)	11,397	42,461	35,972	78,433
Net (loss)/profit for the year	-	-	-	(8,496)	(8,496)	3,885	(4,611)
Remeasurements of post-employment benefits plan	-	-	-	29	29	31	60
Foreign currency translation	-	(87)	-	-	(87)	(93)	(180)
Total comprehensive (loss)/income for the year	-	(87)	-	(8,467)	(8,554)	3,823	(4,731)
As at 31 December 2015	31,801	(519)	(305)	2,930	33,907	39,795	73,702

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

As at 31 December 2015

	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
2014							
As at 1 January 2014 (as previously reported)	31,801	3	-	10,707	42,511	25,924	68,435
Restatements	-	(1,684)	-	(740)	(2,424)	(1,958)	(4,382)
As at 1 January 2014 (restated)	31,801	(1,681)	-	9,967	40,087	23,966	64,053
Net profit for the year	-	-	-	1,372	1,372	3,697	5,069
Remeasurements of post-employment benefits plan	-	-	-	58	58	62	120
Total comprehensive income for the year (as previously reported)	-	-	-	1,430	1,430	3,759	5,189
Restatements	-	1,249	-	-	1,249	790	2,039
Total comprehensive income for the year (restated)	-	1,249	-	1,430	2,679	4,549	7,228
Non-controlling interests from 50% disposal of wholly owned subsidiary (Note 15)	-	-	697	-	697	1,303	2,000
Restatements	-	-	(1,002)	-	(1,002)	1,002	-
Non-controlling interests from 50% disposal of wholly owned subsidiary (restated) (Note 15)	-	-	(305)	-	(305)	2,305	2,000
Non-controlling interests from reclassification of joint venture to subsidiary (Note 15 & 16)	-	-	-	-	-	5,152	5,152
As at 31 December 2014	31,801	(432)	(305)	11,397	42,461	35,972	78,433

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

Consolidated Statement of **Cash Flows**

As at 31 December 2015

	Note	Group 2015 US$'000	2014 US$'000 (Restated)
Cash flows from operating activities			
(Loss)/profit before income tax		**(4,100)**	5,759
Adjustments for			
Depreciation of property, plant and equipment	6	**10,288**	11,976
Interest expense	8	**2,155**	2,053
Interest income	5	**(14)**	(24)
Share of profit of associated companies	16	**(810)**	(29)
Loss/(Gain) on disposal of property, plant and equipment	5	**10,320**	(13)
Currency translation difference		**186**	65
Operating profit before working capital changes		**18,025**	19,787
Changes in working capital:			
Trade and other receivables		**(1,572)**	12,593
Inventories		**609**	635
Other current assets		**608**	(536)
Trade and other payables		**(481)**	(13,129)
Provision for post-employee benefits		**55**	158
Cash generated from operation		**17,244**	19,508
Income tax paid		**(556)**	(736)
Interest received	5	**14**	24
Cash flows from operating activities		**16,702**	18,796
Cash flows from investing activities			
Non-controlling interests from reclassification of joint ventures to subsidiary corporation, including cash and bank balances		**-**	5,152
Purchase of property, plant and equipment	17	**(3,993)**	(7,521)
Proceeds from disposal of property, plant and equipment		**13,002**	3,291
Cash flows from investing activities		**9,009**	922
Cash flows from financing activities			
Disposal of 50% equity of a subsidiary		**-**	2,000
Proceeds from borrowings		**7,750**	7,975
Repayment of borrowings		**(25,568)**	(22,441)
Repayment of finance lease		**(3,010)**	(3,010)
Interest paid		**(1,821)**	(1,898)
Cash used in financing activities		**(22,649)**	(17,374)
Net increase in cash and cash equivalents		**3,062**	2,344
Cash and cash equivalents			
Beginning of financial year		**6,511**	4,292
Effects of currency translation		**(16)**	(125)
End of financial year	11	**9,557**	6,511

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

For the financial year ended 31 December 2015

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 2015 were authorised for issue in accordance with resolution of the directors on 21 March 2016.

1 General information

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

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiary corporations are set out in Note 15 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") 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 Noted 3.

The financial statements are expressed in thousands of US dollar except for earnings per share.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INTFRS") that are mandatory for application from the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INTFRS.

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 except for the following:

FRS 108 Operating Segments

The Group has adopted the above amendment to FRS 108 on 1 January 2015.The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosure in Note 28 of the financial statements.

2 Significant accounting policies (continued)

2.2 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated 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 subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Acquisition

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(a) Subsidiary corporations (continued)

(iii) Disposals (continued)

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

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

(b) Transactions with non-controlling interests

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

(c) Associated companies and joint ventures

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%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

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

(i) Acquisition

Investments in associated companies and joint ventures 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 and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' 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 or joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture 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 or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.
Please refer to the paragraph "Investments in subsidiary corporations, 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 of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts.

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.

Rendering of services

Revenue from freight 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.

Interest income

Interest income is recognised using the effective interest method.

2.4 Property, plant and equipment

(a) Measurement

(i) Land

Land is initially recognised at cost and subsequently carried at the cost less accumulated impairment losses.

(ii) Other property, plant and equipment

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

2 Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

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

	Useful lives
Vessels	16 -30 years
Dry docking	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

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 Investments in subsidiary corporations, associated companies and joint ventures

Investments in subsidiary corporations, 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 subsidiary corporations, associated companies and joint ventures

Property, plant and equipment and investments in subsidiary corporations, 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 of the assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash 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.

2 Significant accounting policies (continued)

2.6 Impairment of non-financial assets (continued)

Property, plant and equipment
Investment in subsidiary corporations, associated companies and joint ventures (continued)

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

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 expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and cash equivalents" (Note 11) on the balance sheet.

(b) Recognition and derecognition

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

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

(c) Measurement

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

(d) Impairment

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

Loans and receivables

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

2 Significant accounting policies (continued)

2.8 Financial assets (continued)

(d) Impairment (continued)

Loans and receivables (continued)

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.

2.10 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.

2.12 Trade and other payables

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

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

2.13 Derivative financial instruments and hedging activities

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

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

2 Significant accounting policies (continued)

2.13 Derivative financial instruments and hedging activities (continued)

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

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

Cash flow hedge

Interest rate swaps

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

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

2.14 Fair value estimation

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to 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.

2.15 Leases

(a) When the Group is the lessee:

(i) Lessee - Finance leases

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

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

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

(ii) Lessee - Operating leases

Leases of office premises 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.

2 Significant accounting policies (continued)

2.15 Leases (continued)

(b) When the Group is the lessor:

(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.

2.16 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

2.17 Provisions 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.

2.18 Employee compensation

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

(a) Defined benefit plans

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

2 Significant accounting policies (continued)

2.18 Employee compensation (continued)

(a) Defined benefit plans (continued)

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

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

Past service costs are recognised immediately in profit or loss.

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

(b) Defined contribution plans

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

(c) Short-term compensated absences

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

2.19 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2 Significant accounting policies (continued)

2.19 Currency translation (continued)

(b) Transactions and balances (continued)

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.20 Segment reporting

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

2.21 Cash and cash equivalents

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

2.22 Share capital

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

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.

3.1 Critical accounting estimates and assumptions

(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 16-30 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 2015 amounted to US$7.52million (2014: US$9.01million).

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 2015 would be lower by about US$0.78million (2014: US$0.85million) or higher by about US$0.95million (2014: US$0.96million) 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 2015 would be lower by about US$0.15million (2014: US$9,000) or higher by about US$0.15million (2014: US$9,000) respectively.

3.2 Critical judgements in applying the entity's accounting policies

No critical judgements in applying the entity's accounting policies during the financial year ended 31 December 2015.

4 Revenue

	Group	
	2015	2014
	US$'000	US$'000
Freight charter	**45,867**	59,308
Time charter	**1,107**	6,021
	46,974	65,329

5 Other (losses)/gains - net

	Group	
	2015	2014
	US$'000	US$'000
Interest income	**14**	24
Foreign exchange (loss)/gain	**(496)**	176
Net (loss)/gain on disposal of property, plant and equipment	**(10,320)**	13
	(10,802)	213

For the financial year ended 31 December 2015

6 Expenses by nature

	Group	
	2015	2014
	US$'000	US$'000
Audit fees paid/payables to:		
- auditors of the Company	**75**	81
- other auditor	**16**	16
Depreciation of property, plant and equipment (Note 17)	**10,288**	11,976
Directors' fees	**197**	220
Entertainment	**489**	607
Employee compensation (Note 7)	**2,894**	3,441
Insurance	**1,260**	1,390
Port and agency fees	**1,721**	1,754
Professional fees	**401**	475
Purchases of fuel	**10,965**	17,728
Vessel charter	**2,452**	3,102
Vessel/crew costs	**2,199**	2,711
Vessel disposal costs	**150**	1,621
Vessel maintenance	**1,206**	5,292
Vessel supplies	**1,841**	3,375
Changes in inventories	**609**	635
Others	**2,164**	3,335
	38,927	57,759

7 Employee compensation

	Group	
	2015	2014
	US$'000	US$'000
Salaries and wages	**2,820**	3,299
Pension benefits (Note 22)	**63**	128
Employer's contributions to Central Provident Fund (CPF)	**11**	14
	2,894	3,441

8 Finance expense

	Group	
	2015	2014
	US$'000	US$'000
Interest expense		
- term bank loans	**1,792**	1,784
- finance lease	**363**	269
	2,155	2,053

9 Income taxes

	Group	
	2015	2014
	US$'000	US$'000
Tax expense attributable to profit is made up of:		
Current income tax – Indonesia	**556**	736
Deferred income tax (Note 21)	**(45)**	(46)
	511	690

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

	Group	
	2015	2014
	US$'000	US$'000
(Loss)/profit before income tax	**(4,100)**	5,759
Share of profit of associated companies, net of tax (Note 16)	**(810)**	(29)
(Loss)/profit before tax and share of profit of associated companies	**(4,910)**	5,730

	Group	
	2015	2014
	US$'000	US$'000
Tax calculated at domestic rates applicable to profits in the respective countries	**87**	102
Effects of :		
- Expenses not deductible for tax purposes	**468**	599
- Deferred tax assets not recognised	**1**	35
	556	736

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

Current income tax expense of Indonesia subsidiary corporations is calculated at 1.2% of the subsidiary' corporation 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 2015 and 2014.

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$13,404 (2014: US$14,658) 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.

For the financial year ended 31 December 2015

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	
	2015	2014
Net (loss)/profit attributable to equity holders of the Company (US$'000)	**(8,496)**	1,372
Average number of shares ('000)	**390,388**	390,388
Basic and diluted (loss)/earnings (US cents per share)	**(2.18)**	0.35

11 Cash and bank balances

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**9,557**	6,511	**2,537**	463

12 Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables				
- non-related parties	**4,806**	1,937	**-**	-
- related parties	**1,836**	3,475	**-**	-
	6,642	5,412	**-**	-
Due from subsidiary corporation (non-trade)	**-**	-	**24,265**	28,844
Advances to staff	**42**	25	**-**	-
VAT receivables	**2,419**	2,094	**-**	-
	9,103	7,531	**24,265**	28,844

Non-trade amounts due from staff and subsidiary corporations are unsecured, interest-free and are repayable on demand.

13 Inventories

	Group	
	2015	2014
	US$'000	US$'000
Fuel	**519**	1,081
Consumables	**430**	477
	949	1,558

The cost of inventories recognised as an expense and included in "cost of services" amounted to US$12.81million (2014: US$22.81million).

14 Other current assets

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Prepayments	**500**	1,108	**40**	44
Deposits	**12**	13	**12**	13
	512	1,121	**52**	57

15 Investments in subsidiary corporations

	Company	
	2015	2014
	US$'000	US$'000
Equity investments at cost		
Beginning of financial year	**23,440**	22,138
Additions	**-**	2,605
Disposal	**-**	(1,303)
End of financial year	**23,440**	23,440

The Group had the following subsidiary corporations as at 31 December 2015 and 2014:

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	
			2015	**2014**	**2015**	**2014**	**2015**	**2014**
			%	**%**	**%**	**%**	**%**	**%**
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	50	50	50	50	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	-	-

For the financial year ended 31 December 2015

15 Investments in subsidiary corporations (continued)

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	
			2015	2014	**2015**	2014	**2015**	2014
			%	%	**%**	%	**%**	%
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)]	Provision of marine transportation of drybulk freight	British Virgin Islands	100	100	100	100	-	-
Seroja-Zhushui Shipping Ltd[(3) (5)]	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 subsidiary corporations on the basis that the Group controls the entity based on the exposure to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Carrying value in non-controlling interests

	2015	2014
	US$'000	US$'000
PT Pulau Seroja Jaya and its subsidiary corporations	**33,583**	30,035
Seroja-Zhushui Shipping Limited	**3,496**	3,625
Other subsidiary corporations with immaterial non-controlling interests	**2,716**	2,312
End of financial year	**39,795**	35,972

15 Investments in subsidiary corporations (continued)

Summarised financial information of subsidiary corporations 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 subsidiary corporations		**Seroja-Zhushui Shipping Limited***	
	As at 31 December		**As at 31 December**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Current				
Assets	**17,534**	15,669	**34,168**	34,548
Liabilities	**(28,949)**	(25,891)	**(27,176)**	(13,947)
Total current net (liabilities)/assets	**(11,415)**	(10,222)	**6,992**	20,601
Non-current				
Assets	**78,381**	83,148	**-**	-
Liabilities	**(4,050)**	(18,435)	**-**	-
Total non-current net assets	**74,331**	64,713	**-**	-
Net assets	**62,916**	54,491	**6,992**	20,601

Summarised income statement

	PT Pulau Seroja Jaya and its subsidiary corporations		**Seroja-Zhushui Shipping Limited***	
	For the year ended 31 December		**For the year ended 31 December**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Revenue	**45,914**	60,815	**-**	-
Profit/(loss) before income tax	**6,466**	9,906	**(259)**	(2,928)
Income tax expense	**(556)**	(735)	**-**	-
Net profit/(loss)	**5,910**	9,171	**(259)**	(2,928)
Other comprehensive income	**120**	120	**-**	-
Total comprehensive income/(loss)	**6,030**	9,291	**(259)**	(2,928)
Total other comprehensive income/(loss) allocated to non-controlling interests	**3,136**	4,831	**(130)**	(1,464)

15 Investments in subsidiary corporations (continued)

Summarised cash flows

	PT Pulau Seroja Jaya and its subsidiary corporations For the year ended 31 December		Seroja-Zhushui Shipping Limited* For the year ended 31 December	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Cash flows from operating activities				
Cash generated from operations	**18,738**	17,809	**(281)**	23,191
Interest paid	**(500)**	(624)	**(97)**	(110)
Income tax paid	**(545)**	(735)	**-**	-
Net cash generated from/(used in) operating activities	**17,693**	16,450	**(378)**	23,081
Net cash (used in)/generated from investing activities	**(3,984)**	(7,521)	**-**	6,554
Net cash used in financing activities	**(12,356)**	(6,825)	**-**	(29,511)
Net increase/(decrease) in cash and cash equivalents	**1,353**	2,104	**(378)**	124
Cash and cash equivalents at the beginning of year	**5,668**	3,564	**378**	254
Cash and cash equivalents at end of year	**7,021**	5,668	**-**	378

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
	(Restated)
Carrying amount of 50% of SSS	**2,305**
Purchase consideration paid by NCI	**(2,000)**
Difference recognised in other comprehensive income	**305**

16 Investments in associated companies

	Group	
	2015	2014
	US$'000	US$'000
Equity investment at cost		
Beginning of financial year	**4,636**	4,607
Share of profits for the year	**810**	29
End of financial year	**5,446**	4,636

16 Investments in associated companies (continued)

Set out below is the associated company of the Group as at 31 December 2015, 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.

Name of entities	Principal activities	Country of incorporation	% of ownership interest 2015	2014
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

	2015 US$'000	2014 US$'000
Current assets	**1,864**	1,785
Includes:		
- Cash and cash equivalents	**975**	990
Current liabilities	**(1,208)**	(6,601)
Includes:		
- Financial liabilities (excluding trade payables)	**-**	(5,808)
Non-current assets	**20,983**	23,798
Non-current liabilities	**(4,392)**	(4,453)
Includes:		
- Financial liabilities	**(4,392)**	(4,453)
Net assets	**17,247**	14,529

For the financial year ended 31 December 2015

16 Investments in associated companies (continued)

Summarised statement of comprehensive income

	2015 US$'000	2014 US$'000
Revenue	**7,354**	7,370
Interest income	**3**	3
Expenses		
Includes:		
- Depreciation	**(2,084)**	(2,085)
- Interest expense	**(172)**	(319)
Profit before tax	**2,807**	191
Income tax expense	**(88)**	(88)
Profit after tax, representing total comprehensive income	**2,719**	103

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:-

	2015 US$'000	2014 US$'000
Net assets – At 1 January	**14,529**	14,426
Profit for the year	**2,719**	103
Net assets – At 31 December	**17,248**	14,529
Carrying value/ Interest in associated company (30%)	**5,174**	4,359
Add: Carrying value of individually immaterial associated companies	**272**	277
Carrying value of Group's interest in associated companies	**5,446**	4,636

17 Property, plant and equipment

Group 2015	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	164,400	10,850	79	582	720	618	113	7	177,369
Additions	-	3,993	-	-	-	-	-	-	3,993
Disposal	(26,479)	-	-	-	-	(23)	-	-	(26,502)
Currency alignment	(161)	(9)	-	-	-	-	-	-	(170)
End of financial year	137,760	14,834	79	582	720	595	113	7	154,690
Accumulated depreciation and impairment losses									
Beginning of financial year	58,664	7,398	-	162	639	498	103	4	67,468
Depreciation charge (Note 6)	7,520	2,587	-	29	81	64	6	1	10,288
Disposal	(3,157)	-	-	-	-	(23)	-	-	(3,180)
Currency alignment	(59)	235	-	-	-	5	-	-	181
End of financial year	62,968	10,220	-	191	720	544	109	5	74,757
Net Book Value									
End of financial year	74,792	4,614	79	391	-	51	4	2	79,933

17 Property, plant and equipment (continued)

Group (continued) 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	154,463	8,379	79	582	693	847	111	7	165,161
Additions	5,516	2,003	-	-	-	-	2	-	7,521
Disposal	-	-	-	-	-	(229)	-	-	(229)
Currency alignment	4,421	468	-	-	27	-	-	-	4,916
End of financial year	164,400	10,850	79	582	720	618	113	7	177,369
Accumulated depreciation and impairment losses									
Beginning of financial year	46,783	4,748	-	133	487	656	96	-	52,903
Depreciation charge (Note 6)	9,013	2,730	-	29	124	69	7	4	11,976
Disposal	-	-	-	-	-	(227)	-	-	(227)
Currency alignment	2,868	(80)	-	-	28	-	-	-	2,816
End of financial year	58,664	7,398	-	162	639	498	103	4	67,468
Net Book Value									
End of financial year	105,736	3,452	79	420	81	120	10	3	109,901

17 Property, plant and equipment (continued)

Vessels with carrying amounts of US$66.12million (2014: US$95.37million) and US$8.67 million (2014: US$10.37million) were pledged as security for bank borrowings (Note 19) and held under finance leases (Note 20), respectively at the balance sheet date.

Company	**Office Equipment**	**Furniture and Fittings**	**Motor Vehicle**	**Total**
2015	**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	5	189	203
Depreciation charge	-	1	59	60
Disposal	-	-	-	-
End of financial year	9	6	248	263
Net Book Value				
End of financial year	-	1	45	46
2014				
Cost	9	7	293	309
Beginning and end of financial year				
Accumulated Depreciation	9	4	131	144
Beginning of financial year	-	1	58	59
Depreciation charge Disposal	-	-	-	-
End of financial year	9	5	189	203
Net Book Value				
End of financial year	-	2	104	106

18 Trade and other payables

	Group		**Company**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Trade payables to:				
- Non-related parties	**3,860**	4,232	**-**	-
Accrued operating expenses	**857**	996	**174**	321
	4,717	5,228	**174**	321

19 Borrowings

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Current				
Bank borrowings	**20,271**	15,543	**-**	-
Related party	**-**	1,600	**-**	1,600
Non-related party	**-**	6,375		-
	20,271	23,518	**-**	1,600
Non-current				
Bank borrowings	**3,600**	18,171	**-**	-
Total borrowings	**23,871**	41,689	**-**	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	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
6 months or less	**18,471**	14,146	**-**	-
6 – 12 months	**1,800**	9,372	**-**	1,600
1 – 5 years	**3,600**	18,171	**-**	-
	23,871	41,689	**-**	1,600

(a) Security granted

Total borrowings include secured liabilities of US$23.87 million (2014: US$41.69 million) for the Group.

Bank borrowings of the Group are secured by the following:

- certain vessels of subsidiary corporations (Note17);
- 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.

(b) Fair value of non-current borrowings

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

	Group	
	2015	2014
	US$'000	US$'000
Bank borrowings	**3,382**	16,952

19 Borrowings (continued)

(c) Fair value of non-current borrowings

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	
	2015	2014
Bank borrowings	**6%**	6%

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

20 Finance lease liabilities

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

	Group	
	2015	2014
	US$'000	US$'000
Minimum lease payments due		
- Not later than one year	**2,888**	3,010
- Between one and five years	**-**	2,888
	2,888	5,898
Less: Future finance charges	**(392)**	(755)
Present value of finance lease liabilities	**2,496**	5,143

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

	Group	
	2015	2014
	US$'000	US$'000
Not later than one year	**2,496**	2,647
Between one and five years	**-**	2,496
Total	**2,496**	5,143

For the financial year ended 31 December 2015

21 Deferred income tax

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

	Group	
	2015	2014
	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	**309**	355
Credited to profit or loss (Note 9)	**(45)**	(46)
End of the financial year	**264**	309

As at 31 December 2015, 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 subsidiary corporations established in the Indonesia. In the opinion of the management, it is not probable that these subsidiary corporations will distribute such earnings in the foreseeable future. The deferred tax liabilities not recognised are approximately US$4.9million (2014: US$4.4million).

22 Post-employment benefits

	Group	
	2015	2014
	US$'000	US$'000
Obligations recognised in the balance sheet for:		
Defined pension benefits	**450**	456
Expenses charged to profit or loss:		
Defined pension benefits (Note 7)	**63**	128
Remeasurements for:		
Defined pension benefits	**60**	120

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

	Group	
	2015	2014
	US$'000	US$'000
Present value of unfunded obligations/Liability recognised in the balance sheet	**450**	456

22 Post-employment benefits (continued)

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

	Group	
	2015	2014
	US$'000	US$'000
Beginning of financial year	**456**	418
Current service cost	**92**	99
Interest expense	**35**	29
	127	128
Remeasurements:		
- Actuarial gain	**(60)**	(120)
	(60)	(120)
Exchange differences	**(18)**	35
Benefits paid during the year	**(55)**	(5)
End of financial year	**450**	456

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	**9%**	8.2%
Salary growth rate	**7%**	7%
Mortality rate*	**TMI '11**	TMI '11
Disability rate	**10% of mortality rate**	10% of mortality rate

* Based on Indonesian Mortality Table.

23 Share capital

	Group		Company	
2015 & 2014	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).

24 Retained earnings/(accumulated losses)

(a) Retained earnings are distributable except for accumulated retained earnings of associated companies amounting to US$2.84million (2014: US$2.03million).

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

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year (restated)	**11,397**	9,967	**(5,962)**	(5,735)
Net profit/(loss)	**(8,496)**	1,372	**(823)**	(227)
Remeasurements of post-employment benefit liabilities*	**29**	58	**-**	-
End of financial year	**2,930**	11,397	**(6,785)**	(5,962)

* The remeasurements of post-employment benefit liabilities for the year amounted to US$60,000 (2014: US$120,000) (Note 22) out of which the non-controlling interests share amounted to US$31,000 (2014: US$62,000).

25 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	
	2015	2014
	US$'000	US$'000
Freight charter revenue from related party	**27,563**	37,035

Outstanding balances as at 31 December 2015 and 2014 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	
	2015	2014
	US$'000	US$'000
Salaries and bonuses	**322**	387
Directors' fees	**197**	220
Employers' contributions to CPF	**8**	9
	527	616

Included in the salaries and bonuses above are total directors' remunerations of US$162,000 (2014:US$284,000).

26 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	
	2015	2014
	US$'000	US$'000
Not later than one year	**17**	77
Between one and five year	**-**	18
	17	95

(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	
	2015	2014
	US$'000	US$'000
Not later than one year	**-**	1,428
Between one and five year	**-**	-
	-	1,428

27 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").

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 2015				
Financial assets				
Cash and bank balances	**9,339**	**36**	**182**	**9,557**
Trade and other receivables	**2,025**	**-**	**7,078**	**9,103**
Receivables from subsidiary corporations	**75,324**	**-**	**-**	**75,324**
	86,688	**36**	**7,260**	**93,984**
Financial liabilities				
Trade and other payables	**(848)**	**(174)**	**(3,695)**	**(4,717)**
Finance lease liabilities	**(2,496)**	**-**	**-**	**(2,496)**
Borrowings	**(23,871)**	**-**	**-**	**(23,871)**
Payables from subsidiary corporations	**(75,324)**	**-**	**-**	**(75,324)**
	(102,539)	**(174)**	**(3,695)**	**(106,408)**
Net financial (liabilities)/ assets	**(15,851)**	**(138)**	**3,565**	**(12,424)**
Less: Net financial liabilities denominated in the functional currencies of respective entities	**15,851**	**-**	**-**	**15,851**
Currency exposure	**-**	**(138)**	**3,565**	**3,427**

27 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	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 subsidiary corporations	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 subsidiary corporations	(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

27 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	2015			2014		
	US$	**SGD**	**Total**	**US$**	**SGD**	**Total**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Financial assets						
Cash and bank balances	**2,501**	**36**	**2,537**	435	28	463
Trade and other receivables	**24,265**	**-**	**24,265**	28,844	-	28,844
	26,766	**36**	**26,802**	29,279	28	29,307
Financial liabilities						
Trade and other payables	**-**	**(174)**	**(174)**	-	(321)	(321)
Borrowings	**-**	**-**	**-**	(1,600)	-	(1,600)
	-	**(174)**	**(174)**	(1,600)	(321)	(1,921)
Net financial assets/(liabilities)	**26,766**	**(138)**	**26,628**	27,679	(293)	27,386
Less: Net financial assets denominated in the functional currencies of the Company	**(26,766)**	**-**	**(26,766)**	(27,679)	-	(27,679)
Currency exposure	**-**	**(138)**	**(138)**	-	(293)	(293)

If the SGD and IDR change against USD by 5% (2014: 5%) and 5% (2014: 5%) respectively with all other variables held constant, the effects arising from the net currency exposure will be as follows:

	2015 US$'000		2014 US$'000	
	Net profit	**Equity**	**Net profit**	**Equity**
Group				
SGD against USD				
- strengthened	**(7)**	**(7)**	(15)	(15)
- weakened	**7**	**7**	15	15
IDR against USD				
- strengthened	**178**	**178**	75	75
- weakened	**(178)**	**(178)**	(75)	(75)
Company				
SGD against USD				
- strengthened	**(7)**	**(7)**	(15)	(15)
- weakened	**7**	**7**	15	15

27 Financial risk management (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 2015 and 2014 respectively, with all other variables including tax rate being held constant, the net profit will be lower/higher by US$119,000 (2014: US$169,000) 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 6 debtors (2014: 3 debtors) that represent 82% (2014: 92%) 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	
	2015	2014
	US$'000	US$'000
By types of customers		
Indonesian local companies		
-Non-related parties	**4,806**	1,937
-Related parties	**1,836**	3,475
	6,642	5,412

(i) 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	
	2015	2014
	US$'000	US$'000
Past due < 3 months	**998**	586

27 Financial risk management (continued)

(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 2015			
Trade and other payables	**4,717**	**-**	**-**
Finance lease liabilities	**2,888**	**-**	**-**
Borrowings	**20,271**	**3,780**	**-**
	27,876	**3,780**	**-**
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	-
Company			
At 31 December 2015			
Trade and other payables	**174**	**-**	**-**
Borrowings	**-**	**-**	**-**
	174	**-**	**-**
Trade and other payables			
Borrowings	321	-	-
	1,600	-	-
	1,921	-	-

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.

27 Financial risk management (continued)

(d) Capital risk

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

Management monitors capital based on gearing ratio 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**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Net debt	**21,527**	45,549	**-**	1,458
Total equity	**73,702**	78,433	**50,166**	50,989
Total capital	**95,229**	123,982	**50,166**	52,447
Gearing ratio	**23%**	37%	**-**	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 2015 and financial year ended 31 December 2014.

(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**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Loans and receivables	**18,660**	14,042	**26,802**	29,307
Financial liabilities at amortised cost	**31,084**	52,060	**174**	1,921

28 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") for the purpose of making strategic decisions, allocate resources, and assess performance.

The Group operates primarily in two geographical areas, namely Indonesia and Singapore. The Group has two reportable business segments, namely the freight charter and time charter.

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

The segment information provided to the BOD for the reportable segments for the financial years ended 31 December 2015 and 2014 are as follows:

	Freight & Time Charter	Time Charter		
	Indonesia 2015 US$'000	Singapore 2015 US$'000	All Other Segments 2015 US$'000	Total Reporting Segment 2015 US$'000
Group				
Revenue				
Sales to external customers	45,914	1,060	-	46,974
Adjusted EBITDA	18,794	(10,365)	(86)	8,343
Depreciation	9,835	393	60	10,288
Total assets	97,420	-	8,080	105,500
Total assets includes:				
Capital expenditures (tangible assets)	79,887	-	46	79,933
Total liabilities	31,353	-	445	31,798

	Freight & Time Charter	Time Charter		
	Indonesia 2014 US$'000	China 2014 US$'000	All Other Segments 2014 US$'000	Total Reporting Segment 2014 US$'000
Group				
Revenue				
Sales to external customers	60,815	4,514	-	65,329
Adjusted EBITDA	23,481	2,588	(6,281)	19,788
Depreciation	11,131	786	59	11,976
Total assets	101,784	23,833	5,641	131,258
Total assets includes:				
Capital expenditures (tangible assets)	86,081	23,714	106	109,901
Total liabilities	43,886	44	8,895	52,825

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

28 Segment information (continued)

(a) Reconciliations

(i) Segments profits

A reconciliation of adjusted EBITDA to (loss) / profit before income tax and discontinued operations is provided as follows:

	2015	2014
	US$'000	US$'000
Adjusted EBITDA for reportable segments	**18,794**	23,481
Adjusted EBITDA for other segments	**(123)**	(3,693)
Depreciation	**(10,288)**	(11,976)
Finance expenses	**(2,155)**	(2,053)
Loss on disposal of property, plant and equipment	**(10,328)**	-
(Loss)/profit before income tax	**(4,100)**	5,759

(ii) Segments assets

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

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

	2015	2014
	US$'000	US$'000
Segment assets for reportable segments	**97,420**	101,784
Other segment assets	**5,779**	29,039
Unallocated:		
Short-term bank deposits	**2,301**	435
	105,500	131,258

(iii) Segments liabilities

The amounts provided to the BOD with respect to the total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax liabilities.

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

	2015	2014
	US$'000	US$'000
Segment liabilities for reportable segments	**31,353**	43,886
Other segment liabilities	**445**	8,939
	31,798	52,825

28 Segment information (continued)

(a) Reconciliations (continued)

(iv) Revenue from major customers

For the financial year ended 31 December 2015, revenue from two major customers contributed to the Group's revenue of approximately US$27,563,000 and US$6,482,000 (2014: US$37,035,000 and US$16,340,000) respectively were included in vessel chartering services segment.

(v) 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	
	2015	2014
	US$'000	US$'000
Indonesia	**45,914**	60,815
China	**-**	4,514
Singapore	**1,060**	-
	46,974	65,329

Non-current assets of the Group include 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	
	2015	2014
	US$'000	US$'000
Indonesia	**79,887**	86,081
British Virgin Islands	**-**	23,714
Singapore	**5,492**	4,742
	85,379	114,537

29 Contingent liabilities

A claim for a material loss was lodged by two customers during the financial year 2013 against a subsidiary, PT Pulau Seroja Jaya. The Central Jakarta District Court has passed the decision to pay approximate US$6.7 million (IDR93 million). The subsidiary has submitted the memorandum of appeal on 15 January 2015 at the Central Jakarta Supreme Court. At the date of these financial statements, the directors are of the view that no reliable estimate can be made for the amount and timing of the decision by the Supreme Court.

30 Prior Year Adjustments and Reclassification

The financial statements of the Group for the financial year ended 31 December 2014, with independent auditor's report dated 27 March 2015, were amended to incorporate the following:

Restatement of the Group's consolidated financial statements due to inadvertently over-recognition of currency alignment of property, plant and equipment of subsidiary corporations and under-recognition of carrying value of non-controlling interest from 50% disposal of wholly owned subsidiary. The effects of such restatement as at 1 January 2014 and 31 December 2014 are as follows:

	Before restatement US$'000	Restated adjustments US$'000	After restatement US$'000
31 December 2013			
Group			
Balance sheet			
Property, plant and equipment	116,640	(4,382)	112,258
Currency translation reserves	3	(1,684)	(1,681)
Retained earnings	10,707	(740)	9,967
Non-controlling interest	25,924	(1,958)	23,966
	36,634	(4,382)	32,252

	Before restatement US$'000	Restated adjustments US$'000	After restatement US$'000
31 December 2014			
Group			
Balance sheet			
Property, plant and equipment	112,244	(2,343)	109,901
Currency translation reserves	3	(435)	(432)
Other reserves	697	(1,002)	(305)
Retained earnings	12,137	(740)	11,397
Non-controlling interest	36,138	(166)	35,972
	48,975	(2,343)	46,632
Consolidated statements of comprehensive income			
Difference between non-controlling interests disposed and fair value of consideration received	697	(697)	-
Foreign currency translation	-	2,039	2,039
Remeasurement of post-employment benefits plan	120	-	120
Other comprehensive income	817	1,342	2,159
Total comprehensive income	5,886	1,342	7,228
Total comprehensive income attributable to:			
Equity holders of the Company	2,127	552	2,679
Non-controlling interest	3,759	790	4,549
	5,886	1,342	7,228

For the financial year ended 31 December 2015

31 New or revised accounting standards and interpretations

Below are the mandatory standards and amendments to existing standards that have been published and effective for the financial year beginning 1 January 2016 onwards:

Effective for annual periods beginning on or after 1 January 2016

FRS 114	Regulatory Deferral Accounts
Amendments to FRS 1	Disclosure Initiative
Amendments to FRS 27	Equity Method in Separate Financial Statements
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants
Amendments to FRS 111	Accounting for Acquisition of Interests in Joint Operations
Amendments to FRS110, FRS 112 and FRS28	Investment Entities: Applying the Consolidation Exception

Improvements to FRSs (November 2014)

Amendments to FRS 105	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 107	Financial Instruments: Disclosures
Amendments to FRS 19	Employee benefits
Amendments to FRS 34	Interim Financial Reporting

Effective for annual periods beginning on or after 1 January 2018

FRS 115	Revenue from Contracts with Customers
FRS 109	Financial Instruments

Effective date: to be determined*

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

**The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

Statistics of **Shareholdings**

As at 17 March 2016

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 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10,353	61.17	205,589	0.05
100 - 1,000	4,243	25.07	1,421,908	0.36
1,001 - 10,000	1,247	7.37	4,937,870	1.27
10,001 - 1,000,000	1,057	6.25	66,009,732	16.91
1,000,001 AND ABOVE	24	0.14	317,813,011	81.41
	16,924	100.00	390,388,110	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2016

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	98,622,550	25.26
2	UOB KAY HIAN PTE LTD	92,923,852	23.80
3	REAVIS GLOBAL LTD	36,325,195	9.30
4	RAFFLES NOMINEES (PTE) LTD	25,092,234	6.43
5	QUARTO CAPITAL INVESTMENT LIMITED	13,213,530	3.38
6	MAYBANK KIM ENG SECURITIES PTE LTD	7,304,459	1.87
7	ATTICA FINANCE LTD	6,760,714	1.73
8	EMAS FORTUNA LIMITED	4,225,446	1.08
9	LEVEN GROUP LTD	4,081,299	1.05
10	OCBC SECURITIES PRIVATE LTD	3,869,745	0.99
11	MITO INVESTMENTS LIMITED	3,380,357	0.87
12	NG KAR WENG	2,605,900	0.67
13	FIENNES HOLDING CORPORATION	2,491,703	0.64
14	LEE KAI HENG	2,300,000	0.59
15	NG HWEE KOON	2,165,100	0.55
16	SINGAPORE NOMINEES PTE LTD	1,978,625	0.51
17	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,658,700	0.42
18	JEREMY LEE SHENG POH	1,450,000	0.37
19	PHILLIP SECURITIES PTE LTD	1,372,734	0.35
20	DBS NOMINEES PTE LTD	1,332,163	0.34
	TOTAL	**313,154,306**	**80.20**

Statistics of **Shareholdings**

As at 17 March 2016

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 17 March 2016.

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

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

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

(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 2016, 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 Thursday, 28 April 2016 at 2:00 p.m.

AS ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the financial year ended 31 December 2015 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 Andreas Tjahjadi **(Resolution 2)**

   (ii) Mr Masdjan **(Resolution 3)**

3. To approve the payment of Directors' fees of up to S$277,000/- for the financial year ending 31 December 2016 and the payment thereof on a quarterly basis (2015: 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. <u>General authority to issue and allot shares</u>

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 2016

Explanatory Notes on Resolutions to be Transacted:

1. Mr Andreas Tjahjadi will upon re-election as a Director of the Company, remain as an Executive Director of the Company.

2. Mr Masdjan will upon re-election as a Director of the Company, remain as the Chief Operating Officer.

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 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General meeting.

SEROJA INVESTMENTS LIMITED

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

Board of Directors :

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

Registered Office :

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

7 April 2016

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 2016.

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 28 April 2015 (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 2015 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

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 2015, the audited consolidated NTA of the Group as at 31 December 2015 was US$33.9 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year, Shareholders' approval will be required where:

(a) the transaction is of a value equal to, or more than, US$1.7 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group; or

(b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, US$1.7 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 28 April 2015; 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 2016, the latest practicable date prior to the printing of this Appendix (the "**Latest Practicable Date**"), the interests of Directors and controlling shareholders of the Company are recorded in the Register of Shareholders were as follows :

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

Andreas Tjahjadi
Executive Director

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SEROJA INVESTMENTS LIMITED

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

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

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

of _____ (Address)

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

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

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

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

Or failing *him/her/them, the Chairman of the meeting as *my/our *proxy/proxies to attend and 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 2016 at 2:00 p.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 2015 together with the Reports of the Directors and Auditors and Statement of Directors thereon.				
Ordinary Resolution 2 To re-elect Mr Andreas Tjahjadi, who is retiring by rotation pursuant to Articles 99 of the Articles of Association of the Company.				
Ordinary Resolution 3 To re-elect Mr Masdjan, 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 2016 and the payment thereof on a quarterly basis (2015: 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 _____ 2016

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 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623, 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 72 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 72 hours before the time set for the Annual General Meeting.

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