SEROJA

INVESTMENTS LIMITED

Company Registration No. 198300847M

A New Beginning

Annual Report 2009

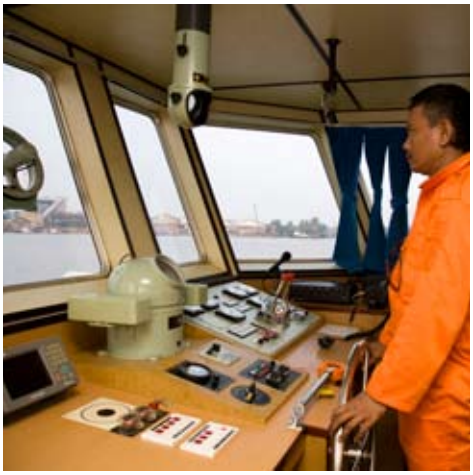
Contents

Corporate Profile

We are principally engaged in the provision of chartering services of tugboats and barges to transport dry bulk freight, 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 Adaro, a leading coal producer 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. Based on the prevailing market conditions and the utilisation rates of our fleet, we may also deploy available tugboats and barges on the spot market under freight charters to take advantage of higher spot market pricing. Our freight charters typically involve domestic routes in Indonesia from Kalimantan to various ports in Java and Sulawesi while our time charters involve international routes from Vietnam to Singapore as well as domestic routes around the Sumatra Island.

As at 31 December 2009, we own and operate a fleet of 56 vessels consisting of tugboats and barges which navigate waters around the Indonesian archipelago and international routes from Vietnam to Singapore. Due to the increasing demand for our chartering services, we have expanded our fleet through the acquisition of tugboats and barges with greater capacity and tailored for specific purposes. Our fleet is relatively young, with an average age of 5.7 years for tugboats and 2.5 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 Systems ("GPS") which enables us to track and monitor the routes and locations of our vessels.



Chairman's Statement

> 2009 was a year that contained both opportunities and threats. Indonesia, where most of our customers are located, continued to have positive economic growth as compared to negative growth in most countries affected by the economic crisis.

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of Seroja Investments Limited ("Seroja" or the "Group") for the financial year ended 31 December 2009 ("FY2009").

Overview

On 17 August 2009, we were successfully re-listed on the Mainboard of the Singapore Exchange through the reverse takeover ("RTO") of L&M Group Investments Limited. With the completion of our RTO, Seroja was transformed into a marine transport provider of dry bulk freight, consisting mainly of thermal coal, sand and other quarry materials.

Pursuant to a placement exercise carried out in December 2009, we successfully placed out 45 million new shares at $0.48 per share to raise net proceeds of S$21.3 million to expand our existing fleet of vessels. In the same month, we signed two joint venture agreements with Louis Dreyfus Armateurs SAS ("LDA") to explore business opportunities with them. The joint venture will

Edwin Soeryadjaya
Chairman

Chairman's Statement

help us enter the shipping industry smoothly and efficiently. It shortens the learning process and brings a global name in the shipping industry into our fold.

Opportunities and threats in 2009

2009 was a year that contained both opportunities and threats. Indonesia, where most of our customers are located, continued to have positive economic growth as compared to negative growth in most countries affected by the economic crisis.

Prices of most commodities including oil dropped at the beginning of the year but slowly increased towards year end. However, oil price was still generally lower than in 2008. The lower oil price enabled us to reduce part of operating costs but such cost savings were offset by lower freight rates to customers due to contractual adjustments to freight rates in line with the decrease in oil price.

Banks and financial institutions continued to exercise prudence in lending and new loans were difficult or costly to obtain. However, we had obtained sufficient funding from banks and a related party in 2008 and were not in need of funding in 2009. With the capital market recovering towards end of the year, this presents a good opportunity for us in 2010 to tap on new funds to expand our business if the need arises.

Financial Performance

Our Group reported a 2.8% decline in revenue from US$34.7 million in FY2008 to US$33.8 million in FY2009. Gross profit decreased by 26.7% from US$15.6 million in FY2008 to US$11.5 million in FY2009. However, net profit attributable to shareholders increased by 79.3% from US$1.9 million in FY2008 to US$3.4 million in FY2009. Though much of the profit growth was due to an one-off item, this was nonetheless a credible performance amidst the most difficult times. The period 2008 and 2009 will be remembered as 2 of the most difficult years where the threat of global systemic economic failure loomed over the world. Hopefully the worst is over and we can look forward to global recovery.

Positioning for Growth

During the year, we added another 5 sets of tugboats and barges to cater for the growth in demand for dry bulk transport within and outside Indonesia. With the bulk of the net placement proceeds which raised the sum of S$21.3 million available for fleet expansion, we are well positioned to take advantage of the increasing demand for dry bulk transportation in 2010 .

In 2010, our focus will be to maintain and expand our customer base, as well as the range of dry bulk cargoes we transport. In December 2009, we entered into joint venture agreements with LDA to look into expanding our business beyond the transportation of cargoes by tugboats and barges by using larger vessels to transport cargoes within Indonesia territorial waters as well as out of Indonesia. If successful, this will generate higher revenue by enabling us to ship more cargoes per trip as well as attracting customers who have large volume of cargoes to be shipped. LDA is a French company with a global branding in international maritime transport and a history of over 150 years in the shipping industry. It is a mark of their confidence in us that they agreed to be our partners. With our network in Indonesia and their expertise and global branding, we hope that the tie-up will be successful to both parties.

We do not intend to sit on our laurels. My message to the management is simple. Increase our market share of this business in this part of the world and continue to grow the Group profitably.

A Note of Appreciation

On behalf of the Board, I extend my sincere gratitude to our management and staff for their commitment and hard work in achieving a successful SGX re-listing and steering the Group to a credible financial performance in 2009.

Last but not least, I would like to record my appreciation to our customers, bankers, business associates and shareholders for their continuing support.

Edwin Soeryadjaya
Chairman

Board of Directors

Mr Edwin Soeryadjaya
Chairman

Mr Edwin Soeryadjaya is the non-executive Chairman of our Group. He is also the President Commissioner of our subsidiary, PT PSJ. He will be responsible for the strategic planning and development of our Group's business, and spearheading the expansion and growth of our Group. As the non-executive Chairman of the Board of Directors, Mr Edwin Soeryadjaya will also be reviewing the effectiveness of the governance process of the Board. From 1981 to 1993, Mr Edwin Soeryadjaya was employed at PT Astra International Tbk, a conglomerate in Indonesia, where he last held the position of vice president director. During his employment with PT Astra International Tbk, Mr Edwin Soeryadjaya spearheaded the company's financial restructuring and its public listing on the Indonesia Stock Exchange in February 1990, the largest initial public offering in Indonesia at the time. From 1995 to 2003, Mr Edwin Soeryadjaya was the Commissioner of PT Aria West International. During the same time, Mr Edwin Soeryadjaya also established PT Saratoga Investama Sedaya in 1991 and was appointed as the President Commissioner of PT Saratoga Investama Sedaya in 1997 till today. His other appointments include being the President Commissioner of PT Adaro Energy Tbk, PT Mitra Global Telekomunikasi Indonesia, PT Saptaindra Sejati, PT Global Kalimantan Makmur and PT Indonesia Bulk Terminal. He obtained his Bachelor degree in Business Administration from University of Southern California in 1974.

Mr Husni Heron
CEO

Mr Husni Heron is the CEO of our Group. He is responsible for overseeing the overall management and operations, formulating the business model and growth strategies of our Group. Mr Husni Heron is also the President Director of our subsidiaries, PT PSJ and PSJP and has been with the PSJ Group since January 2008. Mr Husni Heron started his career in PT Astra International Tbk in 1988 in the finance and budget department where he remained till 1992 and last held the position of coordinator of international finance division. He was involved in the initial public offering of PT Astra International Tbk on the Indonesia Stock Exchange in February 1990, the largest initial public offering in Indonesia at the time. From 1993 to 1996, Mr Husni Heron was the general manager of finance & accounting of PT Surya Raya Idaman. From 1996 to 2001, Mr Husni Heron was the Finance Director of PT Bhuwanatala Indah Permai Tbk. He was involved in various fund raising, project finance and merger and acquisition activities. Since 2001, he has been the Managing Director of PT Saratoga Investama Sedaya overseeing the activities of the company's subsidiaries. He graduated from the Accounting Department of Gadjah Mada University in 1988 with a Bachelor degree in Accountancy. He is a certified public accountant in Indonesia. He is also a member of the Indonesian Institute of Audit Committee.

Mr Masdjan
Executive Director

Mr Masdjan is the Chief Operating Officer of our Group. He is currently a director of PT PSJ and PSJP. Mr Masdjan is the founder of the PSJ Group. He will be responsible for managing the day-to-day activities of our Group. 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 the business of PT PSJ.

Mr Andreas Tjahjadi
Non-Executive Director

Mr Andreas Tjahjadi is our Non-executive Director. He worked in the United States of America from 1978 to 1990, first as a real estate associate with California Business and Industry Northridge, California from 1978 to 1981, and then as a general manager with North Hollywood Auto and Service, North Hollywood, California from 1982 to 1990. Mr Andreas Tjahjadi subsequently returned to Indonesia. From 1991 to 2009, he was the president director of PT Japirex, a company engaged in the export of rattan. PT Japirex ceased its business in 2009. From 1994 to 1997, Mr Andreas Tjahjadi was a Commissioner of PT Bhuwanatala Indah Permai Tbk, a property management company listed on the Indonesia Stock Exchange. Since 2006, Mr Andreas Tjahjadi is the President Comissioner of PT Mitra Investindo Tbk, a company listed on the Indonesia Stock Exchange involved in the mining and trading of granite. Mr Andreas Tjahjadi graduated from Northrop University in the United States of America with a Bachelor degree in Engineering Technology in 1976. He subsequently obtained his Master of Science (Marketing), Northrop University in 1978.

Board of Directors

Mr Ng Soon Kai
Alternate Director
Mr Ng Soon Kai is appointed as an alternate director to Mr Edwin Soeryadjaya with effect from 8 December 2009. Mr Ng is a professional lawyer and is currently the Managing Director of Ng Chong & Hue LLC. He has vast legal experience in litigation, mergers and acquisitions, corporate restructuring, reverse takeovers and schemes of arrangement. He obtained Second Class Upper Division Honours in Law from the National University of Singapore in 1989. He is also a Commissioner for Oaths and a Notary Public.

Mr Basil Chan
Independent Director
Mr Basil Chan is an Independent Director of our Group. He is the founder and managing director of MBE Corporate Advisory Pte Ltd, a corporate finance firm started in 2003. Mr Basil Chan has more than 30 years of audit, financial and general management experience, having held senior positions in companies, for example, as the chief financial officer in Datacraft Asia Ltd from 1999 to 2001 and chief executive officer in Hua Kok International Ltd from 2001 to 2003. He also previously held the position of finance director in Schneider Electric South East Asia (HQ) Pte Ltd from 1993 to 1995, Singapore Technologies Pte Ltd from 1995 to 1998 and Singapore Technologies Engineering Ltd from 1998 to 1999. Since 2002, Mr Basil Chan has been a council member and board director of the Singapore Institute of Directors where he is currently its Treasurer. Mr Basil Chan graduated from the University of Wales Institute of Science and Technology with a Bachelor of Science (Economics) Honors degree, majoring in Business Administration. Mr Basil Chan is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Certified Public Accountants in Singapore (ICPAS). He is also a Fellow of the Singapore Institute of Directors.

Mr Yap Kian Peng
Independent Director
Mr Yap Kian Peng is an Independent Director of our Group. Since 2005, he has been the executive director of Capital Equity Holdings Pte Ltd, a private equity investment company with interests in petrochemicals, food and beverage and logistics. In addition, since 2004, he has been the executive director of CKG Chemicals Pte Ltd in charge of its financing and accounting functions. He was employed by Maybank from 2001 to 2004, initially as a senior business development manager and subsequently promoted to be the team head of Trade Finance Business Development Group. From 1998 to 2000, Yap Kian Peng was a director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading in 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 Kian Peng graduated from RMIT University, Australia, with a Bachelor degree in Business (Business Administration). He is an independent director of Travelite Holdings Ltd and an independent director and the Chairman of the Audit Committee of China Bearing (Singapore) Ltd., both of which are listed on the SGX-ST. Mr Yap 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 our Group. He is currently a partner in Messrs Malkin & Maxwell LLP. Mr Ng Yuen 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, first at Messrs Lee & Lee from 1991 as an associate, and subsequently to Messrs Shook Lin & Bok LLP in 1992 as a partner and then to Messrs Ng & Koh in 1999 before he joined his current firm. Mr Ng Yuen graduated from the Law Faculty of National University of Singapore, Singapore with a Bachelor degree in Law in 1985. He is also 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.

Key Executives

Mr Hernawan Tjahjana
Marketing Director
Mr Hernawan Tjahjana is the Marketing Director of our subsidiaries, PT PSJ and PSJP Group. He is responsible for sales and marketing and managing the barge chartering operations of the subsidiaries. He is also a director of PT PSJ and PSJP and has been with the PSJ Group since January 2008. From 1989 to 2007, Mr Hernawan Tjahjana was the director of PT Trikarya Selaras Wicaksana. He was involved in marketing and business development in the company. He graduated with a Bachelor degree in Chemical Engineering from University of Delaware in 1980 and obtained a Master of Business Administration from Loyola Marymount University in 1983. Mr Hernawan Tjahjana is currently the President Director of PT Bintang Pertama Lines and also holds directorships in PT Bumi Hijau Sejahtera, PT PSJ, PT PSJP, Trans LK, PT Laju Kencana Murni, Leven Group and PT Sarana Perdana Utama. He is also the President Commissioner of PT First Security.

Mr Kumari
Finance Director
Mr Kumari is the Finance Director of our subsidiaries, PT PSJ and PSJP. He oversees the financial functions of the Group's subsidiaries in Indonesia and ensures timely reporting to Singapore office. Mr Kumari started his career as an internal auditor of PT Astra International Tbk in 1989, where he remained till 1993. From 1993 to 1996, Mr Kumari was the associate director in PT Pratama Penaganarta where he was involved in the brokerage, underwriting and fund management activities of the company. From 1996 to 2003, Mr Kumari was a financial controller in PT Ariawest International which is a subsidiary of AT&T Global and licensed by the Indonesian government to perform telecommunication development in West Java. Since 2003, he has been working for PT Saratoga Investama Sedaya, an investment company where he was responsible for overseeing the investments of PT Saratoga Investama Sedaya. Mr Kumari obtained his Bachelor degree in Accountancy from Gadjah Mada University, Jogjakarta, Indonesia in 1988 and a Master of Business Administration degree from the University of the City of Manila in 1993.

Mr Lim Poh Chen
Financial Controller
Mr Lim Poh Chen is the Financial Controller of our Company. He is responsible for the overall management of the finance functions of the Group. He joined Deloitte and Touche as an auditor from 1996 to 2000. From December 2000 to August 2005, Mr Lim was employed as an accountant/financial analyst at Phoenix Mecano S.E. Asia Pte Ltd. Employed as a senior accountant at G&U Asia Pacific Logistics Pte Ltd (September 2005 to August 2006) and Ecolab Pte. Ltd. (September 2006 to February 2007), he was responsible for the accounting and reporting functions of both companies. Mr Lim joined Memstar Technology Ltd as financial controller from March 2007 to January 2009 and was in charge of the overall management of the finance functions of the Group. Prior to joining our Company, he was employed as Chief Financial Officer of Kading (Fujian) Children's Products Co., Ltd. from February 2009 to July 2009 to manage its financial functions and oversee its listing requirements. Mr Lim graduated with a Bachelor of Accountancy from Nanyang Technological University, Singapore in 1996. He is a member of the Institute of Certified Public Accountants of Singapore since 1999.

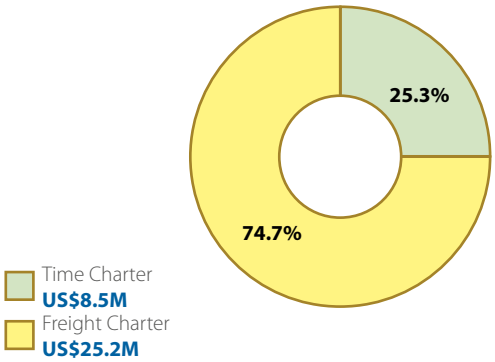
Operations and Financial Review

Seroja Investments Limited was able to achieve higher profitability with lower revenue in FY2009 as compared to FY2008 despite the difficult economic conditions in FY2009. Our operations and performance review for FY2009 are presented below in more details.

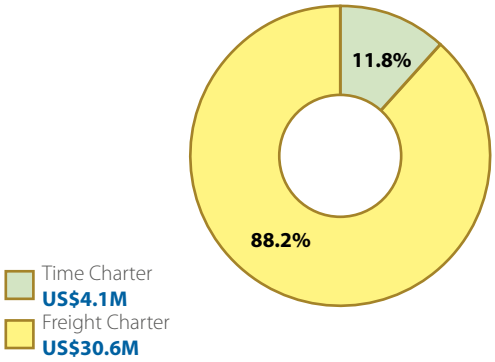
Revenue

Our revenue is generated mainly through freight charters and time charters that range from one to five years. Based on the prevailing charter rates and utilisation rates of our fleet, we may schedule available tugboats and barges to be deployed in the spot market under freight charters to take advantage of periods of higher spot market pricing. The chart below summarises our revenue by type of charter.

FY2009



FY2008



Group revenue fell 2.8% from US$34.7 million in FY2008 to US$33.8 million in FY2009 as decline in freight charter revenue were partly offset by increase in time charter revenue.

Freight Charter

Freight charter revenue fell from US$30.6 million in FY2008 to US$25.2 million in FY2009 due to unfavorable climatic conditions in first quarter of FY2009 as well as lower freight rates due to contractual adjustment in line with lower fuel price. The monsoon season caused delays to shipments up to March in FY2009, as compared to February in FY2008.

Time Charter

Time charter revenue increased strongly, rising from US$4.1 million in FY2008 to US$8.5 million in FY2009. This was mainly due to the addition of 3 new customers as well as increased charters from an existing customer.

Profitability

Gross profit decreased from US$15.6 million in FY2008 to US$11.5 million in FY2009. This was primarily due to higher depreciation expenses as we increased our existing fleet with 5 additional sets of new vessels. Consequently, our gross profit margin decreased from 45.0% in FY2008 to 33.9% in FY2009

Other gains of US$3.2 million was recorded in FY2009, mainly from the waiver of other payables of US$2.9 million arising from the Scheme of Arrangement approved by our shareholders during the Extraordinary General Meeting on 22 July 2009. The Group recorded a gain in foreign currency of US$0.4 million in FY2009 as compared to loss of US$1.4 million in FY2008 due to favorable movements between the Indonesian rupiah and our reporting currency in US$.

Our administrative expenses increased from US$2.4 million in FY2008 to US$3.1 million in FY2009, primarily due to additional professional fees and administrative expenses in relation to our RTO exercise as well as statutory requirements. We also increased our administrative staff strength to cater for our business expansion.

Operations and Financial Review

Our finance expenses fell from US$7.4 million in FY2008 to US$6.7 million in FY2009. This was primarily due to the payment of a one-off finance charge of US$1.5 million in respect of obtaining new bank loans in FY2008. The decrease was partially offset by an increase in interest expense of US$0.8 million as interest expense was charged for a full year in FY2009 as compared to just over 5 months in the prior year.

Income tax expense decreased by US$0.1 million from US$0.5 million in FY2008 to US$0.4 million in FY2009 mainly due to a one-off payment in FY2008 for taxes underprovided in prior years.

Arising from the above, our net profit attributable to shareholders increased by US$1.5 million from US$1.9 million in FY2008 to US$3.4 million in FY2009. The Group's earnings per ordinary share increased from 1.18 US cents in FY2008 to 1.36 US cents in FY2009. Net asset value per ordinary share increased from 6.10 US cents in FY2008 to 9.46 US cents in FY2009.

Financial Position

Our trade and other receivables increased by US$1.7 million in FY2009 mainly due to shipments made to two major customers in the last two months of FY2009. These customers were granted credit terms of between 45 to 60 days. Our trade and other payables increased by US$0.4 million in FY2009 due to increased business activities in the last quarter of FY2009.

Our deposits for property, plant and equipment was nil in FY2009 as compared to US$31.3 million in FY2008 as the Group took delivery of 5 sets of vessels during the year. Property, plant and equipment increased from US$77.1 million in FY2008 to US$101.5 million in FY2009 due to the delivery of above-mentioned 5 sets of vessels which is partly offset by depreciation expense of US$6.6 million.

The decrease in our aggregate borrowings of US$15.9 million was due to the partial repayment of both bank loan and term loan from a related party during the year. With the repayments, loan balances decreased substantially in FY2009. The Group's gearing improved significantly from 10.4 times in FY2008 to a much more comfortable 2.8 times in FY2009. This was achieved through the repayment of loans and increase in equity arising from net proceeds raised as well as from current year profits.

Net cash provided by operating activities and investing activities amounted to US$13.1 million and US$0.2 million respectively which was offset by net cash used in financing activities of US$1.3 million. The Group generated a substantial increase in cash and cash equivalents of US$12.0 million from US$9.9 million in FY2008 to US$21.9 million in FY2009. This was attributed mainly to net proceeds from placement of new shares as well as cash generated from operations which were partly offset by loan and interest repayments during the year.

Prospects

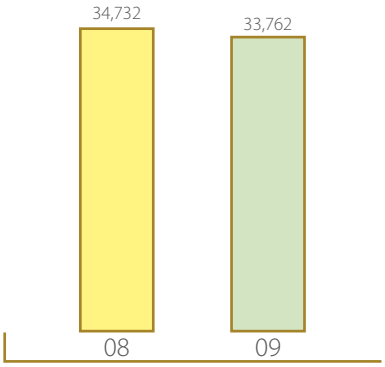
With the increase in our fleet of vessels by another 5 sets of tugboats and barges in FY2009, we will be able to meet the increase in demand for dry bulk transportation both within and outside Indonesia when the economy is expected to improve in FY2010. As at the end of 2009, the Group had 27 tugboats (FY2008: 23) and 29 barges (FY2008: 24).

We have built a strong relationship with our existing major customers and are constantly reaching out to new customers to expand our customer base. To cater for higher cargo volumes, we have entered into joint venture agreements with a renowned French company, Louis Dreyfus Armateurs SAS, to explore using larger vessels to ship our cargoes which will be more cost effective.

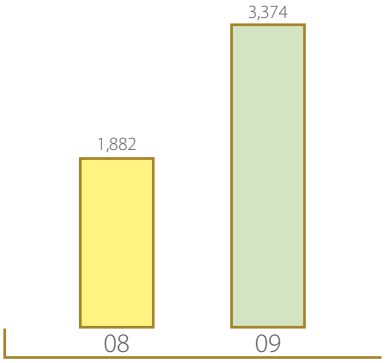
In FY2010, we will focus on keeping our existing fleet fully deployed and operating efficiently. Barring unforeseen circumstances, we are confident of a higher revenue in FY2010, contributed by more vessels deployed as well as potential contracts from joint ventures.

Financial Highlights

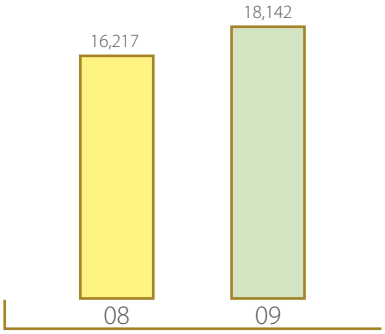
Profit and Loss Statement Review



Revenue (US$ '000)

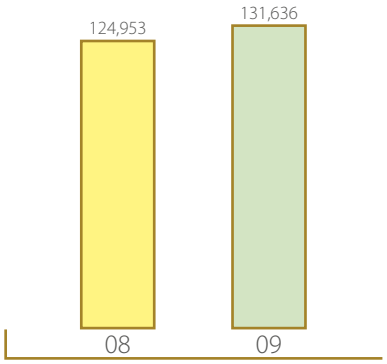


Net Profit Attributable to Equity Holders of the Company (US$ '000)

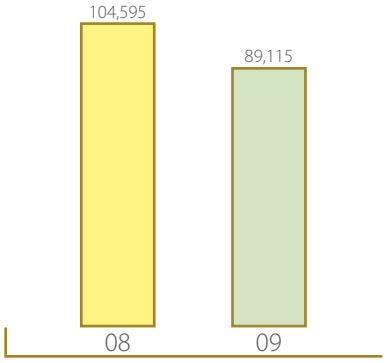


EBITDA (US$ '000)

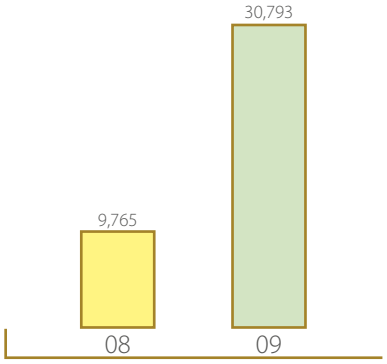
Balance Sheet Review



Total Assets (US$ '000)



Total Liabilities (US$ '000)



Shareholders' Equity (US$ '000)

Per share data	FY2008	FY2009
Earnings - Basic (US cents)	1.2	1.4
Net tangible assets (US cents)	6.1	9.5

Corporate Information

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

Audit Committee
Basil Chan, Chairman
Edwin Soeryadjaya
Ng Yuen
Yap Kian Peng

Nominating Committee
Ng Yuen, Chairman
Basil Chan
Edwin Soeryadjaya
Yap Kian Peng

Remuneration Committee
Yap Kian Peng, Chairman
Basil Chan
Edwin Soeryadjaya
Ng Yuen

Company Secretary
Low Yew Shen, LLB. (Singapore)

Independent Auditor
Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
5 Shenton Way #16-00
UIC Building
Singapore 068808
Director-in-charge: Henry SK Tan
(appointed from financial year ended 31 December 2009)

Registered Office
96 Robinson Road,
#15-01/02, SIF Building,
Singapore 068899.
Tel: (65) 6438 4221
Fax: (65) 6438 8782

Company Registration Number
198300847M

Registrar
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte.Ltd.)
8 Cross Street,
#11-00, PWC Building,
Singapore 048424

Principal Bankers
UOB Limited, Singapore
Standard Chartered Bank, Singapore
OCBC Limited, Singapore
PT ANZ Panin Bank, Indonesia
PT Bank Internasional Indonesia Tbk, Indonesia

Collins Stewart Pte. Limited was the financial adviser ("Financial Adviser") to the Company in relation to the reverse takeover of the Group. The Financial Adviser assumes no responsibility for the contents of this Annual Report.


BUMAS SEJATI

Financial Contents

Corporate Governance Report

On 13 August 2009, Seroja Investments Limited (the "**Company**") completed the acquisition of the entire issued share capital of Trans LK Marine Ltd. and its subsidiaries (the "**TLK Group**"). On 14 August 2009, the appointment of a new board of directors (the "**Board of Directors of the Company**" or the "**Board**") took immediate effect to replace the previous board of directors of the Company.

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. The Board is pleased to report the Company's corporate governance processes with specific reference to the Code of Corporate Governance 2005 (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 success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

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

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

(ii) to review management performance;

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

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

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

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

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

Corporate Governance Report

Since their appointment on 14 August 2009, the attendance of the Directors at Board Meetings and Committee Meetings during the period ended 31 December 2009 is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	1	2	-	-
Mr Edwin Soeryadjaya	1	1	-	-
Mr Husni Heron	1	-	-	-
Mr Masdjan	1	-	-	-
Mr Andreas Tjajahdi	1	-	-	-
Mr Ng Soon Kai*	-	-	-	-
Mr Basil Chan	1	2	-	-
Mr Ng Yuen	1	2	-	-
Mr Yap Kian Peng	1	2	-	-

* Appointed to the Board with effect from 8 December 2009 as an Alternate Director of Mr Edwin Soeryadjaya

BOARD COMPOSITION AND GUIDANCE

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

The Board comprises two Executive Directors, three Non-Executive Directors (including one who is an Alternate Director of Mr Edwin Soeryadjaya) and three 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 is of the view that the three Independent Directors (who represent more than one-third of the Board) are able to act with independent judgement. 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 at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents 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.

Corporate Governance Report

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

BOARD MEMBERSHIP

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

The Nominating Committee ("**NC**") comprises four 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 Basil Chan, Mr Edwin Soeryadjaya and Mr Yap Kian Peng.

The NC's responsibilities include the following:

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

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

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

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

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

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

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

BOARD PERFORMANCE

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole 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 do not fully measure the long term wealth creation and shareholder value 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 fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Corporate Governance Report

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 Basil Chan, 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 of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The Non-Executive and Independent 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.

Corporate Governance Report

The Executive Directors have no existing service agreements entered with the Company and the RC is currently reviewing the new service agreements of the Executive Directors which will be approved in the next Board of Directors' meeting to be held on or before 15 May 2010.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

The details of the remuneration of Directors and top 3 key executives of the Group disclosed in bands for services rendered during the financial period ended 31 December 2009 are as follows:

	Salary %	Bonus %	Fees %	Allowances and Other Benefits %	Total Compensation %
Directors					
S$250,000 to below S$500,000					
Mr Husni Heron [1]	82.3	4.8	4.1	8.8	100
Mr Masdjan [1]	80.8	5.2	4.5	9.5	100
Below S$250,000					
Mr Edwin Soeryadjaya[1]	41.0	3.4	55.6	-	100
Mr Andreas Tjahjadi[1]	50.4	4.2	45.4	-	100
Mr Ng Soon Kai[2]	92.3	-	7.7	-	100
Mr Basil Chan[1]	-	-	100	-	100
Mr Ng Yuen[1]	-	-	100	-	100
Mr Yap Kian Peng[1]	-	-	100	-	100
Key Executives					
Below S$250,000					
Hernawan Tjahjana	74.5	6.2	-	19.3	100
Kumari	74.5	6.2	-	19.3	100
Lim Poh Chen	92.0	8.0	-	-	100

(1) Appointed to the Board on 14 August 2009
(2) Appointed to the Board on 8 December 2009

The Company does not have any employees who are immediate family members of a Director whose remuneration exceeded S$150,000 during the financial period ended 31 December 2009.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Board is accountable to the shareholders and is mindful of its obligations to comply with statutory requirements and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Notwithstanding the grace period of a year granted under Rule 705(2)(c) of the Listing Manual of the SGX-ST to commence quarterly reporting, the Board will provide shareholders with the Company's performance, position and prospects on a quarterly basis via announcements to the SGX-ST within the prescribed periods, commencing from the financial year ending 31 December 2010.

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.

AUDIT COMMITTEE ("AC")

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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

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 independent auditor the audit plan and its report on weaknesses of internal accounting controls arising from the statutory audit;

(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 assistance given by the management to the independent auditor and discuss problems and concerns, if any, arising from the statutory audit, and any matters which the independent auditor 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 discuss with the independent auditor 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;

(vi) consider the appointment and re-appointment of the independent auditor and approve the remuneration and terms of engagement of the independent auditor;

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

(viii) review any potential conflicts of interest;

(ix) review all minutes of meetings conducted by the board of directors of subsidiaries, 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;

(x) 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

(xi) 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.

Corporate Governance Report

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 independent auditor on two (2) occasions. These meetings included, amongst other things, 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 AGM.

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 CONTROLS

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

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

INTERNAL AUDIT

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

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

The AC will meet with the internal auditors to discuss the results of their examination of the Group's system of internal controls and will ensure that the management follows up on the internal auditors' recommendations raised, if any, during the audit process

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, 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.

Corporate Governance Report

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

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

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

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

DEALINGS IN SECURITIES

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

INTERESTED PERSON TRANSACTIONS

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

The details of interested person transactions for the financial year ended 31 December 2009 are set out below:

Name of Interested Persons	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate (excluding transactions less than $100,000) pursuant to Rule 920**
	US$ '000	US$ '000
Freight charter revenue from PT Adaro Indonesia	NIL	17,054
Interest expenses on term loan from Regente Holdings Ltd	NIL	2,125
Professional fees to Ng Chong & Hue LLC	84	-

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 48 to 52 of the Annual Report.

Corporate Governance Report

STATUS ON THE USE OF PROCEEDS FROM PLACEMENT OF SHARES

Below is the status on the utilization of net proceeds from the Company's placement of new shares from Compliance placement completed on 13 August 2009 and from New placement completed on 9 December 2009:-

	Planned utilization (SGD' million)	Amount utilised (SGD' million)	Balance as at date of Annual Report (SGD' million)
Compliance placement			
General Working Capital	8.0	7.7	0.3
New placement			
Purchase vessels	19.1	5.4	13.7
General Working Capital	2.2	-	2.2
Net proceeds from Compliance and New placements	29.3	13.1	16.2

Directors' Report

For the financial year ended 31 December 2009

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2009 and the balance sheet of the Company as at 31 December 2009.

Directors

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

Edwin Soeryadjaya	
Husni Heron	
Masdjan	(appointed on 14 August 2009)
Andreas Tjahjadi	(appointed on 14 August 2009)
Basil Chan	(appointed on 14 August 2009)
Yap Kian Peng	(appointed on 14 August 2009)
Ng Yuen	(appointed on 14 August 2009)
Ng Soon Kai	(alternate director for Edwin Soeryadjaya) (appointed on 8 December 2009)

Arrangements to Enable Directors to Acquire Shares or 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 1.1.2009 or date of appointment, if later	As at 31.12.2009	As at 1.1.2009 or date of appointment, if later	As at 31.12.2009
The Company				
No. of ordinary shares				
Edwin Soeryadjaya	-	-	115,083,338	115,083,338
Husni Heron	-	-	3,380,357	3,380,357
Masdjan	-	-	36,325,195	36,325,195
Andreas Tjahjadi	-	-	24,252,417	24,252,417

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2010.

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

Directors' Contractual Benefits

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

Directors' Report

For the financial year ended 31 December 2009

Share Options

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

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

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

Audit Committee

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

Basil Chan (Chairman)
Edwin Soeryadjaya
Yap Kian Peng
Ng Yuen

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

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act and the Code of Corporate Governance.

The main functions of the Audit Committee are as follows:

(i) review with the independent auditor the audit plan and its report on weaknesses of internal accounting controls arising from the statutory audit;

(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 assistance given by the management to the independent auditor and discuss problems and concerns, if any, arising from the statutory audit, and any matters which the independent auditor 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 discuss with the independent auditor 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;

(vi) consider the appointment and re-appointment of the independent auditor and approve the remuneration and terms of engagement of the independent auditor;

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

(viii) review any potential conflicts of interest;

(ix) review all minutes of meetings conducted by the board of directors of subsidiaries, 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;

(x) 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

(xi) 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.

Directors' Report

For the financial year ended 31 December 2009

Audit Committee (Continued)

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 independent auditor on two (2) occasions. These meetings included, amongst other things, 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 AGM.

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

Independent Auditor

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

On behalf of the directors

Husni Heron
Director

Masdjan
Director

5 April 2010

Statement by Directors

For the financial year ended 31 December 2009

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 28 to 53 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

Husni Heron
Director

Masdjan
Director

5 April 2010

Independent Auditor's Report

To the Members of Seroja Investments Limited

We have audited the accompanying financial statements of Seroja Investments Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 28 to 53 which comprise the balance sheets of the Company and of the Group as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting polices; and,

(c) making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report

To the Members of Seroja Investments Limited

Opinion

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by a subsidiary incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants

Director-in-charge: Henry SK Tan
Appointed from financial year ended 31 December 2009

Singapore

5 April 2010

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2009

	Note	2009 US$'000	2008 US$'000
Revenue	4	33,762	34,732
Cost of services		(22,311)	(19,112)
Gross profit		11,451	15,620
Other gains/(losses)	5	3,173	(1,397)
Expenses			
- Administrative		(3,070)	(2,414)
- Finance	8	(6,690)	(7,386)
Profit before income tax		4,864	4,423
Income tax expense	9	(355)	(490)
Net profit		4,509	3,933
Other comprehensive income:			
Currency translation gain		25	-
Total comprehensive income		4,534	3,933
Net profit attributable to:			
Equity holders of the Company		3,374	1,882
Minority interests		1,135	2,051
		4,509	3,933
Total comprehensive income attributable to:			
Equity holders of the Company		3,399	1,882
Minority interests		1,135	2,051
		4,534	3,933
Earnings per share (US cents)			
- Basic and diluted	10	1.36	1.18

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

Balance Sheets

As at 31 December 2009

	Note	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000	Company 31.12.2009 US$'000	Company 30.09.2008 US$'000
ASSETS					
Current Assets					
Cash and cash equivalents	11	21,883	9,902	16,095	486
Trade and other receivables	12	7,280	5,627	4,207	-
Inventories	13	494	357	-	-
Other current assets	14	457	584	58	-
		30,114	16,470	20,360	486
Non-current Assets					
Investment in subsidiaries	15	-	-	22,138	-
Property, plant and equipment	16	101,468	77,103	45	-
Deposits for purchases of property, plant and equipment		-	31,326	-	-
Other non-current assets		54	54	-	-
		101,522	108,483	22,183	-
Total Assets		131,636	124,953	42,543	486
LIABILITIES					
Current Liabilities					
Trade and other payables	17	2,939	2,523	412	43,504
Borrowings	18	13,400	11,525	-	18,728
Current income tax liabilities		-	-	-	400
		16,339	14,048	412	62,632
Non-current Liabilities					
Borrowings	18	72,146	89,899	-	-
Deferred income tax liabilities	19	535	584	-	-
Provision for post employment benefits		95	64	-	-
		72,776	90,547	-	-
Total Liabilities		89,115	104,595	412	62,632
NET ASSETS/(LIABILITIES)		42,521	20,358	42,131	(62,146)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	18,642	1,013	43,792	119,080
Currency translation reserve		25	-	25	-
Retained earnings/(accumulated losses)		12,126	8,752	(1,686)	(181,226)
		30,793	9,765	42,131	(62,146)
Minority interests		11,728	10,593	-	-
Total equity/(capital deficit)		42,521	20,358	42,131	(62,146)

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2009

	Note	Share Capital US$'000	Currency Translation Reserve US$'000	Retained Earnings US$'000	Total US$'000	Minority Interests US$'000	Total Equity US$'000
2009							
As at 1 January 2009		1,013	-	8,752	9,765	10,593	20,358
Total comprehensive income for the financial year		-	25	3,374	3,399	1,135	4,534
Decrease in value of shares issued as part of the reverse acquisition		(3,172)	-	-	(3,172)	-	(3,172)
RTO expenses	20	(1,924)	-	-	(1,924)	-	(1,924)
Issue of shares pursuant to compliance placement	20	7,751	-	-	7,751	-	7,751
Issue of shares pursuant to new placement	20	15,528	-	-	15,528	-	15,528
Shares issue expenses		(554)	-	-	(554)	-	(554)
As at 31 December 2009		18,642	25	12,126	30,793	11,728	42,521
2008							
As at 1 January 2008		1,013	-	6,870	7,883	8,542	16,425
Total comprehensive income for the financial year		-	-	1,882	1,882	2,051	3,933
As at 31 December 2008		1,013	-	8,752	9,765	10,593	20,358

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2009

	2009 US$'000	2008 US$'000
Cash flows from operating activities		
Profit before income tax	4,864	4,423
Adjustments for:		
- Depreciation of property, plant and equipment	6,588	4,408
- Writeback of other payables	(2,885)	-
- Loss on disposal of property, plant and equipment	216	-
- Interest income	(94)	(9)
- Interest expense	6,690	7,386
	15,379	16,208
Changes in working capital		
- Trade and other receivables	(1,653)	148
- Inventories	(137)	213
- Other current assets	127	(427)
- Trade and other payables	(285)	(1,362)
- Post employment benefits	31	21
Cash generated from operating activities	13,462	14,801
Income tax paid	(404)	(540)
Interest received	94	9
Net cash provided by operating activities	13,152	14,270
Cash Flows from Investing Activities		
Deposits for purchase of property, plant and equipment	-	(31,326)
Purchase of property, plant and equipment	(278)	(32,049)
Proceeds from disposal of property, plant and equipment	435	-
Net cash provided by/(used in) investing activities	157	(63,375)
Cash Flows from Financing Activities		
Proceeds from issue of shares - net	20,826	1,013
Proceeds from borrowings	-	142,530
Repayment of borrowings	(15,878)	(74,291)
Interest paid	(6,276)	(10,142)
Net cash (used in)/provided by financing activities	(1,328)	59,110
Net increase in cash and cash equivalents	11,981	10,005
Cash and cash equivalents at the beginning of the financial year	9,902	(103)
Cash and cash equivalents at the end of the financial year	21,883	9,902

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

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 for the financial year ended 31 December 2009 were authorised for issue in accordance with resolution of the directors on 5 April 2010.

1 General Information

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

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

2 Reverse Acquisition

Pursuant to a conditional sale and purchase agreement signed on 22 October 2008 between the Company and shareholders of Trans LK Marine Limited ("Trans LK"), the Company had effectively on, 13 August 2009, completed the acquisition of 100% interest in Trans LK and its subsidiaries (collectively known as the "Trans LK Group") for a purchase consideration of approximately US$22 million (equivalent to S$32 million). The purchase consideration was satisfied by the allotment and issuance of 160,164,000 new shares in the capital of the Company at the issue price of S$0.20 per share to the former shareholders of Trans LK.

Prior to the acquisition of Trans LK, the issued and paid-up capital of the Company was S$171,714,000 (US$119,080,000) comprising 8,756,808,957 ordinary shares. Upon issue of 16,901,786,000 debt conversion shares pursuant to the Scheme of Arrangement and the subsequent capital reduction exercise and share consolidation exercise, the issued and paid-up capital of the Company was reduced to S$1,222,000 (US$853,000) comprising 64,146,487 ordinary shares. With the issue of new shares in the Company as a result of the Reverse Acquisition (before the Compliance placement and New placement), the issued and paid-up capital of the Company was increased to S$33,255,000 (US$22,990,000) comprising 224,310,487 ordinary shares.

Upon the completion of the reverse acquisition, the Company became the legal parent company of Trans LK in a share-to-share transaction. Due to the relative values of the companies, the former shareholders of Trans LK became the majority shareholders, controlling approximately 91.26% of the enlarged share capital of the Company. Accordingly, the substance of the business combination is that Trans LK acquired the Company in a reverse acquisition. For the purpose of accounting for reverse acquisitions, the Company referred to guidance provided in FRS 103 – Business Combinations which is set out in Note 3.2.

Concurrent with the acquisition of the Trans LK Group, the Company had also completed the disposal of its entire interest in all its former subsidiaries and associated companies to Valley Green Technology, a company incorporated in the British Virgin Islands. The former subsidiaries and associated companies have not been included in the consolidated financial statements for all the years presented as per the reasons set out in Note 3.2.

3 Summary of Significant Accounting Policies

3.1 *Basis of Preparation*

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2009

3 Summary of Significant Accounting Policies (Continued)

3.1 *Basis of Preparation (continued)*

Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group:

- FRS 1 (revised) *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year.

- FRS 108 *Operating segments* (effective from 1 January 2009) replaces FRS 14 *Segment reporting*, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of FRS 108 does not have an impact to the Group.

- Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

3.2 Business Combination

Accounting for the business combination between the Company and Trans LK

At Group level

The acquisition of Trans LK 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.

Since such consolidated financial statements represent a continuation of the financial statements of the legal subsidiary, Trans LK,

(i) The assets and liabilities of Trans LK are recognised and measured in the consolidated balance sheet at their pre-combination carrying amounts;

(ii) The retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of Trans LK immediately before the business combination; and

(iii) The amount recognised as issued equity in the consolidated financial statements is determined by adding to the issued equity of Trans LK immediately before the business combination the cost of the acquisition deemed to have been incurred by Trans LK in the reverse acquisition of the Company. The Company's equity structure (i.e. the number and the type of equity issued) is disclosed in Note 20 to the financial statements.

Consolidation of the subsidiaries in Indonesia is based on the subsidiaries' financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in Indonesian statutory financial statements of the subsidiaries, prepared for Indonesian reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by Indonesian subsidiaries are based on the amounts stated in their respective statutory financial statements.

At Company level

Reverse acquisition accounting applies only in the consolidated financial statements. Therefore, in the legal parent's (i.e. the Company's) separate financial statements, the investment in the legal subsidiary (i.e. Trans LK) is accounted for at cost less accumulated impairment losses in the Company's balance sheet.

Notes to the Financial Statements

For the financial year ended 31 December 2009

3 Summary of Significant Accounting Policies (Continued)

3.3 Group Accounting

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries (other than the acquisition of Trans LK). The cost of an acquisition is measured as 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

Minority interests are that part of net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

3.4 Revenue Recognition

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

Rendering of services

Revenue from transport of coals and other goods are recognised when the services are rendered and accepted by customers which is determined to be the point in time when the vessels reach the port of destination.

Revenue from charter hire of barges and tugboats is recognised when the services are rendered, using the percentage of completion method based on the actual service provided as a proportion of the total services to be performed.

3.5 Property, Plant and Equipment

Measurement

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

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

For the financial year ended 31 December 2009

3 Summary of Significant Accounting Policies (Continued)

3.5 Property, Plant and Equipment (continued)

Depreciation

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

		Useful lives
Barges and tugboats	-	16 years
Buildings	-	20 years
Machinery and equipment	-	4 years
Motor vehicles	-	4 years
Office equipment	-	3 - 4 years
Furniture and fittings	-	3 - 10 years

No depreciation is provided on construction-in-progress.

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

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.

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.

3.6 Investments in Subsidiaries

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

3.7 Impairment of Non-financial Assets

Property, plant and equipment and investments in subsidiaries 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.

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

3 Summary of Significant Accounting Policies (Continued)

3.8 Financial Assets

(a) Classification

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" 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. Any amount in the fair value reserve relating to that asset is transferred to 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.

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

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

The allowance for impairment loss account 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.

3.9 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.

3.10 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.

Notes to the Financial Statements

For the financial year ended 31 December 2009

3 Summary of Significant Accounting Policies (Continued)

3.11 Trade and Other Payables

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

3.12 Fair Value Estimation

The carrying amounts of current 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.

3.13 Leases

Operating leases

Leases of property, plant and equipment where a significant portion of the 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.

3.14 Income Taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss.

According to 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, No. 417/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, estimated income tax of sea transport service were imposed with final tax of 1.2% of revenue from local fee transport service and 2.64% of revenue from international sea transport service.

3.15 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.

3.16 Employee Compensation

(i) Defined benefit plans

Defined benefit plans are post-employment benefit plans which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries. Actuarial gains or losses are recognised in profit and loss when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the defined benefit obligation at that date. Such gains or losses in excess of the 10% corridor are amortised on a straight-line method over the expected average remaining service years of the covered employees.

The cost of providing post-employment benefits is determined using the Project Unit Credit Method. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the employee benefit program, the Group recognised the past service cost immediately.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligation at the balance sheet date and actuarial gains and losses not recognised, less past service cost.

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

3 Summary of Significant Accounting Policies (Continued)

3.16 Employee Compensation (continued)

(ii) Employee leave entitlement

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 to balance sheet date.

3.17 Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

3.18 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.

4 Revenue

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Freight charter	25,226	30,639
Time charter	8,536	4,093
	33,762	34,732

5 Other Gains/(Losses)

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Interest income	94	9
Net foreign exchange gain/(loss)	410	(1,453)
Write-back of other payables	2,885	-
Loss on disposal of property, plant and equipment	(216)	-
Other	-	47
	3,173	(1,397)

The write-back of other payables represents the other payables which are not included for payment in the Scheme of Arrangement approved by creditors on 20 March 2008.

Notes to the Financial Statements

For the financial year ended 31 December 2009

6 Expenses by Nature

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Depreciation	6,588	4,408
Entertainment	800	698
Employee compensation (Note 7)	1,665	902
Purchases of fuel	7,277	9,140
Insurance	789	556
Port and agency fees	1,705	849
Professional fees	549	245
Spare parts and supplies	2,736	1,864
Vessel charter	1,354	277
Vessel/crew costs	855	1,215
Other	1,200	1,159
Changes in inventories	(137)	213
	25,381	21,526

7 Employee Compensation

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Salaries and wages	1,631	881
Pension benefits	31	21
Employer's contribution to CPF	3	-
	1,665	902

8 Finance Expenses

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Interest expense on borrowings	6,690	7,386

Interest expense for the financial year ended 31 December 2008 included a one-off financial charge of US$1,505,000 which were incurred and paid to a bank as bank facility fee to obtain a bank loan.

Notes to the Financial Statements

For the financial year ended 31 December 2009

9 Income Tax

	Group	
	31.12.2009	31.12.2008
	US$'000	US$'000
Tax expense attributable to profit is made up of:		
Current income tax - Indonesia	404	414
Deferred income tax (Note 19)	(49)	(50)
	355	364
Underprovision of current income tax in prior financial year	-	126
	355	490

Current income tax expense is calculated at 1.2% of subsidiaries' local fee transport services based in Circular letter of Directorate General of Transport of Indonesia No.416/KMK.04/1996 dated 14 June 1996. Accordingly, no disclosure of the relationship between current income tax and profit before income tax has been made.

10 Earnings Per Share

	Group	
	31.12.2009	31.12.2008
	US$'000	US$'000
Net profit attributable to equity holders of the Company (US$'000)	3,374	1,882
Average number of shares ('000)	248,809	160,164
Basic and diluted earnings per share (US cent)	1.36	1.18

There were no dilutive potential ordinary shares outstanding during the financial year.

For the purpose of calculating the earnings per share for the period during which a reverse acquisition occurs, the weighted average number of ordinary shares outstanding from the beginning of financial year (i.e. 1 January 2009) to the date of acquisition is deemed to be the number of ordinary shares issued by the Company to the owners of the Trans LK Group. The number of the ordinary shares outstanding from the acquisition date to the end of financial year (i.e. 31 December 2009) is the actual number of ordinary shares of the Company outstanding during the period.

The earnings per share disclosed for the comparative period is calculated by dividing the profit of Trans LK Group by the number of ordinary shares issued by the Company to the owners of the Trans LK Group in respect of the reverse acquisition.

11 Cash and Cash Equivalents

	Group		Company	
	31.12.2009	31.12.2008	31.12.2009	30.09.2008
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	21,883	7,902	16,095	486
Short-term bank deposits	-	2,000	-	-
	21,883	9,902	16,095	486

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 Trade and Other Receivables

	Group		Company	
	31.12.2009 US$'000	31.12.2008 US$'000	31.12.2009 US$'000	30.09.2008 US$'000
Trade receivables				
- non – related parties	1,465	1,150	-	-
- related parties	4,215	3,003	-	-
	5,680	4,153	-	-
Due from subsidiary (non-trade)	-	-	4,207	-
Advances to suppliers for vessel charter	1,577	1,454	-	-
Advances to staff	21	20	-	-
Other receivables	2	-	-	-
	7,280	5,627	4,207	-

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

13 Inventories

	Group	
	31.12.2009 US$'000	31.12.2008 US$'000
Fuel	481	299
Other	13	58
	494	357

The cost of inventories recognised as an expense and included in "cost of services" amounted to US$9,876,000 (2008: US$11,217,000).

14 Other Current Assets

	Group		Company	
	31.12.2009 US$'000	31.12.2008 US$'000	31.12.2009 US$'000	30.09.2008 US$'000
Prepayments	457	307	58	-
Deferred RTO expenses	-	277	-	-
	457	584	58	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

15 Investment in Subsidiaries

	Company	
	31.12.2009	30.09.2008
	US$'000	US$'000
Equity investments	22,138	-

As set out in Note 3.2 to the financial statements, the consolidated financial statements have been prepared as a continuation of the consolidated financial statements of Trans LK Group which comprise the following significant subsidiaries of the Company:

Name of subsidiaries	Principal activities	Country of incorporation	Equity Holding 2009	Equity Holding 2008
Held by Company				
Trans LK Marine Limited (1)	Investment Holding	Singapore	100%	-
Held by Subsidiary				
PT Pulau Seroja Jaya (2)	Provision of marine transportation of drybulk freight	Indonesia	48%	-
PT Pulau Seroja Jaya Pratama (2)	Provision of marine transportation of drybulk freight	Indonesia	47.9%	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.
(2) Audited by KAP Kanaka Puradiredja Suhartono, Indonesia, a member firm of Nexia International.

Notes to the Financial Statements

For the financial year ended 31 December 2009

16 Property, Plant and Equipment

Group 2009	Barges and Tugboats 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							
As at 1 January 2009	80,127	381	550	413	40	-	81,511
Additions	31,000	-	398	131	32	41	31,602
Disposals	(1,084)	-	-	-	-	-	(1,084)
As at 31 December 2009	110,043	381	948	544	72	41	112,029
Accumulated Depreciation							
As at 1 January 2009	4,242	20	71	65	10	-	4,408
Depreciation charge	6,230	19	208	112	15	4	6,588
Disposals	(435)	-	-	-	-	-	(435)
As at 31 December 2009	10,037	39	279	177	25	4	10,561
Net Book Value							
31 December 2009	100,006	342	669	367	47	37	101,468

Group 2008							
Cost							
As at 1 January 2008	47,197	34	35	60	24	347	47,697
Additions	32,930	-	515	353	16	-	33,814
Transfer	-	347	-	-	-	(347)	-
As at 31 December 2008	80,127	381	550	413	40	-	81,511
Accumulated Depreciation							
As at 1 January 2008	-	-	-	-	-	-	-
Depreciation charge	4,242	20	71	65	10	-	4,408
As at 31 December 2008	4,242	20	71	65	10	-	4,408
Net Book Value							
31 December 2008	75,885	361	479	348	30	-	77,103

Barges and tugboats with carrying amounts of US$50,687,000 (2008: US$51,480,000) were pledged as security for bank borrowings (Note 18).

Notes to the Financial Statements

For the financial year ended 31 December 2009

16 Property, Plant and Equipment (Continued)

Company 2009	Office Equipment US$'000	Furniture and Fittings US$'000	Total US$'000
Cost			
As at 1 January 2009	-	-	-
Additions	9	41	50
As at 31 December 2009	9	41	50
Accumulated Depreciation			
As at 1 January 2009	-	-	-
Depreciation charge	1	4	5
As at 31 December 2009	1	4	5
Net Book Value			
31 December 2009	8	37	45

17 Trade and Other Payables

	Group		Company	
	31.12.2009 US$'000	31.12.2008 US$'000	31.12.2009 US$'000	30.09.2008 US$'000
Trade payables to:				
- Non-related parties	1,427	761	-	54
Other payables to:				
- Non-related parties	-	-	-	39,534
Due to subsidiaries (non-trade)	-	-	-	3,828
Due to suppliers of vessel	53	289	-	-
Advances from customers for vessel charter	145	1,020	-	-
Accrued operating expenses	1,314	453	412	88
	2,939	2,523	412	43,504

Non-trade amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

18 Borrowings

	Group		Company	
	31.12.2009 US$'000	31.12.2008 US$'000	31.12.2009 US$'000	30.09.2008 US$'000
Current				
Bank borrowings	13,400	11,525	-	18,728
Non-current				
Term loans from related party	25,276	30,769	-	-
Bank borrowings	46,870	59,130	-	-
	72,146	89,899	-	-
Total borrowings	85,546	101,424	-	18,728

Notes to the Financial Statements

For the financial year ended 31 December 2009

18 Borrowings (Continued)

(a) Security granted

Total borrowings include secured liabilities of US$60,270,000 (2008: US$70,655,000) for the Group.

Bank borrowings of the Group are secured by the following:

- certain buildings and certain barges and tug boats (Note 16);
- corporate guarantee by PT Pulau Seroja Jaya Pratama;
- pledge of the Company's shares by certain shareholders of the Company;
- 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; and
- corporate guarantee by a shareholder.

The bank borrowings of the Group is subject to financial covenant clauses. Certain of these covenants were not met. However, the lenders have waived these financial covenants prior to the end of the financial year. Accordingly, the outstanding loan amount repayable after one year has been presented as a non-current liability as at 31 December 2009.

(b) Fair value of non-current borrowings

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

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Term loans from related party	22,978	27,972
Borrowings	35,397	47,949
	58,375	75,921

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	
	31.12.2009	**31.12.2008**
Terms loans from related party	10%	10%
Bank borrowings	6.55% - 6.65%	5.20% - 8.25%

The facilities expiring not later than one year from the balance sheet date are facilities subject to annual review at various dates during 2010. The other facilities are arranged mainly to finance the Group's expansion.

Notes to the Financial Statements

For the financial year ended 31 December 2009

19 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	
	31.12.2009	**31.12.2008**
	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	584	634
Credited to profit or loss (Note 9)	(49)	(50)
End of the financial year	535	584

20 Share Capital

	Group		Company	
	Number of ordinary shares	Amount	Number of ordinary shares	Amount
Issued and fully paid	'000	US$'000	'000	US$'000
At 1 January 2008 and 31 December 2008	8,756,809	1,013	8,756,809	119,080
Issue of debt conversion shares	16,901,786	-	16,901,786	58,974
Capital reduction	-	-	-	(177,201)
Total shares/value before share consolidation	25,658,595	1,013	25,658,595	853
Total shares/value after share consolidation	64,146	1,013	64,146	853
Issue of shares pursuant to the reverse acquisition	160,164	-	160,164	22,138
Decrease in value of shares issued as part of the reverse acquisition	-	(3,172)	-	-
RTO expenses	-	(1,924)	-	(1,924)
Issue of shares pursuant to the Compliance placement	56,078	7,751	56,078	7,751
Issue of shares pursuant to the New placement	45,000	15,528	45,000	15,528
Share issue expenses	-	(554)	-	(554)
Balance at 31 December 2009	325,388	18,642	325,388	43,792

Notes to the Financial Statements

For the financial year ended 31 December 2009

20 Share Capital (Continued)

The equity structure (number and amount of equity issued) at balance sheet date represents that of the Company, being the legal parent. However, for the purpose of reverse acquisition accounting, the amount of share capital of the Group represents that of Trans LK, the legal subsidiary, before the reverse acquisition as referred to in Note 2.

In the separate financial statements of the Company, the cost of acquisition is determined by reference to the issue of 160,164,000 consideration shares at S$0.20 per share amounting to US$22,137,000, pursuant to the reverse acquisition.

All ordinary shares are fully paid. There is no par value for these ordinary shares.

On 13 August 2009, the Company issued 56,077,623 ordinary shares, as compliance placement, for a total consideration of US$7,751,000 for cash to provide additional working capital. The newly issued shares rank pari passu in all respects with the previously issued shares.

On 9 December 2009, the Company issued 45,000,000 ordinary shares for a total consideration of US$15,528,000 for cash to provide funds for the purchase of vessels and additional working capital associated with the expansion of fleet of vessels. The newly issued shares rank pari passu in all respects with the previously issued 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.

21 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:

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Freight charter revenue from related party	17,054	21,009
Interest expenses on term loans from related party	2,125	2,688
Professional fees to related party	84	-

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

Key management personnel compensation is as follows:

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Salaries and bonuses	609	136
Employer's contribution to defined contribution plans	3	-
Directors' fees	84	-
	696	136

Included in the above amount is directors' remuneration of US$530,000 (2008: Nil).

Notes to the Financial Statements

For the financial year ended 31 December 2009

22 Commitments

The Group leases office premise from a non-related party under non-cancellable operating lease agreement.

Future minimum lease payments payable under the non-cancellable operating leases as at the balance sheet date are as follows:

	Company	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Future minimum lease payments:		
Within one year	68	-
Between two to five years	56	-
	124	-

23 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 mainly operates in Indonesia. The Group regularly transacts in their functional currency and small portion in currency other than their functional currency ("foreign currency"). Expenses are predominantly denominated in Indonesian Rupiah ("IDR").

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

	US$	SGD	IDR	Total
	US$'000	US$'000	US$'000	US$'000
At 31 December 2009				
Financial assets				
Cash and cash equivalents	5,146	16,095	642	21,883
Trade and other receivables	5,223	-	2,057	7,280
	10,369	16,095	2,699	29,163
Financial liabilities				
Trade and other payables	(985)	(412)	(1,542)	(2,939)
Borrowings	(85,546)	-	-	(85,546)
	(86,531)	(412)	(1,542)	(88,485)
Net financial (liabilities)/assets	(76,162)	15,683	1,157	(59,322)
Less: net financial liabilities/(assets) denominated in the functional currencies of respective entities	76,162	(15,683)	-	60,479
Currency exposure	-	-	1,157	1,157

Notes to the Financial Statements

For the financial year ended 31 December 2009

23 Financial Risk Management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	US$ US$'000	SGD US$'000	IDR US$'000	Total US$'000
At 31 December 2008				
Financial assets				
Cash and cash equivalents	4,025	-	5,877	9,902
Trade and other receivables	4,076	-	1,551	5,627
	8,101	-	7,428	15,529
Financial liabilities				
Trade and other payables	(46)	(96)	(2,381)	(2,523)
Borrowings	(101,424)	-	-	(101,424)
	(101,470)	(96)	(2,381)	(103,947)
Net financial (liabilities)/assets	(93,369)	(96)	5,047	(88,418)
Less: net financial liabilities/(assets) denominated in the functional currencies of respective entities	93,369	-	-	93,369
Currency exposure	-	(96)	5,047	4,951

If the IDR change against USD by 5% (FY2008: 5%) with all other variables held constant, the effects arising from the net financial asset position will be as follows:

	31.12.2009 US$'000		31.12.2008 US$'000	
	Net profit	Equity	Net profit	Equity
IDR against USD				
- strengthened	(58)	(58)	(252)	(252)
- weakened	58	58	252	252

Notes to the Financial Statements

For the financial year ended 31 December 2009

23 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 loan at floating interest rate.

The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate 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 2009 and 2008 with all other variables including tax rate being held constant, the net profit will be lower/higher by US$19,738 (2008: US$24,729) 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 2 debtors (2008: 1 debtor) that represented 90% (2008: 81%) 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	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
By types of customers		
Indonesian local companies		
- Non-related parties	1,465	1,150
- Related parties	4,215	3,003
	5,680	4,153

Notes to the Financial Statements

For the financial year ended 31 December 2009

23 Financial Risk Management (Continued)

(b) Credit risk (Continued)

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Trade receivables as at 31 December 2009 and 2008 are all neither past due nor impaired.

(c) Liquidity risk

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

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000
At 31 December 2009			
Trade and other payables	2,939	-	-
Borrowings	13,400	13,735	58,411
	16,339	13,735	58,411
At 31 December 2008			
Trade and other payables	2,523	-	-
Borrowings	11,525	14,600	75,299
	14,048	14,600	75,299

The Group manages 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.

Notes to the Financial Statements

For the financial year ended 31 December 2009

23 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.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group	
	31.12.2009	**31.12.2008**
	US$'000	**US$'000**
Net debt	66,602	94,045
Total equity	42,521	20,358
Total capital	109,123	114,403
Gearing ratio	61%	82%

The Group has no externally imposed capital requirements for financial year ended 31 December 2009 and financial year ended 31 December 2008.

24 Segment Information

The Group is principally engaged in the provision of domestic marine cargo and coal transportation services in Indonesia. No separate segmental information by business segment is presented, except for segment revenue (Note 4), as both business segments use the same resources and share the same costs. Management is of the opinion that it is not practicable to separate the costs, assets and liabilities for each business segment.

25 Subsequent Event

On 5 February 2010, the Company's subsidiary, Trans LK Marine Limited, has incorporated a joint venture company in Singapore known as LD Maritime-Seroja Pte Ltd ("LDMS") with an issued and paid-up share capital of S$100,000. The principal activity of LDMS is to carry out international dry-bulk exclusively dealing with the export of cargoes from Indonesia and other shipping related activities.

Notes to the Financial Statements

For the financial year ended 31 December 2009

26 New or Revised Accounting Standards and Interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 27 (revised) *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009).

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

(b) FRS 103 (revised) *Business Combinations* (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

Statistics of Shareholdings

Share Capital

Number of shares issued : 325,388,110
Class of shares : Ordinary shares
Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2010

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	14,577	83.44	1,653,894	0.51
1,000 - 10,000	1,823	10.44	7,165,114	2.20
10,001 - 1,000,000	1,046	5.99	55,029,331	16.91
1,000,001 and above	23	0.13	261,539,771	80.38
Total	**17,469**	**100.00**	**325,388,110**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of shareholders	NO. OF SHARES	%
1	PROFIT SPREAD GROUP LIMITED	57,787,171	17.76
2	REAVIS GLOBAL LTD	36,325,195	11.16
3	FLEUR ENTERPRISES LIMITED	33,025,817	10.15
4	FIENNES HOLDING CORPORATION	24,252,416	7.45
5	ZONET LIMITED	18,591,964	5.71
6	CITIBANK NOMINEES SINGAPORE PTE LTD	16,437,795	5.05
7	QUARTO CAPITAL INVESTMENT LIMITED	13,213,530	4.06
8	LEVEN GROUP LTD	9,081,299	2.79
9	UOB KAY HIAN PTE LTD	7,993,222	2.46
10	ATTICA FINANCE LTD	6,760,714	2.08
11	KIM ENG SECURITIES PTE. LTD.	5,668,409	1.74
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,498,212	1.69
13	OCBC SECURITIES PRIVATE LTD	5,310,838	1.63
14	MITO INVESTMENTS LIMITED	3,380,357	1.04
15	MAYBAN NOMINEES (SINGAPORE) PTE LTD	3,084,592	0.95
16	RAFFLES NOMINEES (PTE) LTD	2,754,385	0.85
17	ACEWAY ASSET HOLDINGS LTD	2,150,000	0.66
18	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,000,225	0.61
19	HSBC (SINGAPORE) NOMINEES PTE LTD	1,938,630	0.60
20	LIM GHUAT TEE	1,916,000	0.59
		257,170,771	**79.03**

Statistics of Shareholdings

Substantial Shareholders

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 16 March 2010.

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	%
Profit Spread Group Limited	57,787,171	-	57,787,171	17.76
Reavis Global Ltd	36,325,195	-	36,325,195	11.16
Fleur Enterprises Limited	33,025,817	-	33,025,817	10.15
Fiennes Holding Corporation	24,252,416	-	24,252,416	7.45
Zonet Limited	18,591,964	-	18,591,964	5.71
Mr Edwin Soeryadjaya (1)	-	115,083,338	115,083,338	35.37
Mr Masdjan (2)	-	36,325,195	36,325,195	11.16
Mr Andreas Tjahjadi (3)	-	24,252,416	24,252,416	7.45
Mr Sandiaga Salahuddin Uno (4)	-	39,786,531	39,786,531	12.23

Notes:

(1) Mr Edwin Soeryadjaya is deemed interested in the shares held by Profit Spread Group Limited, Fleur Enterprises Limited and Zonet Limited by virtue of the fact that he owns 100% of Profit Spread Group Limited (through a nominee company, Familink Services Limited), 100% of Zonet Limited and 67.5% of Fleur Enterprises Limited. Mr Edwin Soeryadjaya is also deemed interested in the shares held by certain entities which collectively have a direct/deemed interest of 1.75% in the issued share capital of the Company by virtue of the fact that he is the only shareholder or substantial shareholder of such entities.

(2) 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.

(3) Mr Andreas Tjahjadi is deemed interested in the shares held by Fiennes Holding Corporation by virtue of the fact that he owns 100% of Fiennes Holding Corporation.

(4) Mr Sandiaga Salahuddin Uno is deemed interested in the shares held by Fleur Enterprises Limited and Attica Finance Ltd by virtue of the fact that he owns 100% of Attica Finance Ltd and Attica Finance Ltd owns 32.5% of Fleur Enterprises Limited.

Shareholdings held in the hands of the public

Based on information available to the Company as at 16 March 2010, approximately 36.05% 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 SGX Auditorium, 2 Shenton Way, SGX Centre 1, Level 2 Podium, Singapore 068804 on Wednesday, 28 April 2010 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

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

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2009 together with the Auditors' Report thereon. (Resolution 1)

2. To re-elect the following directors who are retiring by rotation pursuant to Article 99 of the Articles of Association of the Company:

   (i) Mr Edwin Soeryadjaya; (Resolution 2)
   (ii) Mr Husni Heron; and (Resolution 3)
   (iii) Mr Basil Chan. (Resolution 4)

3. To approve the payment of Directors' Fees of S$123,050 for the financial year ended 31 December 2009. (Resolution 5)

4. To approve the payment of Directors' Fees of S$321,000 for the financial year ending 31 December 2010. (Resolution 6)

5. To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

AS SPECIAL BUSINESS

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

6. Authority to issue shares

   That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act") and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), authority be and is hereby given to the Directors to issue:

   (i) shares in the capital of the Company ("shares"); or

   (ii) convertible securities; or

   (iii) additional convertible securities issued pursuant to adjustments; or

   (iv) shares arising from the conversion of the securities in (ii) and (iii) above,

   (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority or thereafter) 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 (notwithstanding the authority conferred by this Resolution may have ceased to be 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 convertible securities made or granted pursuant to this Resolution) does not (i) in the case of a renounceable rights issue, exceed one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph (2) below) ("Issued Shares"); and (ii) in all other cases, exceed fifty per cent. (50%) of the total number of Issued Shares provided that the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of Issued Shares;

Notice of Annual General Meeting

(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 percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the 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 8)

7. That, subject to and pursuant to the passing of Ordinary Resolution 8 above being obtained, authority be and is hereby given to the Directors to issue New Shares other than on a pro rata basis to shareholders at an issue price per New Share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than a twenty per cent (20%) discount to the weighted average price per New Share determined in accordance with the requirements of the SGX-ST. (Resolution 9)

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

"That:

(i) approval be and is hereby given, 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 revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is 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 do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider necessary, desirable, expedient or in the interest of the Company to give effect to the Shareholders' Mandate and/or this Resolution.

(Resolution 10)

By Order of the Board

Low Yew Shen
Company Secretary

Singapore, 13 April 2010

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be Transacted:

1. Mr Edwin Soeryadjaya will, upon re-election as Director of the Company, remain as the Non-Executive Chairman and will remain as the member of the Audit Committee, Remuneration Committee and Nominating Committee.

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

3. Mr Basil Chan will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He will also remain as the member of the Remuneration Committee and Nominating Committee.

4. The Ordinary Resolution 6 proposed above, is to facilitate payment of Directors' fees during the financial year in which the fees are incurred.

5. The Ordinary Resolution No. 8 proposed above is to authorize the Directors to issue shares in the capital of the Company and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from shareholders in general meeting, up to a number not exceeding in total (i) in the case of a renounceable rights issue, one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, and (ii) in all other cases, fifty percent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, provided that the total number of issued shares (excluding treasury shares) which may be issued other than on a pro-rata basis to shareholders does not exceed twenty per cent. (20%) of the total number of issued shares (excluding treasury 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. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

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

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

APPENDIX

LETTER TO SHAREHOLDERS

SEROJA INVESTMENTS LIMITED

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

Board of Directors :

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

Registered Office :

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

13 April 2010

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 2009.

Proposed Resolution 10 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. As at the Latest Practicable Date, Mr Edwin Soeryadjaya holds, directly and indirectly, approximately 19.58% interest in the issued and paid-up share capital of Adaro Energy. Adaro Energy is technically not an associate of Mr Edwin Soeryadjaya within the meaning of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as he is interested in less than 30% of Adaro Energy. Nonetheless, for the purpose of adopting a higher standard of corporate governance, the Company has treated the Adaro Group as an associate of Mr Edwin Soeryadjaya, and accordingly, transactions with the Adaro Group shall be treated as interested person transactions for the purposes of the Shareholders' Mandate for Adaro Transactions.

APPENDIX

3. Shareholders' Mandate for Adaro Transactions

At the Extraordinary General Meeting of the Company held on 22 July 2009 (the "**EGM**"), 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 Circular to Shareholders dated 30 June 2009, with any party who is of the class or classes of interested persons described in the said Circular, 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 Circular.

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 2009, the audited consolidated NTA of the Group as at 31 December 2009 was US$42.5 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year, Shareholders' approval will be required where:

(a) the transaction is of a value equal to, or more than, US$2.1 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group; or

(b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, US$2.1 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.

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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.

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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 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;

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(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 new 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 new 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 EGM; 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.

APPENDIX

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 2010, 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 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	-	-	115,083,338	35.37
Mr Husni Heron	-	-	3,380,357	1.04
Mr Masdjan	-	-	36,325,195	11.16
Mr Andreas Tjahjadi	-	-	17,491,703	5.38
Mr Ng Soon Kai	-	-	-	-
Mr Basil Chan	-	-	-	-
Mr Ng Yuen	-	-	-	-
Mr Yap Kian Peng	-	-	-	-
Controlling shareholders				
Mr Edwin Soeryadjaya	-	-	115,083,338	35.37
Profit Spread Group Limited	57,787,171	17.76	-	-

Note :
Percentages are based on the issued capital of the Company of 325,388,110 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 Appendix 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.

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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 Appendix.

Yours faithfully,

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

Mr Husni Heron
Chief Executive Officer

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Annual General Meeting Proxy Form

SEROJA INVESTMENTS LIMITED

(Incorporated in Singapore)
(Company Registration No: 198300847M)

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, 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

Of _____ (Address)

being a member/members* of Seroja Investments Limited (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meting of the Company to be held on 28 April 2010 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Business	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of votes for**	No. of votes against**
1	Adoption of Directors' Report and Audited Financial Statements of the Company				
2	Re-election of Mr Edwin Soeryadjaya as Director				
3	Re-election of Mr Husni Heron as Director				
4	Re-election of Mr Basil Chan as Director				
5	Approval of Directors' Fees of S$123,050 for the financial year ended 31 December 2009				
6	Approval of Directors' Fees of S$321,000 for the financial year ending 31 December 2010				
7	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Independent Auditor				
8	Authority to allot and issue new shares				
9	Authority to issue new shares pursuant to share issue mandate at discount of up to 20%				
10	Proposed Renewal of the General Mandate for Interested Person Transactions				

* Please indicate your vote "For" or "Against" with a (√) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2010

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

.....
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Cap. 50)), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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 on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 96 Robinson Road #15-01/02 SIF Building Singapore 068899, not less than 48 hours before the time set for the meeting.

4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

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

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Cap. 50).

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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