SEROJA INVESTMENTS LIMITED
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SEROJA
INVESTMENTS LIMITED
Company Registration No. 198300847M

NAVIGATING ASIA'S RESOURCES

Annual Report 2010

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 2010, we own and operate a fleet of 59 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 6.1 years for tugboats and 3.5 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 which enables us to track and monitor the routes and locations of our vessels.

Chairman's Statement

"The year 2010 marked a new milestone as Seroja started making strategic moves to transform itself into a key player in the maritime transportation business for energy, mining and infrastructure resources in Asia."

Dear Valued Shareholders,

On behalf of the Board of Directors of Seroja Investments Limited ("Seroja" or the "Group"), I am pleased to present to you the annual report of the Group for the financial year ended 31 December 2010 ("FY 2010").

Overview

The year 2010 marked a new milestone as Seroja started making strategic moves to transform itself into a key player in the maritime transportation business for energy, mining and infrastructure resources in Asia. To help achieve this, the Group undertook several initiatives, principally in the area of fleet and geographic expansion of the business as well as strengthening its relationship with customers.

In June 2010, Seroja made its first foray into China by inking a joint venture agreement with China-based Zhushui Energy Resource Group Co. Ltd. The venture with Zhushui Energy is significant as it enables Seroja to ship coal into Southern China, considering the growing demand for coal and other natural resources from within China. In November 2010, the Group entered into two more joint ventures with Zhushui Energy for acquisition of 2 new Panamax vessels of 80,000 deadweight tonne each which are currently under construction and are expected to be delivered by end of FY2011. With the addition of new vessels, the Group will be able to cater to increasing demand for shipments of commodities into China.

Our strategy of building strong relationship with customers had enabled the Group to clinch a landmark deal. In November 2010, the Group signed a contract with PT Adaro Indonesia to ship its coal within the archipelago over a seven-year period in a deal estimated at about US$150 million. The long term contract with PT Adaro, second largest thermal coal producer in Indonesia,

has since taken off and will provide a sustainable revenue stream for the Group.

Opportunities & threats in 2010

While there was underlying demand for coal from within and outside Indonesia, Seroja's chartering was affected by unseasonal heavy rains in 2010. At certain periods during the year, the rains were unusually heavy which delayed our vessels from moving out into the sea. The bad weather conditions had disrupted our delivery schedule and hence our chartering business. However, from a demand perspective, there continued to be growth in both Indonesia and China where the Group operated. Hence, despite adverse weather conditions, Seroja's revenue was still higher in FY2010 than FY2009 as a result of growing coal shipments to existing and new customers.

With the economic recovery in 2010, credit was made more easily available compared to the prior year. As such, the Group tapped into opportunities to borrow from a local bank to finance its joint ventures for the purchase of the two new Panamax vessels as above-mentioned. With more banks interested to provide financing, the Group is also in the process of negotiation to restructure its existing bank loans in Indonesia for more favourable terms.

Financial Performance

Our Group's revenue grew 18.7% from US$33.8 million in FY2009 to US$40.1 million in FY2010. Our time charter revenue was lower in FY2010 mainly due to contracts terminated as a result of sand import ban in Singapore and the economic crisis in Middle East affecting the import of construction materials into Qatar. However, gross profit was unchanged at US$11.7 million in both FY2009 and FY2010. Excluding the one-off non-operating gain on writeback of payables of US$2.9 million in FY2009, net profit attributable to shareholders would have increased by 216.7% from US$0.6 million in FY2009 to US$1.9 million in FY2010.

Navigating for the Future

Demand for commodities from emerging markets is expected to continue growing in synchronization with the economic upcycle. According to industry experts, seaborne coal demand is projected to exceed 1 billion tons in 2011, with Asia Pacific region comprising the vast majority of demand growth.

Given this backdrop, Seroja is focused on building its leadership position in the maritime transportation business. In simple terms, Seroja wants to ride on its extensive knowledge, experience, technology advantage to establish a leadership position in Indonesia, and further in Asia.

Seroja's strategy is to grow its fleet size to meet the strong demand for marine transportation of energy, mining and infrastructure resources in Indonesia and the region. At the same time, Seroja will also be exploring for potential growth opportunities from investments as and when such opportunities arise.

A Note of Appreciation

I take this opportunity to thank my fellow Directors on the Board for their invaluable contributions and guidance during the year, and our employees for their dedication and hard work.

On behalf of the Board, I express my sincere gratitude to you, our valued shareholders. We appreciate your loyalty and continued support to Seroja. We are focused on growing our business to new heights and creating long term value for our stakeholders.

Edwin Soeryadjaya
Chairman

Board of Directors

1. Mr Edwin Soeryadjaya
Chairman

Mr Edwin Soeryadjaya is the non-executive Chairman of the Group. He is also President Commissioner of our subsidiary PT PSJ. He is responsible for the strategic planning, development and spearheading the expansion of Seroja. Mr Soeryadjaya also reviews the effectiveness of the governance process of the Board.

From 1981 to 1993, Mr Soeryadjaya was employed at PT Astra International Tbk, a conglomerate in Indonesia, where he last held the position of Vice President Director. During this stint, Mr Soeryadjaya spearheaded the financial restructuring of the company, resulting in 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 Soeryadjaya was the Commissioner of PT Aria West International. During the time, he established PT Saratoga Investama Sedaya and was appointed as President Commissioner of PT Saratoga Investama Sedaya in 1997 and holds the position 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.

2. Mr Husni Heron
CEO

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

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

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

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's degree in Accountancy. He is a certified public accountant in Indonesia. He is also a member of the Indonesian Institute of Audit Committee.

3. Mr Masdjan
Executive Director

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

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

4. Mr Andreas Tjahjadi
Non-Executive Director

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

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

Since 2006, Mr Tjahjadi is the President Commissioner of PT Mitra Investindo Tbk, a granite mining and trading




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company listed on the Indonesia Stock Exchange. Mr Tjahjadi graduated from Northrop University in the US with a Bachelor's degree in Engineering Technology in 1976. He subsequently obtained his Masters of Science (Marketing), Northrop University in 1978.

5. Mr Ng Soon Kai
Alternate Director

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

6. Mr Basil Chan
Independent Director

Mr Basil Chan is an Independent Director of the Group. He is the Founder and Managing Director of MBE Corporate Advisory Pte Ltd, a corporate finance firm started in 2003. Mr Chan has more than 30 years of audit, financial and general management experience, having held senior positions in companies which include being the Chief Financial Officer at Datacraft Asia Ltd from 1999 to 2001 and Chief Executive Officer at Hua Kok International Ltd from 2001 to 2003.

He held the position of Finance Director at 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 Chan has been a Council Member and Board Director of the Singapore Institute of Directors and is currently its Treasurer. Mr Chan graduated from the University of Wales Institute of Science and Technology with a Bachelor of Science (Economics) Honours degree, majoring in Business Administration. Mr 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.

7. Mr Yap Kian Peng
Independent Director

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

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

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

8. Mr Ng Yuen
Independent Director

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

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

Key Executives

Mr Hernawan Tjahjana
Marketing Director

Mr Hernawan Tjahjana is the Marketing Director of subsidiaries PT PSJ and PT PSJP. 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 PT PSJP and has been with the PSJ Group since January 2008.

From 1989 to 2007, Mr Tjahjana was the director of PT Trikarya Selaras Wicaksana where he was involved in marketing and business development. He graduated with a Bachelor's degree in Chemical Engineering from the University of Delaware in 1980 and obtained a Master of Business Administration from Loyola Marymount University in 1983. Mr Tjahjana is currently the President Director of PT Bintang Pertama Lines and holds directorships in PT Bumi Hijau Sejahtera, PT PSJ, PT PSJP, Trans LK Marine Limited, PT Laju Kencana Murni, the 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 subsidiaries PT PSJ and PT PSJP. He oversees the financial functions of the Group's subsidiaries in Indonesia and ensures timely reporting to the 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 undertake telecommunications 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's 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 the Company. He is responsible for the overall management of the finance functions of the Group. He was with 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. He was employed as a Senior Accountant at G&U Asia Pacific Logistics Pte Ltd from 2005 to 2006 and at Ecolab Pte. Ltd. from 2006 to 2007 and was responsible for the accounting and reporting functions of both companies.

Mr Lim joined Memstar Technology Ltd as Financial Controller from 2007 to 2009 and was in charge of the overall management of the finance functions. Prior to joining Seroja, he was the CFO of Kading (Fujian) Children's Products Co., Ltd. in 2009, managing its financial functions and overseeing 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

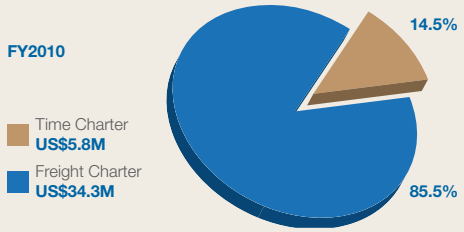
Seroja began financial year FY2010 with a focus on building its maritime transportation business for energy, mining and infrastructure resources, especially after completing its reverse takeover from the year earlier. To take its business further, Seroja worked towards building its freight and time charter business.

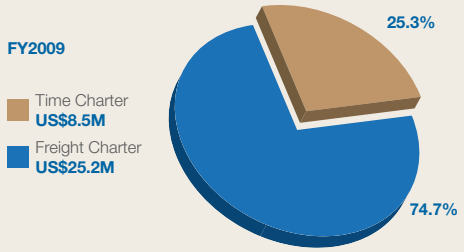
Revenue

The Group's revenue increased by 18.7% or US$6.3 million from US$33.8 million in FY2009 to US$40.1 million in FY2010. Of the overall FY2010 revenue, freight chartering accounted for 85.5% of the turnover while the remaining 14.5% came from the time charter business.

The substantial increase was contributed by higher freight charter revenue, which grew 35.8% or US$9.1 million to US$34.3 million in FY2010, from US$25.2 million in FY2009. The rise in coal shipments from existing and new customers as well as the increase in transshipments for a major customer lent to the rise in freight charter revenue.

However, revenue from the time charter segment of the business declined 31.9% or US$2.7 million to US$5.8 million for FY2010. This was mainly due to the termination of contracts from two overseas customers as well as lower demand from existing customers. The decline was partially offset by contributions from Seroja's joint venture with Zhuzhui Energy Resource Group Co. Ltd. as well as contracts from two new Indonesian customers.





Profitability

Seroja's gross profit was unchanged at US$11.7 million in both FY2010 and FY2009. However, gross profit margin declined to 29.1% in FY2010, from 34.6% in FY2009. More transshipments at lower margins, higher fuel expenses from rising energy prices and higher depreciation expenses from more vessel acquisitions contributed to the decline in gross profit margin.

Other gains decreased from US$3.2 million in FY2009 to US$0.1 million in FY2010 as other gains in FY2009 was mainly from writeback of other payables of US$2.9 million and exchange gain of US$0.4 million which was partly offset by loss on disposal of fixed asset of US$0.2 million.

During the course of FY2010, administrative expenses rose by US$0.8 million to US$3.9 million, from US$3.1 million in FY2009. The bulk of the increase arose from higher salaries due to recruiting more support staff to handle the increase in business activities as well as higher administrative expenses incurred for the Singapore office over the full 12 months of operations in FY2010. In FY2009, the Singapore office had only operated for a period of five months upon the successful reverse takeover exercise.

Finance costs decreased by US$1.8 million to US$4.9 million in FY2010 mainly because of lower average borrowings as a result of repayment of bank loans during

Operations and Financial Review

the financial year. In addition, Seroja benefitted from lower interest rates for a related party loan.

Arising from the above, net profit attributable to shareholders amounted to US$1.9 million in FY2010, compared with US$3.5 million in FY2009. If the one-off, non-operating gain on writeback of other payables were excluded in FY2009, Seroja's net profit attributable to shareholders would have been US$0.6 million in FY2009 which would be US$1.3 million lower compared to US$1.9 million in FY2010.

Financial Position

As at December 2010, Seroja was able to reduce its trade and other receivables by US$0.9 million mainly due to prompt collection from major customers. Eighty-percent of the debtors were current with their payments and the remaining 20% were paid within 30 days of being overdue. Inventories increased by US$0.1 million as a result of higher purchases for restocking supplies. Other current assets increased by US$0.8 million due to a deposit of US$0.4 million to secure a banker's guarantee, an insurance claim receivable of US$0.2 million and an increase in insurance prepayments of US$0.2 million to cover the expanded fleet of vessels.

There was an increase in property, plant and equipment of US$11.6 million from US$102.0 million in December 2009 to US$113.6 million in December 2010. This was mainly due to acquisition of three tugboats and joint purchase of a Capesize vessel as well as two new Panamax vessels under construction. The increase was partly offset by depreciation expense during the financial year under review. The decrease in other non-current assets of US$54,000 was due to the write-off of asset not in use.

The increase in trade and other payables of US$2.6 million was mainly due to the advance contract payment of US$1.6 million from a related party as well as in line with the increase in business activities in FY2010. The decrease in net borrowings of US$14.4 million was due to the partial repayment of bank loan during the course of the financial year.

There was a significant decline in Seroja's cash position as a result of resources being used to purchase property, plant and equipment as well as for payment of interest and loan repayment. While Seroja remained to be in a net asset position, current liabilities exceeded current assets as at 31 December 2010 because of the significant investments in property, plant and equipment. The largest component of current liability consists of the current portion of bank borrowings and Seroja is in the process of trying to restructure its loan terms so as to reduce the current portion of bank borrowings.

Net cash arising from operating activities amounted to US$17.6 million and which was offset by net cash used in investing and financing activities of US$19.0 and US$19.4 million respectively. The cash used in investing activities was directed towards expansion of the vessel fleet and acquisition of a subsidiary. In so far as financing activities was concerned, the cash was used for interest and bank loan repayments. As a result of these activities, Seroja generated a net decrease in cash and cash equivalents of US$20.8 million from US$21.9 million as at 31 December 2009 to US$1.1 million as at 31 December 2010.

Prospects

The strong demand for coal as the main source of energy in Indonesia will continue to drive the demand for and capacity utilisation of Seroja's vessel fleet. On 18 November 2010, the Group secured a coal barging contract with PT Adaro Indonesia with an estimated value of US$150 million. The contract, which will run over a period of seven years, is expected to make positive contributions to the Group in FY2011.

Seroja's existing joint venture with Zhushui Energy Resource Group Co. Ltd. has contributed positively to the Group's revenues and profits. With growing confidence from the current joint venture, Seroja has entered into two additional joint ventures with the same partner so as to acquire two new Panamax vessels. The financing of these two vessels have been finalized and are expected to be delivered in the final quarter of FY2011.

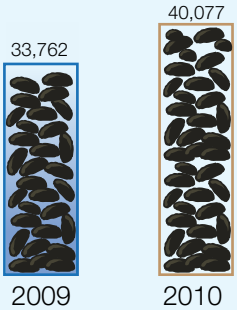
Seroja's strategy is to grow its fleet size to cater to the strong demand for marine transportation of energy, mining and infrastructure resources in Indonesia and overseas. The Group will continue its efforts to strengthen relationship with its customers to secure larger value contracts.

To cater to its growth, Seroja has recently raised net proceeds of approximately S$16.6 million from a placement exercise. This will strengthen its resources to grow its existing fleet as well as cater to investment opportunities as and when they arise.

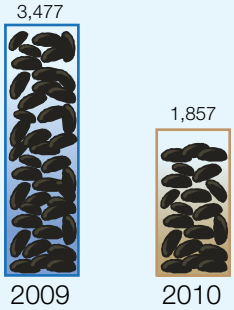
Financial Highlights

Profit and Loss Statement Review

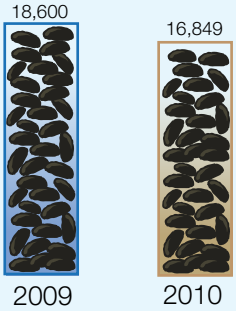
Revenue
(US$ '000)



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

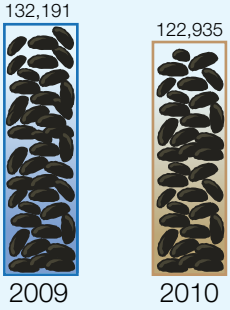


EBITDA
(US$ '000)

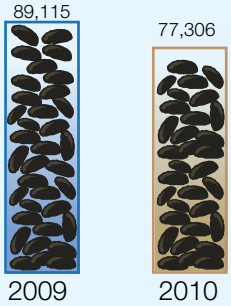


Balance Sheet Review

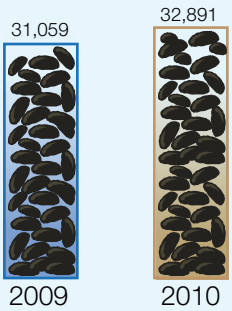
Total Assets
(US$ '000)



Total Liabilities
(US$ '000)



Shareholders' Equity
(US$ '000)



Per share data	FY2009	FY2010
Earnings - Basic (US cents)	1.4	0.6
Net tangible assets (US cents)	9.6	10.1

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

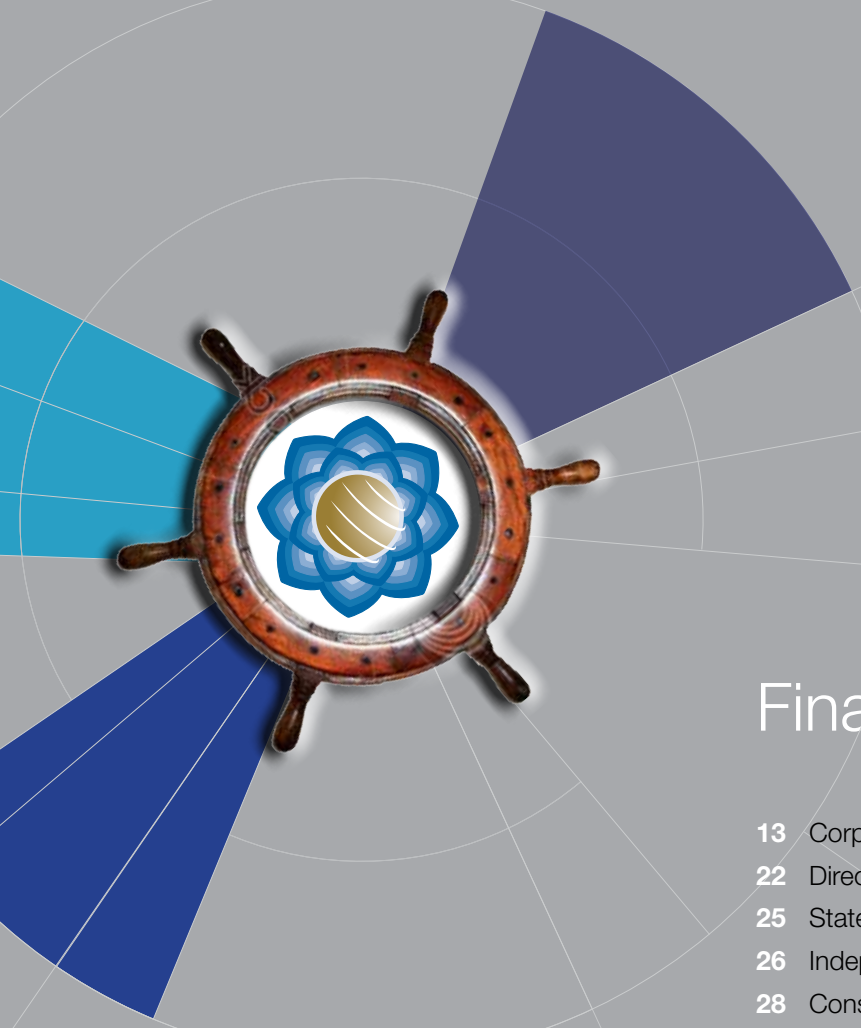
Independent Auditor
Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
5 Shenton Way #16-00
UIC Building
Singapore 068808
Director-in-charge: Henry SK Tan
(appointed from financial year ended 31 December 2009)

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



Financial Contents

Corporate Governance Report

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

The attendance of the Directors at Board Meetings and Committee Meetings during the financial year ended 31 December 2010 is set out as follows:

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

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.

Corporate Governance Report

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.

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.

Corporate Governance Report

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 may not necessarily fully measure the long term success and value creation to shareholders of the Company.

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

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

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

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.

The Executive Directors have service agreements which cover the terms of employment, salaries and other benefits.

Corporate Governance Report

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 2010 are as follows:

	Salary	Bonus	Fees	Allowances and Other Benefits	Total Compensation
	%	%	%	%	%
Directors					
S$250,000 to below S$500,000					
Mr Husni Heron	82.8	0.8	9.7	6.7	100
Mr Masdjan	77.9	4.5	10.4	7.2	100
Below S$250,000					
Mr Edwin Soeryadjaya	19.6	1.8	78.6	-	100
Mr Andreas Tjahjadi	26.4	2.7	70.9	-	100
Mr Basil Chan	-	-	100	-	100
Mr Ng Yuen	-	-	100	-	100
Mr Yap Kian Peng	-	-	100	-	100
Key Executives					
Below S$250,000					
Hernawan Tjahjana	68.7	6.3	-	25.0	100
Kumari	91.7	8.3	-	-	100
Lim Poh Chen	92.1	7.9	-	-	100

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 2010.

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**"). The Board currently provides shareholders with the Company's performance, position and prospects on a quarterly basis via announcements to the SGX-ST within the prescribed periods.

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

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

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

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

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

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

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

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

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

(ix) review any potential conflicts of interest;

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

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

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

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

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

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

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

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 2010 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	24,427
Interest expenses on term loan from Regente Holdings Ltd(1)	NIL	1,553
Professional fees to Ng Chong & Hue LLC(2)	106	-

(1) Regente Holdings Ltd is owned 67.5% by Mr Edwin Soeryadjaya (Chairman and substantial shareholder of the Company) and 32.5% by Mr Sandiaga Salahuddin who is also a substantial shareholder of the Company.

(2) Ng Chong & Hue LLC is wholly owned by Mr Ng Soon Kai who is an alternate director to Mr Edwin Soeryadjaya.

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 57 to 61 of the Annual 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	**Amount utilised**	**Balance as at Date of Annual Report**
	(SGD' million)	**(SGD' million)**	**(SGD' million)**
Compliance placement			
General Working Capital	8.0	8.0	-
New placement			
Purchase vessels	19.3	19.3	-
General Working Capital	2.0	2.0	-
Net proceeds from Compliance and New placements	29.3	29.3	-

Directors' Report

For the financial year ended 31 December 2010

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2010 and the balance sheet of the Company as at 31 December 2010.

Directors

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

Edwin Soeryadjaya
Husni Heron
Masdjan
Andreas Tjahjadi
Basil Chan
Yap Kian Peng
Ng Yuen
Ng Soon Kai

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 1.1.2010	As at 31.12.2010	As at 1.1.2010	As at 31.12.2010
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	17,491,703
Ng Soon Kai	-	-	-	4,200,000

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2011.

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

Directors' Report

For the financial year ended 31 December 2010

Directors' Contractual Benefits

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

Share Options

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

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

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

Audit Committee

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

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2010 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

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

Directors' Report

For the financial year ended 31 December 2010

Audit Committee (continued)

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

During the financial year, the AC met with the management and the independent auditor on four (4) occasions. These meetings included, amongst other 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 Annual General Meeting.

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

25 March 2011

Statement by Directors

For the financial year ended 31 December 2010

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 29 to 62 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 2010 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

25 March 2011

Independent Auditor's Report

To the Members of Seroja Investments Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Seroja Investments Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Company and of the Group as at 31 December 2010, 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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

25 March 2011

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2010

	Note	2010	2009
		US$'000	US$'000
			(Restated)
Revenue	4	40,077	33,762
Cost of services		(28,404)	(22,097)
Gross profit		11,673	11,665
Other gains/(losses) - net	5	73	3,173
Expenses			
- Administrative		(3,849)	(3,070)
- Finance	8	(4,926)	(6,690)
Profit before income tax		2,971	5,078
Income tax expense	9	(393)	(355)
Net profit		2,578	4,723
Other comprehensive income:			
Currency translation gain		(25)	25
Total comprehensive income		2,553	4,748
Net profit attributable to:			
Equity holders of the Company		1,857	3,477
Non-controlling interests		721	1,246
		2,578	4,723
Total comprehensive income attributable to:			
Equity holders of the Company		1,832	3,502
Non-controlling interests		721	1,246
		2,553	4,748
Earnings per share (US cents)			
- Basic and diluted	10	0.57	1.40

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

Consolidated Balance Sheets

As at 31 December 2010

	Note	2010	2009	2008
		US$'000	US$'000	US$'000
ASSETS			(Restated)	(Restated)
Current Assets				
Cash and cash equivalents	11	1,052	21,883	9,902
Trade and other receivables	12	6,416	7,280	5,627
Inventories	13	606	494	357
Other current assets	14	1,292	457	584
		9,366	30,114	16,470
Non-current Assets				
Deposits for purchases or property, plant and equipment	15	-	-	31,326
Property, plant and equipment	17	113,569	102,023	77,444
Other non-current assets		-	54	54
		113,569	102,077	108,824
Total Assets		122,935	132,191	125,294
LIABILITIES				
Current Liabilities				
Trade and other payables	18	5,528	2,939	2,523
Borrowings	19	13,400	13,400	11,525
		18,928	16,339	14,048
Non-current Liabilities				
Borrowings	19	57,746	72,146	89,899
Deferred income tax liabilities	20	490	535	584
Provision for post employment benefits		142	95	64
		58,378	72,776	90,547
Total Liabilities		77,306	89,115	104,595
NET ASSETS		45,629	43,076	20,699
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		18,642	18,642	1,013
Currency translation reserve	21	-	25	-
Retained earnings		14,249	12,392	8,915
		32,891	31,059	9,928
Non-controlling interests		12,738	12,017	10,771
Total equity		45,629	43,076	20,699

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

Balance Sheet

31 December 2010

	Note	2010	2009
		US$'000	US$'000
ASSETS			
Current Assets			
Cash and cash equivalents	11	150	16,095
Trade and other receivables	12	18,667	4,207
Other current assets	14	505	58
		19,322	20,360
Non-current Assets			
Investment in subsidiaries	15	22,138	22,138
Property, plant and equipment	17	30	45
		22,168	22,183
Total Assets		41,490	42,543
LIABILITIES			
Current Liabilities			
Trade and other payables	18	305	412
Total Liabilities		305	412
NET ASSETS		41,185	42,131
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	43,792	43,792
Currency translation reserve		-	25
Accumulated losses		(2,607)	(1,686)
Total equity		41,185	42,131

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2010

	Note	Share Capital	Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2010							
As at 1 January 2010		18,642	25	12,392	31,059	12,017	43,076
Total comprehensive income for the financial year		-	(25)	1,857	1,832	721	2,553
As at 31 December 2010		18,642	-	14,249	32,891	12,738	45,629
2009							
As at 1 January 2009 (Restated)		1,013	-	8,915	9,928	10,771	20,699
Total comprehensive income for the financial year		-	25	3,477	3,502	1,246	4,748
Decrease in value of shares issued as part of the reverse acquisition		(3,172)	-	-	(3,172)	-	(3,172)
RTO expenses		(1,924)	-	-	(1,924)	-	(1,924)
Issue of shares pursuant to compliance placement	21	7,751	-	-	7,751	-	7,751
Issue of shares pursuant to new placement	21	15,528	-	-	15,528	-	15,528
Shares issue expenses	21	(554)	-	-	(554)	-	(554)
As at 31 December 2009 (Restated)		18,642	25	12,392	31,059	12,017	43,076

Consolidated Cash Flow Statement

For the financial year ended 31 December 2010

	2010	2009
	US$'000	US$'000
		(Restated)
Cash flows from operating activities		
Profit before income tax	2,971	5,078
Adjustments for:		
- Depreciation of property, plant and equipment	8,952	6,832
- Interest expense	4,926	6,690
- Write-off of other assets	54	-
- Interest income	(7)	(94)
- Bargain purchase on acquisition of subsidiary	(53)	-
- Write-back of other payables	-	(2,885)
- Loss on disposal of property, plant and equipment	-	216
- Unrealised currency translation loss	(26)	-
	16,817	15,837
Changes in working capital:		
- Trade and other receivables	864	(1,653)
- Inventories	(112)	(137)
- Other current assets	(680)	127
- Trade and other payables	1,116	(285)
- Post employment benefits	47	31
Cash generated from operating activities	18,052	13,920
Income tax paid	(438)	(404)
Interest received	7	94
Net cash provided by operating activities	17,621	13,610
Cash Flows from Investing Activities		
Acquisition of subsidiary (Note 25)	(553)	-
Purchase of property, plant and equipment	(18,447)	(736)
Proceeds from disposal of property, plant and equipment	-	435
Net cash used in investing activities	(19,000)	(301)
Cash Flows from Financing Activities		
Proceeds from issue of shares - net	-	20,826
Repayment of borrowings	(14,400)	(15,878)
Interest paid	(5,052)	(6,276)
Net cash used in financing activities	(19,452)	(1,328)
Net (decrease)/increase in cash and cash equivalents	(20,831)	11,981
Cash and cash equivalents at the beginning of the financial year	21,883	9,902
Cash and cash equivalents at the end of the financial year	1,052	21,883

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2010

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 2010 were authorised for issue in accordance with resolution of the directors on 25 March 2011.

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 acquisition, 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 (Continued)

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.

Change in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except for the accounting policy on dry docking cost. Effective 1 January 2010, dry docking cost are capitalised and depreciated over its estimated useful life of 30 months. In prior financial years, dry docking cost is charged directly in the profit or loss. The change in accounting policy was adopted to better reflect the economic substance of the dry docking cost and to align the accounting policy of the Group with the industry practice. The change was applied retrospectively and prior year financial statements were restated accordingly. See Note 23 for the details of the effect of change in the current and previous financial year.

Interpretations and amendments to published standards effective in 2010

On 1 January 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") relevant to the Group that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

FRS 103 (revised) *Business Combinations* - Please refer to note 3.3(a)(ii) for the revised accounting policy on business combinations which the Group has applied for its acquisition of PT Bintang Pertama Line on 4 May 2010 (Note 15).

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements

FRS 27 (revised) *Consolidated and Separate Financial Statements*- The revisions to FRS 27 principally change the accounting for transactions with non-controlling interests. Please refer to Notes 3.3(a)(iii) for the revised accounting policy on changes in ownership interest that results in a lost of control and 3.3(b) for that on changes in ownership interests that do not result in lost of control.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements. There were no transactions with non-controlling interests in the current financial year. Accordingly, these changes do not have any impact on the financial statements for the current financial year.

3 Summary of Significant Accounting Policies (Continued)

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 21 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.

3 Summary of Significant Accounting Policies (Continued)

3.3 *Group Accounting*

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, 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. 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 consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Acquisition of business

The acquisition of subsidiary not under common control of the Company's shareholders are accounted for using acquisition method of accounting.

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

Acquisition-related costs are expensed as incurred.

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

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

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

3 Summary of Significant Accounting Policies (Continued)

3.3 Group Accounting *(continued)*

(a) Subsidiaries (continued)

(iii) Disposals of subsidiaries

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

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

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

(b) Transactions with non-controlling interests

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

(c) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

3 Summary of Significant Accounting Policies (Continued)

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.

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
Vessels	-	10 -16 years
Drydocking	-	2 ½ 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.

3 Summary of Significant Accounting Policies (Continued)

3.5 Property, Plant and Equipment *(continued)*

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.

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.

3 Summary of Significant Accounting Policies (Continued)

3.8 Financial Assets *(continued)*

(b) Recognition and derecognition

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

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

(c) Measurement

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

(d) Impairment

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

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 Summary of Significant Accounting Policies (Continued)

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.

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 financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

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

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 lessor) 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.

3 Summary of Significant Accounting Policies (Continued)

3.14 Income Taxes *(continued)*

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, 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 or 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.

(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 Summary of Significant Accounting Policies (Continued)

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	
	2010	**2009**
	US$'000	**US$'000**
Freight charter	34,262	25,226
Time charter	5,815	8,536
	40,077	33,762

5 Other Gains/(Losses) - net

	Group	
	2010	**2009**
	US$'000	**US$'000**
Interest income	7	94
Net foreign exchange gain	67	410
Bargain purchase on acquisition (Note 15)	53	-
Write-off of other assets	(54)	-
Write-back of other payables	-	2,885
Loss on disposal of property, plant and equipment	-	(216)
	73	3,173

The write-back of other payables in 2009 represents the other payables which are not included for payment in the Scheme of Arrangement approved by creditors on 20 March 2008.

6 Expenses by Nature

	Group	
	2010	2009
	US$'000	US$'000
Depreciation	8,952	6,832
Entertainment	741	800
Employee compensation (Note 7)	2,555	1,665
Purchases of fuel	10,697	7,277
Insurance	1,258	789
Port and agency fees	2,224	1,705
Professional fees	560	549
Spare parts and supplies	1,883	2,278
Vessel charter	269	1,354
Vessel/crew costs	857	855
Changes in inventories	(112)	(137)
Other	2,369	1,200
	32,253	25,167

7 Employee Compensation

	Group	
	2010	2009
	US$'000	US$'000
Salaries and wages	2,492	1,631
Pension benefits	53	31
Employer's contribution to CPF	10	3
	2,555	1,665

8 Finance Expense

	Group	
	2010	2009
	US$'000	US$'000
Interest expense on borrowings	4,926	6,690

9 Income Tax

	Group	
	2010	2009
	US$'000	US$'000
Tax expense attributable to profit is made up of:		
Current income tax - Indonesia	438	404
Deferred income tax (Note 20)	(45)	(49)
	393	355

Current income tax expense is calculated at 1.2% of the 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	
	2010	2009
Net profit attributable to equity holders of the Company (US$'000)	1,857	3,477
Average number of shares ('000)	325,388	248,809*
Basic and diluted earnings per share (US cent)	0.57	1.40

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

* The weighted average number of ordinary shares used in 2009 was arrived at using the number of ordinary shares issued to the owners of Trans LK Group on 13 August 2009 (acquisition date) of 160,164,000 ordinary shares (Note 2) and the actual number of ordinary shares outstanding from acquisition date to 31 December 2009.

11 Cash and Cash Equivalents

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	1,052	21,883	150	16,095

12 Trade and Other Receivables

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Trade receivables				
- non – related parties	1,607	1,465	-	-
- related parties	4,680	4,215	-	-
	6,287	5,680	-	-
Due from subsidiary (non-trade)	-	-	7,816	4,207
Due from joint venture (non-trade	-	-	10,851	-
Advances to suppliers for vessel charter	66	1,577	-	-
Advances to staff	32	21	-	-
Other receivables	31	2	-	-
	6,416	7,280	18,667	4,207

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

13 Inventories

	Group	
	2010	2009
	US$'000	US$'000
Fuel	444	481
Consumables	162	13
	606	494

The cost of inventories recognised as an expense and included in "cost of services" amounted to US$12,468,000 (2009: US$9,418,000).

14 Other Current Assets

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Prepayments	866	457	79	58
Deposits	426	-	426	-
	1,292	457	505	58

15 Investment in Subsidiaries

	Company	
	2010	2009
	US$'000	US$'000
Equity investments at cost	22,138	22,138

The following are the significant subsidiaries of the Group:-

Name of subsidiaries	Principal activities	Country of incorporation	Effective Equity Holding	
			2010	2009
Held by the Company				
Trans LK Marine Ltd [1]	Investment Holding	Singapore	100%	100%
Trellis Group Holdings Ltd [1]	Investment Holding	Singapore	100%	-
Held by Trans LK Marine Ltd				
PT Pulau Seroja Jaya [2]	Provision of marine transportation of drybulk freight	Indonesia	48%	48%
Held by PT Pulau Seroja Jaya				
PT Pulau Seroja Jaya Pratama [2]	Provision of marine transportation of drybulk freight	Indonesia	47.9%	47.9%
Held by PT Pulau Seroja Jaya Pratama				
PT Bintang Pertama Lines [2]	Provision of marine transportation of drybulk freight PT Bintang	Indonesia	47.8%	-

(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.

15 Investment in Subsidiaries (Continued)

Acquisition of subsidiary

On May 4, 2010, the Group, through PT Pulau Seroja Jaya Pratama, acquired 99.8% of the issued share capital of PT Bintang Pertama Line ("PT BPL") for cash consideration of approximately US$555,000. This transaction has been accounted for by the purchase method of accounting.

The net assets acquired in the transaction, the bargain purchase on acquisition and the effect on the cash flow are as follows:

	At fair values US$'000	Carrying amount in acquiree's books US$'000
Identifiable net assets:		
Plant and equipment	2,051	2,051
Other receivables	155	155
Cash and bank balances	2	2
Trade Payables	(1,599)	(1,599)
	609	609
Less: Non-controlling interest's share in identifiable net assets	(1)	(1)
Identifiable net assets acquired	608	608
Bargain purchase on acquisition (Note 5)	(53)	
Cash consideration paid	555	
Net cash outflow arising on acquisition:		
Cash consideration paid	(555)	
Cash and bank balance acquired	2	
	(553)	

16 Investment in Joint Ventures

The following entities are deemed to be a joint venture of the Company as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers.

Name of subsidiaries	Principal activities	Country of incorporation	Effective Equity Holding	
			2010	2009
Held by Trellis Group Holding Ltd				
Seroja-Zhushui Shipping Ltd [3]	Provision of marine transportation of drybulk freight	British Virgin Islands	50%	-
Seroja-Zhushui 3 Shipping Ltd [3]	Provision of marine transportation of drybulk freight	British Virgin Islands	50%	-
Seroja-Zhushui 4 Shipping Ltd [3]	Provision of marine transportation of drybulk freight	British Virgin Islands	50%	-
Held by Trans LK Marine Ltd				
LD Maritime-Seroja Pte Ltd [5]	Provision of marine transportation of drybulk freight	Singapore	50%	-
Held by PT Pulau Seroja Jaya				
PT Seroja-LD Maritim [4]	Provision of marine transportation of drybulk freight	Indonesia	51%	-

(3) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International for consolidation purpose.

(4) Audited by KAP Kanaka Puradiredja Suhartono, Indonesia, a member firm of Nexia International.

(5) Audited by Deloitte & Touche LLP, Singapore.

The following amounts represent the Group's share of the assets and liabilities and income and expenses of the joint ventures which are included in the consolidated balance sheet and statement of comprehensive income using the line-by-line format of proportionate consolidation

	2010
	US$'000
Assets	
Current assets	3,863
Non-current assets	12,585
	16,488
Liabilities	
Current liabilities	14,201
Net Assets	2,247
Revenue	3,836
Expenses	(39)
Profit before income tax	2,086
Income tax	-
Net profit	2,086
Capital commitment in relation to interest in joint ventures	59,580
Proportionate interests in joint venture capital commitment	29,790

17 Property, Plant and Equipment

Group	Vessels	Drydocking	Land	Buildings	Machinery and Equipment	Motor Vehicles	Office Equipment	Furniture and Fittings	Construction In-Progress	Total
2010	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cost										
As at 1 January 2010 (as previously reported)	110,043	-	-	381	948	544	72	41	-	112,029
Effect of change in accounting policy	-	895	-	-	-	-	-	-	-	895
As at 1 January 2010 (as restated)	110,043	895	-	381	948	544	72	41	-	112,924
Additions	15,801	1,264	79	-	5	36	3	-	3,310	20,498
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31 December 2010	125,844	2,159	79	381	953	580	75	41	3,310	133,422
Accumulated Depreciation										
As at 1 January 2010 (as previously reported)	10,037	-	-	39	279	177	25	4	-	10,561
Effect of change in accounting policy	-	340	-	-	-	-	-	-	-	340
As at 1 January 2010 (as restated)	10,037	340	-	39	279	177	25	4	-	10,901
Additions	8,285	419	-	20	53	143	20	12	-	8,952
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31 December 2010	18,322	759	-	59	332	320	45	16	-	19,853
Net Book Value										
As at 31 December 2010	107,522	1,400	79	322	621	260	30	25	3,310	113,569

17 Property, Plant and Equipment (Continued)

Group	Vessels	Dry Drydocking	Buildings	Machinery and Equipment	Motor Vehicles	Office Equipment	Furniture and Fittings	Total
2009	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cost								
As at 1 January 2009 (as previously reported)	80,127	-	381	550	413	40	-	81,511
Effect of change in accounting policy	-	437	-	-	-	-	-	437
As at 1 January 2009 (as restated)	80,127	437	381	550	413	40	-	81,948
Additions (as previously reported)	31,000	-	-	398	131	32	41	31,602
Effect of change in accounting policy	-	458	-	-	-	-	-	458
Additions (as restated)	31,000	458	-	398	131	32	41	32,060
Disposals	(1,084)	-	-	-	-	-	-	(1,084)
As at 31 December 2009 (as previously reported)	110,043	-	381	948	544	72	41	112,029
Effect of change in accounting policy	-	895	-	-	-	-	-	895
As at 31 December 2009 (as restated)	110,043	895	381	948	544	72	41	112,924
Accumulated Depreciation								
As at 1 January 2009 (as previously reported)	4,242	-	20	71	65	10	-	4,408
Effect of change in accounting policy	-	96	-	-	-	-	-	96
As at 1 January 2009 (as restated)	4,242	96	20	71	65	10	-	4,504
Additions (as previously reported)	6,230	-	19	208	112	15	4	6,588
Effect of change in accounting policy	-	244	-	-	-	-	-	244
Additions (as restated)	6,230	244	19	208	112	15	4	6,832
Disposals	(435)	-	-	-	-	-	-	(435)
As at 31 December 2009 (as previously reported)	10,037	-	39	279	177	25	4	10,561
Effect of change in accounting policy	-	340	-	-	-	-	-	340
As at 31 December 2009 (as restated)	10,037	340	39	279	177	25	4	10,901
Net Book Value								
As at 31 December 2009 (as previously reported)	110,006	-	342	669	367	47	37	101,468
Effect of change in accounting policy	-	555	-	-	-	-	-	555
As at 31 December 2009 (as restated)	110,006	555	342	669	367	47	37	102,023

Vessels with carrying amounts of US$46,773,000 (2009: US$50,687,000) were pledged as security for bank borrowings (Note 19).

17 Property, Plant and Equipment (Continued)

Company	Office Equipment	Furniture and Fittings	Total
	US$'000	US$'000	US$'000
2010			
Cost			
As at 1 January and 31 December 2010	9	41	50
Accumulated Depreciation			
As at 1 January 2010	1	4	5
Depreciation charge	3	12	15
As at 31 December 2010	4	16	20
Net Book Value			
31 December 2010	5	25	30

Company	Office Equipment	Furniture and Fittings	Total
	US$'000	US$'000	US$'000
2009			
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

18 Trade and Other Payables

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Trade payables to:				
- Non-related parties	1,917	1,427	-	-
Other payables to:				
- Related party	1,560	-	-	-
Due to suppliers of vessel	-	53	-	-
Advances from customers for vessel charter	130	145	-	-
Accrued operating expenses	1,921	1,314	305	412
	5,528	2,939	305	412

Other payables due to a related party are unsecured, interest-free and are repayable on demand.

19 Borrowings

	Group	
	2010	2009
	US$'000	US$'000
Current		
Bank borrowings	13,400	13,400
Non-current		
Term loans from related party	25,276	25,276
Bank borrowings	32,470	46,870
	57,746	72,146
Total borrowings	71,146	85,546

(a) Security granted

Total borrowings include secured liabilities of US$ 45,870,000 (2009: US$60,270,000) for the Group.

Bank borrowings of the Group are secured by the following:

- certain buildings and certain vessels (Note 17);
- 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 are subject to financial covenant clauses. Certain of these covenants were not met. However, the lenders have temporarily waived these financial covenants as at 31 December 2010. Accordingly, borrowings are presented as current and non-current based on the original repayment terms.

(b) Fair value of non-current borrowings

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

	Group	
	2010	2009
	US$'000	US$'000
Term loans from related party	24,072	22,978
Bank borrowings	26,054	35,397
	50,126	58,375

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	
	31.12.2010	31.12.2009
Term loans from related party	5.00% - 6.40%	6.40% - 10.00%
Bank borrowings	6.55% - 6.65%	6.55% - 6.65%

20 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	
	2010	2009
	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	535	584
Credited to profit or loss (Note 9)	(45)	(49)
End of the financial year	490	535

21 Share Capital

2010	Group		Company	
	Number of ordinary shares	Amount	Number of ordinary shares	Amount
Issued and fully paid	'000	US$'000	'000	US$'000
Balance at 1 January 2010 and 31 December 2010	325,388	18,642	325,388	43,792

2009	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 2009	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

21 Share Capital (Continued)

The capital structure (number and amount of shares 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 balance sheet 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$22,138,000, 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.

22 Related Party Transactions

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

(a) Sales and purchases of goods and services

	Group	
	2010	2009
	US$'000	US$'000
Freight charter revenue from related party	24,427	17,054
Interest expenses on term loans from related party	1,553	2,125
Professional fees paid to related party	106	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.

(b) Key management personnel compensation is as follows:

	Group	
	2010	2009
	US$'000	US$'000
Salaries and bonuses	650	609
Employers' contribution to defined contribution plan	7	3
Directors' fees	235	84
	892	696

Included in the salaries and bonuses above are directors' remunerations of US$482,000 (2009: US$446,000).

23 Change in Accounting Policy

As discussed in Note 3.1, effective 1 January 2010, the Group changed its accounting for dry docking costs to be in-line with the industry practice whereby dry docking expenses are capitalised and amortised over 30 months. In prior years, dry docking costs were charged directly to Cost of Service.

As set out in FRS 8, the change in accounting for dry docking costs will be applied retrospectively. When a change in accounting policy is applied retrospectively, the entity shall adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

The effects in the balance sheet of the change in accounting policy on dry docking expense were as follows:

	Increase	
	1.1.2010	**1.1.2009**
	US$'000	**US$'000**
Property, plant and equipment	555	341
Retained earnings	266	163
Non-controlling interest	289	178

The effects in the consolidated statement of comprehensive income for the financial year were as follows:

	Increase/(Decrease)	
	2010	**2009**
	US$'000	**US$'000**
Cost of services before change in accounting policy	28,074	22,311
Effect of change in accounting policy	330	(214)
Cost of services for the financial year	28,404	22,097
Net profit attributable to equity holders before change in accounting policy	2,015	3,374
Effect of change in accounting policy	(158)	103
Net profit for the financial year	1,857	3,477
	2010	**2009**
	US$ cent	**US$ cent**
Earnings per share (basic and diluted) before change in accounting policy	0.62	1.36
Effect of change in accounting policy	(0.05)	0.04
Earnings per share (basic and diluted) for the financial year	0.57	1.40

23 Change in Accounting Policy (Continued)

The effects in the consolidated cash flow statement for the financial year were as follows:

	Increase/(Decrease)	
	2010	2009
	US$'000	US$'000
Depreciation before change in accounting policy	8,533	6,588
Effect of change in accounting policy	419	244
Depreciation for the financial year	8,952	6,832
Net cash provided by operating activities before change in accounting policy	17,621	13,152
Effect of change in accounting policy	-	458
Net cash provided by operating activities for the financial year	17,621	13,610
Purchase of property, plant and equipment before change in accounting policy	(17,183)	(278)
Effect of change in accounting policy	(1,264)	(458)
Purchase of property, plant and equipment for the financial year	(18,447)	(736)
Net cash provided by/(used in) investing activities before change in accounting policy	(17,736)	157
Effect of change in accounting policy	(1,264)	(458)
Net cash used in investing activities for the financial year	(19,000)	(301)

24 Commitments

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

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

	Company	
	2010	2009
	US$'000	US$'000
Future minimum lease payments:		
Within one year	56	68
Between two to five years	-	56
	56	124

25 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.

25 Financial Risk Management (Continued)

(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$ US$'000	SGD US$'000	IDR US$'000	Total US$'000
At 31 December 2010				
Financial assets				
Cash and cash equivalents	900	150	2	1,052
Trade and other receivables	5,918	-	498	6,416
	6,818	150	500	7,468
Financial liabilities				
Trade and other payables	(3,732)	(305)	(1,491)	(5,528)
Borrowings	(71,146)	-	-	(71,146)
	(74,878)	(305)	(1,491)	(76,674)
Net financial (liabilities)/assets	(68,080)	(155)	(991)	(69,226)
Less: net financial liabilities/(assets) denominated in the functional currencies of respective entities	68,080	-	-	68,080
Currency exposure	-	(155)	(991)	(1,146)

	US$ US$'000	SGD US$'000	IDR US$'000	Total US$'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	-	-	76,162
Currency exposure	-	15,683	1,157	16,840

25 Financial Risk Management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the SGD change against USD by 5% (FY2009: 5%) with all other variables held constant, the effects arising from the net currency exposure will be as follows:

	2010 US$'000		2009 US$'000	
	Net profit	**Equity**	**Net profit**	**Equity**
SGD against USD				
- strengthened	(8)	(8)	786	786
- weakened	8	8	(786)	(786)

If the IDR change against USD by 5% (FY2009: 5%) with all other variables held constant, the effects arising from the net currency exposure will be as follows:

	2010 US$'000		2009 US$'000	
	Net profit	**Equity**	**Net profit**	**Equity**
IDR against USD				
- strengthened	(50)	(50)	58	58
- weakened	50	50	(58)	(58)

(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 2010 and 2009 with all other variables including tax rate being held constant, the net profit will be lower/higher by US$15,022 (2009: US$19,738) as a result of higher/lower interest expense on these borrowings.

25 Financial Risk Management (Continued)

(b) Credit risk

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

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the CEO based on an on-going credit evaluation. The Group's trade receivables comprise 3 debtors (2009: 2 debtors) that represented 93% (2009: 90%) 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	
	2010	**2009**
	US$'000	**US$'000**
By types of customers		
Indonesian local companies		
- Non-related parties	1,607	1,465
- Related parties	4,680	4,215
	6,287	5,680

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 2010 and 2009 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	**Between 1 and 2 years**	**Between 2 and 5 years**
	US$'000	**US$'000**	**US$'000**
At 31 December 2010			
Trade and other payables	5,528	-	-
Borrowings	13,400	15,075	42,671
	18,928	15,075	42,671
At 31 December 2009			
Trade and other payables	2,939	-	-
Borrowings	13,400	13,735	58,411
	16,339	13,735	58,411

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.

25 Financial Risk Management (Continued)

(d) Capital risk

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

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

	Group	
	2010	**2009**
	US$'000	**US$'000**
Net debt	75,622	66,602
Total equity	45,629	43,076
Total capital	121,251	109,678
Gearing ratio	62%	61%

The Group has no externally imposed capital requirements for financial year ended 31 December 2010 and financial year ended 31 December 2009.

26 Segment Information

The Group is principally engaged in the provision of domestic marine cargo and coal transportation services in Indonesia and China. Beside segment revenue as disclosed in Note 4, the Management also review segment revenue by geography. Management is of the opinion that it is not practicable to separate the costs, assets and liabilities for each business segment as well as geographical segment.

	Group	
	2010	**2009**
	US$'000	**US$'000**
Indonesia	36,241	33,762
China	3,836	-
	40,077	33,762

27 Events Occurring After Balance Sheet Date

On 24 March 2011, the Company issued and allotted 65,000,000 new ordinary shares in the capital of the Company at an issue price of S$0.26 for each new share, amounting to an aggregate consideration of up to S$16.9 million.

On 21 March 2011, the Company incorporated a wholly-owned subsidiary in Singapore known as Seroja Shipping Services Pte. Ltd ("SSS") with an issued and paid-up share capital of $1.00. The principal activity of SSS is that of investment holding. SSS entered into a joint venture with PT Multiline Shipping Services ("MSS") and PT Saratoga Sentra Business ("SSB") to acquire a 30% stake in 2 Indonesian companies called PT Pelayaran Antarbuwana Pertala ("PAP") and PT Sinar Mentari Prima ("SMP"). The acquisition is subject to the conversion of both PAP and SMP into foreign investment limited liability companies also known as Penanaman Modal Asing in Indonesia to allow SSS to be a shareholder of these companies. SSS will pay US$1.8 million to subscribe for its 30% stakes in both PAP and SMP.

28 New or Revised Accounting Standards and Interpretations

Certain new standards, amendments and interpretations to existing standards that have been published 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:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)
- Amendments to FRS 32 Financial instruments: Presentation – classification of rights issues (effective for annual periods beginning on or after 1 February 2010)
- Amendments to INT FRS 114 – Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011)
- INT FRS 119 Extinguishing financial liabilities with equity instruments (effective for annual periods commencing on or after 1 July 2010)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the amendments to FRS 24 – Related party disclosures.

Statistics of Shareholdings

As at 16 March 2011

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 2011

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	14,402	83.88	1,576,252	0.48
1,000 - 10,000	1,659	9.66	6,399,363	1.97
10,001 - 1,000,000	1,085	6.32	59,165,390	18.18
1,000,001 and above	24	0.14	258,247,105	79.37
Total	**17,170**	**100.00**	**325,388,110**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	PROFIT SPREAD GROUP LIMITED	57,787,171	17.76
2	CITIBANK NOMINEES SINGAPORE PTE LTD	41,527,088	12.76
3	REAVIS GLOBAL LTD	36,325,195	11.16
4	FLEUR ENTERPRISES LIMITED	33,025,817	10.15
5	ZONET LIMITED	18,591,964	5.71
6	QUARTO CAPITAL INVESTMENT LIMITED	13,213,530	4.06
7	LEVEN GROUP LTD	7,081,299	2.18
8	OCBC SECURITIES PRIVATE LTD	6,935,127	2.13
9	ATTICA FINANCE LTD	6,760,714	2.08
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,656,566	1.74
11	EMAS FORTUNA LIMITED	4,225,446	1.30
12	MITO INVESTMENTS LIMITED	3,380,357	1.04
13	KIM ENG SECURITIES PTE. LTD.	3,298,857	1.01
14	RAFFLES NOMINEES (PTE) LTD	3,153,147	0.97
15	FIENNES HOLDING CORPORATION	2,491,703	0.77
16	KIRPA RAM S/O ISHWAR DASS	2,419,000	0.74
17	HSBC (SINGAPORE) NOMINEES PTE LTD	2,018,100	0.62
18	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,000,225	0.61
19	DBSN SERVICES PTE LTD	1,897,025	0.58
20	NETPOINT INVESTMENTS LTD	1,669,000	0.51
		253,457,331	77.88

Statistics of Shareholdings

As at 16 March 2011

Substantial Shareholders

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 16 March 2011.

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	2,491,703	15,000,000	17,491,703	5.38
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)	-	17,491,703	17,491,703	5.38
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) and 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 2011, approximately 36.83% 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 an Annual General Meeting of Seroja Investments Limited ("the Company") will be held at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on 28 April 2011 at 3 p.m. for the following purposes:

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 the Audited Accounts for the financial year ended 31 December 2010 together with the Auditors' Report thereon. **(Resolution 1)**

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

   (i) Mr Masdjan **(Resolution 2)**
   (ii) Mr Ng Yuen **(Resolution 3)**
   (iii) Mr Yap Kian Peng **(Resolution 4)**

3. To approve the payment of Directors' fees of up to S$337,000/- for the financial year ended 31 December 2011 (2010: $321,000/-). **(Resolution 5)**

4. To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorize the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

5. Authority to issue shares

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

   (a) (i) issue shares in the Company (whether by way of rights, bonus or otherwise); and/or

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

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

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

   provided that:

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

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

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

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

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 7)**

6. That, subject to and pursuant to the passing of Ordinary Resolution 7 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 ten per cent (10%) discount to the weighted average price per issued new share determined in accordance with the requirements of the SGX-ST. **(Resolution 8)**

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

"That:

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

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

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

(iv) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to this Resolution." **(Resolution 9)**

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

By Order of the Board

Ng Soon Kai
Secretary
Singapore, 13 April 2011

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be Transacted:

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

2. Mr Ng Yuen will, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. He will also remain as a member of the Audit Committee and Remuneration Committee.

3. Mr Yap Kian Peng will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. He will also remain as a member of the Audit Committee and Nominating Committee.

4. Resolution 7 in item 5 is to authorise the Directors of the Company to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7 in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7 issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as the Directors consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   For the purpose of Resolution 7, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

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

2. 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

7 April 2011

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 2011.

Proposed Resolution 9 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.

3. Shareholders' Mandate for Adaro Transactions

At the Annual General Meeting of the Company held on 28 April 2010 (the "**AGM**"), the Company had obtained a general mandate from Shareholders (the "**Shareholders' Mandate**") to authorise the Company, its subsidiaries and associated companies (the "**Group**") to enter into certain business transactions falling within the categories of interested person transactions described in the Company's Letter to Shareholders dated 13 April 2010 with any party who is of the class or classes of interested persons described in the said Letter, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of the interested person transactions as described in the said 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 2010, the audited consolidated NTA of the Group as at 31 December 2010 was US$45.6 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year, Shareholders' approval will be required where:

(a) the transaction is of a value equal to, or more than, US$2.3 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$2.3 million, being five per cent.(5%) of the latest audited consolidated NTA of the Group.

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

4.2 Definitions

For the purposes of Chapter 9 of the Listing Manual:

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

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

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

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

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

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

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

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

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

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

(ii) in fact exercises Control over the company,

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

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

(i) the listed company;

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

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

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

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

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

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

4.3 Shareholders' Mandate

4.3.1 Rationale for and Benefits of the Shareholders' Mandate

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

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

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

4.3.2 Scope of the Shareholders' Mandate

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

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

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

4.4 Categories of Interested Persons

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

4.5 Categories of Interested Person Transactions

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

4.6 Guidelines for the Adaro Transactions

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

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

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

4.7 Control and Review procedures for the Adaro Transactions

In addition to the above guidelines (as described in paragraph 3.6 above), the following control and review procedures will be implemented by the Company:-

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

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

(c) the Audit Committee will review the Adaro Transactions on a quarterly basis to ensure that they are conducted on normal commercial terms and in accordance with the guidelines and review procedures outlined above and that the relevant approvals have been obtained while examining the adequacy of the Company's internal controls including those relating to Adaro Transactions;

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

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

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

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

4.8 Audit Committee's Confirmation

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

(a) the guidelines, control and review procedures under the Shareholders' Mandate for Adaro Transactions have not changed since the renewal of Shareholders' Mandate on 28 April 2010; and

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

4.9 Validity period of the Shareholders' Mandate

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

4.10 Disclosure to Shareholders

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

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

4.11 Abstention from Voting

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

Appendix

5. Directors' and Controlling Shareholders' Interests

As at 28 March 2011, the latest practicable date prior to the printing of this Appendix (the "**Latest Practicable Date**"), the interests of Directors and controlling shareholders of the Company are recorded in the Register of Shareholders were as follows :

	Direct Interest		Deemed Interest	
	Number of shares	**% of total issued shares (%)**	**Number of shares**	**% of total issued shares (%)**
Directors				
Mr Edwin Soeryadjaya	-	-	115,083,338	29.48
Mr Husni Heron	-	-	3,380,357	0.87
Mr Masdjan	-	-	36,325,195	9.30
Mr Andreas Tjahjadi	-	-	17,491,703	4.48
Mr Ng Soon Kai	-	-	4,200,000	1.08
Mr Basil Chan	-	-	-	-
Mr Ng Yuen	-	-	-	-
Mr Yap Kian Peng	-	-	-	-
Controlling shareholders				
Mr Edwin Soeryadjaya	-	-	115,083,338	29.48
Profit Spread Group Limited	57,787,171	14.80	-	-

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

6. Directors' Recommendation

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

7. Directors' Responsibility Statement

The Directors of the Company collectively and individually accept responsibility for the accuracy of the information given in this Letter and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

Appendix

8. Advice to Shareholders

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

9. Singapore Exchange Securities Trading Limited

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

Yours faithfully,

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

Mr Husni Heron
Chief Executive Officer

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Annual General Meeting Proxy Form

SEROJA INVESTMENTS LIMITED

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

IMPORTANT:

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

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

of _____ (Address)

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

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

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

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

Or failing *him/her/them, the Chairman of the meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("**AGM**") of the Company to be held on 28 April 2011 at 3 p.m. at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 and at any adjournment thereof.

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

Resolutions	**To be used on a show of hands**		**To be used in the event of a poll**	
	For**	**Against****	**No. of votes for*****	**No. of votes against*****
Ordinary Resolution 1 To receive and adopt the Audited Accounts for the financial year ended 31 December 2010 together with the Report of the Directors and Auditors thereon.				
Ordinary Resolution 2 To re-elect Mr Masdjan, who is retiring by rotation pursuant to Articles 99 of the Articles of Association of the Company.				
Ordinary Resolution 3 To re-elect Mr Ng Yuen, retiring pursuant to Article 99 of the Articles of Association of the Company.				
Ordinary Resolution 4 To re-elect Mr. Yap Kian Peng retiring pursuant to Article 99 of the Articles of Association of the Company.				
Ordinary Resolution 5 To approve the payment of Directors' fees of up to $337,000/- for the financial year ended 31 December 2011.				
Ordinary Resolution 6 To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorize the Directors to fix their remuneration.				
Ordinary Resolution 7 To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited.				
Ordinary Resolution 8 To authorise the Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited at a discount of not more than 10% discount.				
Ordinary Resolution 9 To approve the renewal of the general mandate for Interested Person Transactions.				

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

Dated this _____ day of _____ 2011

Total Number of Shares Held

.....
Signature(s) of Member(s) /Common Seal of Corporate Shareholder
Important: Please read notes overleaf

Notes to the Proxy Form:

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

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

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

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

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

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

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

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

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

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