



SEROJA

INVESTMENTS LIMITED

Company Registration No. 198300847M



FORGING AHEAD

Annual Report 2018

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Corporate Profile

We are principally engaged in the provision of vessel chartering services to transport dry bulk cargo. As at 31 December 2018, we own and operate a fleet of 70 vessels consisting of tugboats and barges which mainly navigate waters around the Indonesian archipelago.

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

Our fleet of tugboats and barges is relatively young with an average age of less than 16 years which is the estimated useful lives of such vessels under normal wear and tear conditions. All of our tugboats are installed with Global Positioning System (GPS) to assist in deploying our vessels more efficiently as the GPS enables us to track and monitor the routes and locations of our vessels on real time basis.





Chairman's Message

Dear Valued Shareholders,

On behalf of the Board of Directors of Seroja Investments Limited ("Seroja" or the "Group"), I am pleased to present to you the Annual Report of the Group for the financial year ended 31 December 2018 ("FY 2018").

Overview of FY2018

The industry which the Group operated in continued to be challenging and competitive during the current financial year. The oversupply of vessels resulted in freight rate to remain depressed. Adding to the woes of low freight rate was higher operating expenses arising from increase in fuel price. In spite of all such negative factors, the Group managed to increase its revenue by 4.0% from US\$35.7 million in FY2017 to US\$37.2 million in FY2018 as well as recorded a second consecutive year of profits attributable to shareholders of US\$0.8 million. The efforts to engage major customers by understanding their needs and providing prompt and reliable service had paid off well for the Group in terms of higher revenue and positive returns in the midst of competition faced by the Group.

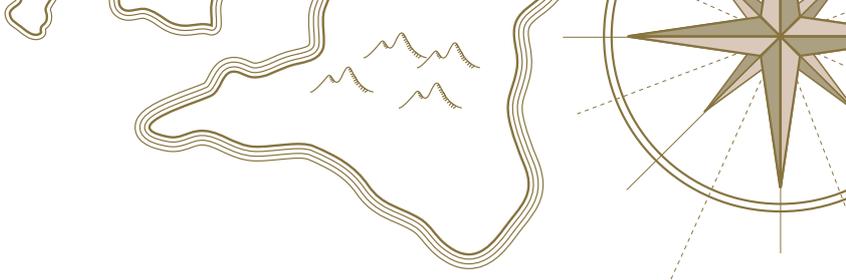
Total tonnage delivered increased by about 10.5% in FY2018 over the previous financial year. This was attributed to higher cargo volume shipped arising from more transhipments. There was not much growth in volume generated from new customers as the current vessel fleet was utilized mainly to service existing customers. The Group may need to expand its fleet size to service new customers with large cargo load to ship.

Opportunities & threats

The economic growth in Indonesia has led to increasing demand for energy to produce goods and services for its huge population. More coal-fired power plants are built in Indonesia to cater to the energy demand to power up the economy. This will drive the demand for marine transportation of coal from coal mines to the existing as well as new power plants.

The Group will have zero bank borrowings after paying off its current bank loan in the new financial year. However, new financing may be required to acquire vessels as we seek to expand our customer base as well as to renew our vessel fleet to support growth. Alternatively, the Group may opt to charter vessels if the financing costs are exorbitant.

Oil price has dropped significantly in the last quarter of FY2018 but has rebounded to a certain extent in the first 2 months of FY2019 from its lowest level in December 2018. The Group will incur higher operating costs if fuel price continues to rise. However, a portion of the price increase will be passed on to customers as provided for in the freight charter contracts with such customers.



Chairman's Message

Forging ahead

We will need to manage our relationship with our customers carefully and further entrench our position with existing customers to secure more orders. By monitoring our loading, unloading and delivery time closely, we will ensure customers receive their cargo without undue delay so as not to affect their production schedule. Timely delivery is important for us to ensure customers' satisfaction so that they will continue to engage us as their preferred shipper.

The Group is focused on keeping costs and gearing level low to sustain profitability in tough times to continue delivering positive returns to shareholders. With the strategy of operating its vessel fleet efficiently and offering quality and reliable service to customers, the Group will forge ahead with the growing demand for marine transportation of drybulk cargo in Indonesia and Asian region.

A Note of Appreciation

I would like to take this opportunity to extend my heartfelt thanks to my fellow Directors for their invaluable contributions and guidance. On behalf of the Board, I would like to express my appreciation to our management and staff for their dedication and contributions to the Group. Last but not least, I would also like to thank our valued shareholders for their continuing support and confidence in the Group.

Edwin Soeryadjaya
Chairman



Board of Directors

Mr Edwin Soeryadjaya

Chairman

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

He started his career in 1978 at PT Astra International Tbk, one of Indonesia's largest diversified conglomerates founded by his father. In 1993, he left as Vice President Director and co-founded PT Saratoga Investama Sedaya Tbk, an active investment company focusing on natural resources, infrastructure and consumer products.

Aside from serving on various boards of the Saratoga Group, Mr Edwin Soeryadjaya remains active as Co-Founder of William & Lily Foundation and is on the Board of Trustees of the Ora et Labora Foundation and Prasetiya Mulya Foundation amongst others. He is also a board member of Habitat for Humanity International.

Mr Andreas Tjahjadi

Executive Director

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

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

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

Since 2006, Mr Tjahjadi is the President Commissioner of PT Mitra Investindo Tbk, an oil and gas and mining company listed on the Indonesia Stock Exchange. He has been re-designated from President Commissioner to Commissioner with effect from 25 June 2014 and resigned as Commissioner with effect from 6 September 2018. Mr Tjahjadi graduated from Northrop University in the US with a Bachelor's degree in Engineering Technology in 1976. He subsequently obtained his Masters of Science (Marketing), Northrop University in 1978.

Mr Masdjan

Executive Director

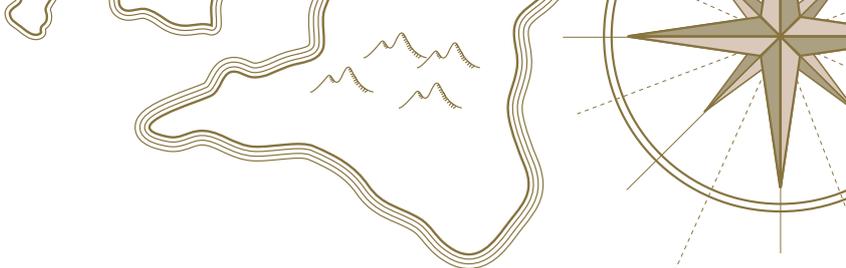
Mr Masdjan is the Chief Operating Officer of the Group. He was Director of our subsidiaries, PT PSJ and PT PSJP from 1999 to 2014 and a Commissioner of our associated company, PT Sinar Mentari Prima since 2014. Mr Masdjan is the founder of the PSJ Group and is currently responsible for managing the Group's day-to-day activities.

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

Mr Ng Soon Kai

Non-Executive Director

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



Board of Directors

Mr Yap Kian Peng Independent Director

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

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

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

Mr Ng Yuen Independent Director

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

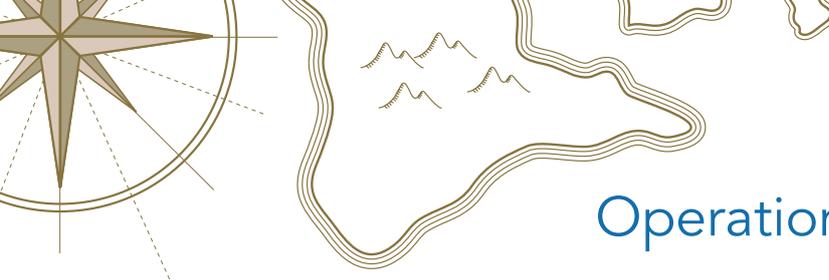
Mr Low Chee Chiew Independent Director

Mr Low Chee Chiew is an Independent Director of the Group. He is a Director of Xi Er Trading Pte Ltd since 2011 and is appointed as a Director of Blue Ocean Waste Management Pte Ltd in December 2018. He was an Independent Director of Jubilee Industries Holdings Ltd from 2014 to 2016.

Mr Low was a private banker with Malayan Banking Berhad Singapore ("Maybank") from 2011 to 2016 and was responsible for the acquisition of new to bank, high net worth clients from the North Asia region and ASEAN countries. His responsibilities include building and establishing the right platform and specific requirements for the different clients.

From 2007 to 2010, he was the Executive Director of 8i Technology Pte. Ltd. which was a set up via Spring SEEDS Capital which assisted incumbents in obtaining funding locally, providing research details and facilitated customer acquisitions whereby much of the work related to dealing with agencies or agencies of the Singapore Government via contacts and industry networks. Mr Low was Director of Sales for Asia at Innovex Inc (Nasdaq listed company) from 2000 to 2009. He had led teams across Asia in sales, marketing and customer service, establishing account management and training for local staff (proximity service).

Mr. Low has more than 20 years of experience in sales and marketing fields holding various positions in different environments. He holds a Bachelor of Business (Marketing) from La Trobe Melbourne being conferred Golden Key International Honors and is a member of the Singapore Institute of Directors.



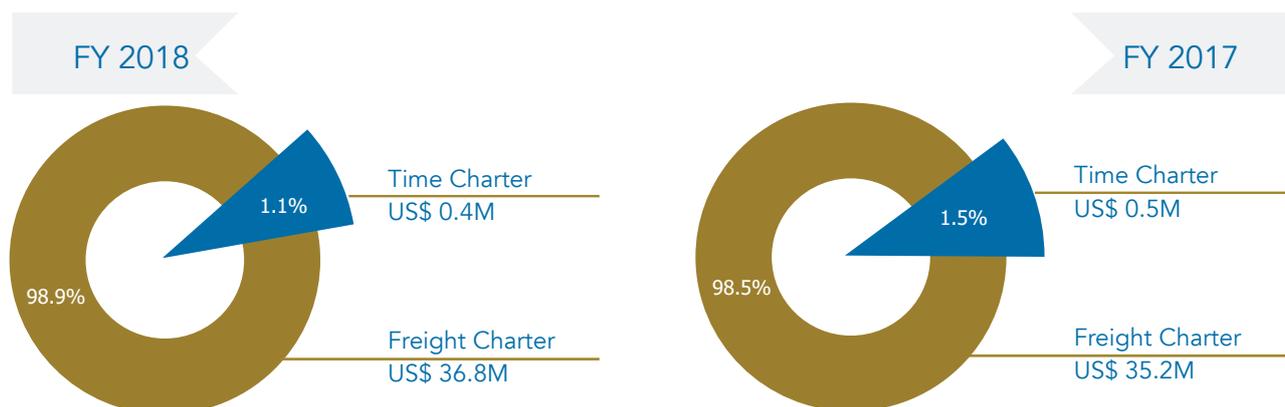
Operational and Financial Review

Operations and Financial Review

In the midst of a competitive environment, the Group still managed to grow its revenue by US\$1.5 million in FY2018 as compared to FY2017. However, net profit attributable to shareholders decreased by US\$0.3 million from US\$1.1 million in FY2017 to US\$0.8 million in FY2018 due mainly to higher operating expenses which is partly offset by lower financing costs. Our operations and performance review for FY2018 is presented below in more detail.

Revenue

The Group's revenue increased by 4.0% or US\$1.5 million from US\$35.7 million in FY2017 to US\$37.2 million in FY2018 due to higher freight charter revenue. Freight charter revenue increased by US\$1.6 million from US\$35.2 million in FY2017 to US\$36.8 million in FY2018 due to higher shipment volume delivered for some major customers which is partly offset by lower average freight rate for the current financial year. Time charter revenue decreased by US\$0.1 million from US\$0.5 million in FY2017 to US\$0.4 million in FY2018. This was due to service provided was for a shorter period for time charter contract secured in current financial year as compared to a longer period in previous financial year. The breakdown of freight charter and time charter revenue for FY2018 and FY2017 is presented in the diagrams as follows:

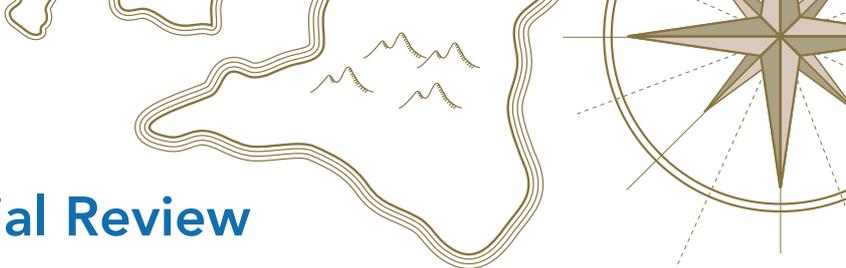


Profitability

Gross profit decreased by 10.2% or US\$0.8 million from US\$7.7 million in FY2017 to US\$6.9 million in FY2018 mainly due to higher operating expenses incurred which was partly offset by higher revenue generated for the current financial year. Gross profit margin decreased from 21.4% in FY2017 to 18.5% in FY2018. This was mainly attributed to the lower average freight rate, higher depreciation charges and higher fuel costs for the current financial year.

Other losses in FY2018 was due to loss from scrapping a barge of US\$136k with written off of its associated drydocking costs of US\$25k which is partly offset by foreign exchange gain of US\$92k from currency fluctuation and interest income from fixed deposits of US\$34k. Other gains in FY2017 comprised gain on disposal of property, plant and equipment of US\$76k and interest income from fixed deposits of US\$28k which is partly offset by foreign exchange loss of US\$99k from currency fluctuation.

Administrative expenses remained relatively unchanged at US\$3.3 million due to cost control measures to ensure no cost overrun from budgeted expenses. Finance expenses decreased by 34.7% or US\$0.4 million from US\$1.1 million in FY2017 to US\$0.7 million in FY2018 due to lower bank borrowings as a result of repayments made.



Operational and Financial Review

The share of results of associated companies was a gain of US\$2k for current financial year as compared to a loss of US\$54k in FY2017.

Other comprehensive loss for FY2018 comprised of foreign currency translation loss of overseas subsidiaries of US\$140k and gains on remeasurement of post employment benefits plan amounting to US\$69k whereas other comprehensive loss for FY2017 comprised of foreign currency translation loss of overseas subsidiaries of US\$18k and losses on remeasurement of post employment benefits plan amounting to US\$36k.

Arising from the above, net profit attributable to shareholders decreased by US\$0.3 million or 27.9% from US\$1.1 million in FY2017 to US\$0.8 million in FY2018. Total comprehensive income attributable to shareholders also decreased by US\$0.3 million or 29.3% from US\$1.0 million in FY2017 to US\$0.7 million in FY2018.

The Group's earnings per ordinary share in FY2018 was 0.20 US cents as compared to earnings per ordinary share of 0.27 US cents in FY2017. Net asset value per ordinary share increased from 7.08 US cents in FY2017 to 7.27 US cents in FY2018.

Financial Position

Trade and other receivables increased by US\$1.0 million from US\$8.4 million as at 31 December 2017 to US\$9.4 million as at 31 December 2018 mainly due to higher revenue generated during the last 2 months of FY2018. Financial assets at fair value through profit or loss of US\$75k as at 31 December 2018 pertain to an investment in a local listed company compared to no such investment as at 31 December 2017. Inventories increased by US\$0.7 million from US\$2.2 million as at 31 December 2017 to US\$2.9 million as at 31 December 2018 mainly due to more vessel spare parts and supplies purchased for its vessel fleet in Indonesia for operations and maintenance. The decrease in other current assets of US\$2.7 million from US\$3.0 million as at 31 December 2017 to US\$0.3 million as at 31 December 2018 was mainly due to reclassification of advance payment for purchase of vessels to property, plant and equipment as well as refund of balance deposit for vessel purchase.

There was no significant change in investments in associated companies which increased by US\$2k only due to the share of gains from an associated company during the current financial year. Property, plant and equipment decreased from US\$62.3 million as at 31 December 2017 to US\$56.5 million as at 31 December 2018. This was mainly due to depreciation charges and scrapping of a barge which was partly offset by addition of two tugboats and one barge as well as drydocking costs capitalized during the year under review.

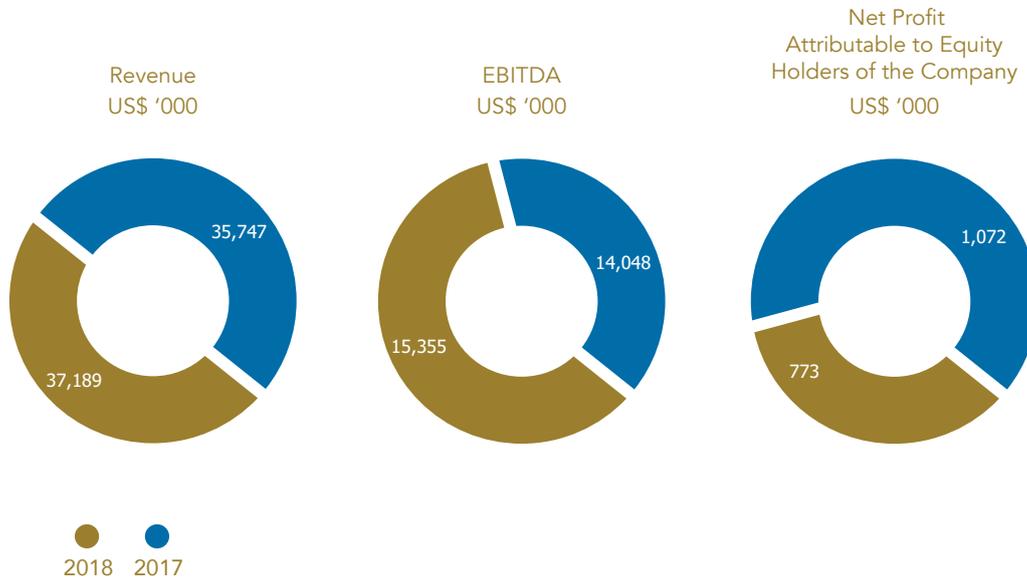
The decrease in trade and other payables from US\$4.3 million as at 31 December 2017 to US\$3.0 million as at 31 December 2018 was due to settlement of outstanding payments pertaining to drydocking services provided. Total borrowings (current and non-current) decreased by US\$6.4 million from US\$12.7 million as at 31 December 2017 to US\$6.3 million as at 31 December 2018 due to repayment of bank borrowings and finance lease obligations during the year under review.

Net cash generated from operating activities amounted to US\$12.5 million which was partly offset by net cash used in investing activities and financing activities of US\$4.0 million and US\$6.8 million respectively. Cash used in investing activities was mainly due to payments made for drydocking expenditures incurred which was partly offset by proceeds from scrapping a barge. Cash used in financing activities was for repayments of bank borrowings, finance lease obligations and interest costs. Arising from the above, the Group generated a net increase in cash and cash equivalents of US\$1.7 million from US\$3.1 million as at 31 December 2017 to US\$4.8 million as at 31 December 2018.

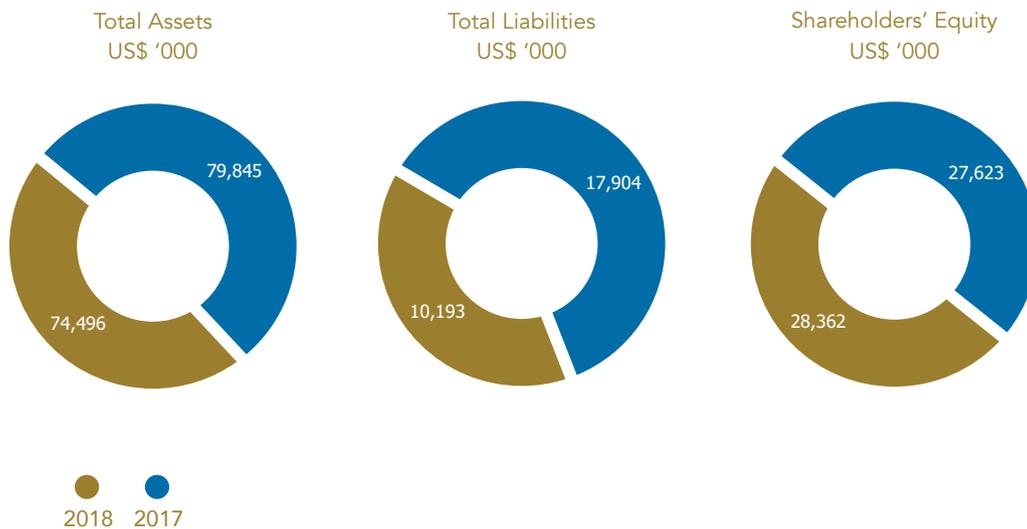


Financial Highlights

Profit and Loss Statement Review

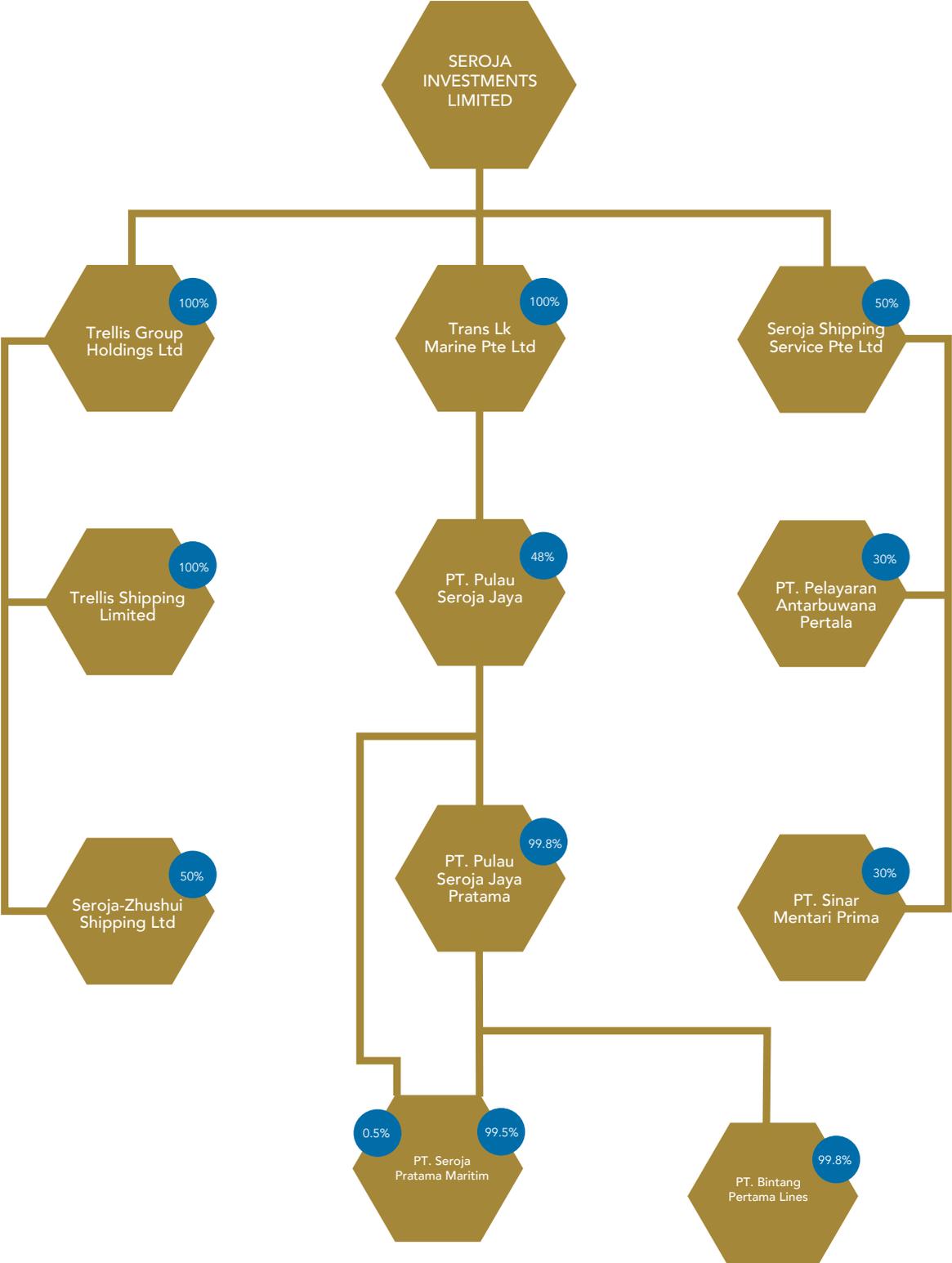


Balance Sheet Review



Per share data	FY2018	FY2017
Earnings - Basic (US cents)	0.20	0.27
Net tangible assets (US cents)	7.27	7.08

Group Structure





Corporate Information

Board of Directors

Edwin Soeryadjaya, Non-Executive Chairman
Masdjan, Chief Operating Officer
Andreas Tjahjadi, Executive Director
Ng Soon Kai, Non-Executive Director
Yap Kian Peng, Independent Director
Ng Yuen, Independent Director
Low Chee Chiew, Independent Director

Audit Committee

Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

Nominating Committee

Ng Yuen, Chairman
Edwin Soeryadjaya
Yap Kian Peng

Remuneration Committee

Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

Company Secretary

Adrian Chan Pengee

Independent Auditor

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
Shaw Tower #30-00
Singapore 189702

Director-in-charge

Chan Siew Ting
(appointed from financial year ended 31
December 2016)

Principal Place of Business

15 Scotts Road
#08-05 Thong Teck Building
Singapore 228218
Tel: (65) 6438 4221
Fax: (65) 6438 8782

Registered Office

50 Raffles Place
#06-00 Singapore Land Tower
Singapore 048623
Tel: (65) 6220 0666
Fax: (65) 6557 4899

Company Registration Number

198300847M

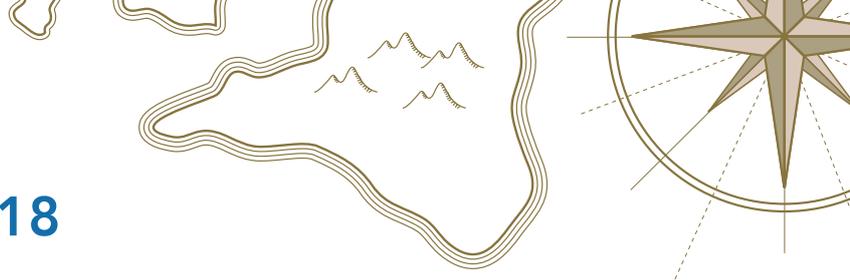
Registrar

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

Principal Bankers

UOB Limited, Singapore
PT. Bank UOB Buana

Sustainability Report 2018



MESSAGE FROM THE CHAIRMAN

On behalf of the Board, we are delighted to present the second Sustainability Report (the “Report”) of Seroja Investments Limited (“Seroja” or the “Group”), with reference to the Global Reporting Initiative (“GRI”) Standards 2016: Core Option and in alignment with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules – Sustainability Reporting Guide.

With growing expectations and importance of stakeholders’ concerns about companies’ abilities in tackling global issues, our Board believes in adapting to ever changing conditions and staying resilience in creating a sustainable growth environment.

Seroja is focused on sustainable practices to be resilient and for the long term. We are committed to conduct our businesses in a social, environmental and economical manner while creating value for all our stakeholders. We want to play our part in making a difference for a better tomorrow.

As part of our business strategy, the Board have worked together in determining the Group’s material Environmental, Social and Governance (ESG) factors for Financial Year 2018. The ESG factors are strategically chosen and will contribute significant impacts for our stakeholders.

ABOUT THIS REPORT

As our Group is growing and expanding, we recognise the importance of sustainable growth. The Board emphasizes on providing best sustainability practices and how it can significantly contribute to our business operations and overall performance. We are strongly committed to adopt the best sustainability practices as the Group is moving forward to achieve greater growth.

Reporting Boundaries and Standards	<ul style="list-style-type: none">• Materiality: focusing on issues that impact business growth and are of utmost importance to stakeholders;• Stakeholder Inclusiveness: responding to stakeholder expectations and interests;• Sustainability Context: presenting performance in the wider context of sustainability; and• Completeness: including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Group’s performance.
Report Period and Scope	This report covers data and information from 1 January 2018 to 31 December 2018. This report has been prepared in accordance to the GRI Standards: Core Option.
Accessibility and Feedback	The electronic edition of the report is available at: www.seroja.com.sg We are committed to listening to our stakeholders and we look forward to your feedback.



Sustainability Report 2018

ORGANISATIONAL PROFILE

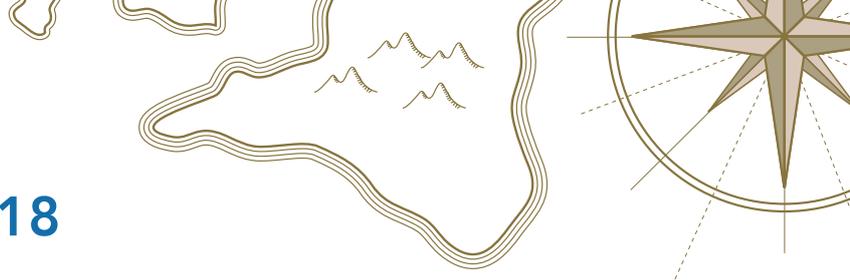
Background

Seroja Investments Limited is an established investment holding company which was incorporated in 1983 and is based in Singapore. Our business is mainly through an indirectly owned subsidiary company, PT Pulau Seroja Jaya which is based in Indonesia. The principal activities of PT Pulau Seroja Jaya are the provision of marine transportation of drybulk freight. The Group operates through Freight Charter and Time Charter segments. Services provided by the group are chartering services of tugboats and barges primarily to transport dry bulk freight comprising thermal coal, sand, and other quarry materials. As of 31 December 2018, we own and operate a fleet of 70 vessels consisting of tugboats and barges, which primarily navigate waters around the Indonesian archipelago.

The Group primarily serves coal and cement producers. Our major customers include PT Maritim Barito Perkasa which provides logistic services to PT Adaro Indonesia, a leading coal producer in Indonesia and PT Indocement Tunggul Perkasa, one of Indonesia's largest cement producers. We enter into freight or time charters which range from spot basis to contractual basis from a period of one to five years. Our freight charters typically involve domestic routes in Indonesia from Kalimantan to various ports in Java and Sulawesi while our time charters involve mainly domestic routes around the Sumatra Island. In order to deploy our vessels in an efficient manner, our tugboats are installed with Global Positioning System (GPS) to enable us to track and monitor the routes and locations of our vessels on real time basis.



Sustainability Report 2018



ORGANISATIONAL PROFILE

Enterprise Risk Management ("ERM")

Enterprise Risk Management ("ERM") framework are in place to manage and address any identified risks and capture opportunities in order to meet the objective of the Group. By addressing the risks identified, stakeholders will be more assured and well-protected. The key risks and impacts are identified as follows:

- Availability Risk - due to weather conditions and possible delay on regular docking activities and the impact may cause the Group in loss of revenue and profitability.
- Customer/Market Risk - finding the right customers who can provide sufficient volume and timely payment of services, down payments are now uncommon due to market conditions and the impact may also cause the Group in loss of revenue, profitability and liquidity.
- Operational Risk - increasing downtime due to repairs and maintenance and may cause the Group in loss of revenue and profitability.
- Reputation Risk - due to possible incidents/accidents with our vessel fleet and impact may cause the Group in loss of revenue, profitability and business relationship.

Mission and Vision Statement

As a preferred supplier of tugboats and barges chartering to transport dry bulk freight in Indonesia for our selected customers, PT Pulau Seroja Jaya will continue to exceed expectations of delivering quality transportation service experience with passion and pride; and create value to all of our key stakeholders, including our customers, employees, shareholders and regulators.

Governance Structure

The Board of Directors that are managing the Group have the relevant core competencies and years of experiences. The following are the members in the Board of Directors.

Seroja Investments Limited

Board of Directors

Edwin Soeryadjaya, Non-Executive Chairman
Masdjan, Chief Operating Officer
Andreas Tjahjadi, Executive Director
Ng Soon Kai, Non-Executive Director
Yap Kian Peng, Independent Director
Ng Yuen, Independent Director
Low Chee Chiew, Independent Director

Audit Committee

Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

Nominating Committee

Ng Yuen, Chairman
Edwin Soeryadjaya
Yap Kian Peng

Remuneration Committee

Yap Kian Peng, Chairman
Edwin Soeryadjaya
Ng Yuen

PT Pulau Seroja Jaya

President Commissioner

Moekhlas Sidik

Commissioners

Ng Soon Kai
Fatmawati
Husni Heron

President Director

Andreas Tjahjadi

Directors

Boby Susanto
Dading T. Soetarso



Sustainability Report 2018

ORGANISATIONAL PROFILE

Supply Chain Management

Our suppliers are extensively sourced and stringently evaluated to ensure that they meet with the established reporting requirements and guidance for procurement practices and due diligence. We will carefully evaluate the suppliers to ensure that they are ethical, cost-effective and responsible suppliers who meet our expectations of goods delivered. Looking forward, the Group will continue to seek for new and innovative ways to better manage the suppliers.

External Initiatives

The Group believe in contributing to the community through positive and sustainable changes. We are constantly coming up with new activities that could benefit and improve our environment. We continue to contribute to the society such as gatherings during the religious holidays in our surrounding area to build sustainable relationships with the communities. It is our intention that we will develop new sustainable programs that could reach out to the society as a whole.

GOVERNANCE & SUSTAINABILITY APPROACH

Continual Commitment to Enhance Corporate Governance

Our Board of Directors (the "Board") is committed to maintaining a high standard of corporate governance and transparency within the Group to protect the interests of its shareholders and enhance long-term shareholder value. The Group's corporate governance processes and practices have been discussed in this report. The Group has adopted the Code of Corporate Governance 2012 (the "Code"), with specific reference to the principles and guidelines stated in the Code.

The Group will strongly comply with the principles and guidelines stated in the Code with explanation provided if there is any deviation from the guidelines.

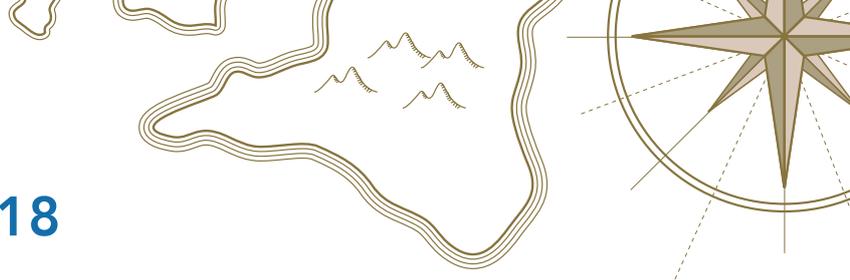
Whistle Blowing Policy

Whistle blowing framework is in place to protect the identity of the employees who can be well-assured to report, without fear of reprisal, concerns about possible improprieties in matters of financial reporting or other matters. The policy is to assist the Audit Committee 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.

Sustainability Approach

Senior management of the Group will conduct a periodic assessment on the key areas that will have significant impact on the stakeholders as well as contributing to economic, environmental and social impact. Senior management will engage in on-going communications with the Board of Directors to keep them inform of any issues and come out with strategic formulation.

Sustainability Report 2018



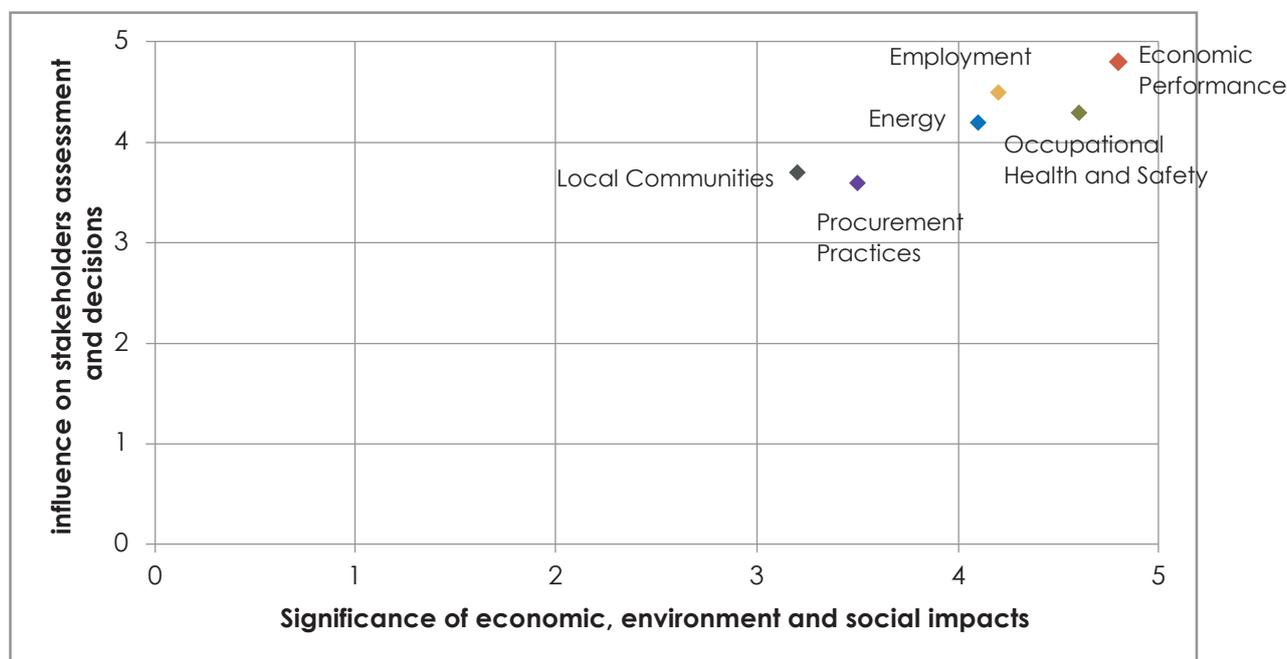
STAKEHOLDERS ENGAGEMENT

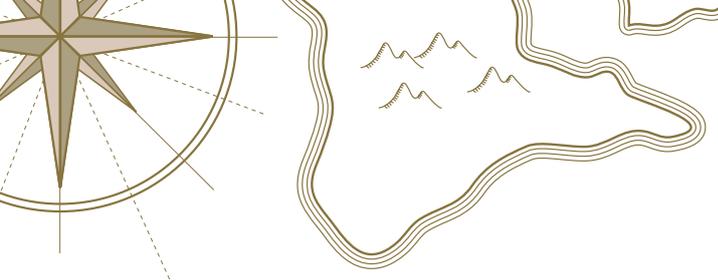
Seroja Investments Limited always encourages and is open to feedback from our stakeholders. Feedbacks will be well taken into consideration and incorporated into the Group’s plans and actions where appropriate and relevant.

Stakeholder Groups	Engagement Method(s)	Frequency
Employees	Staff communication session, internal newsletter, annual meeting	Monthly and Annual Gathering
Customers	Products catalogue, sales presentations, enquiry and feedback channel, customer service hotlines, business networking	On going, on regular basis as required
Suppliers and Sub-contractors	Quotations, request for proposal, tenders, periodic meetings, site visit, supplier evaluation	On going, on regular basis as required
Shareholders	Annual meetings, announcements, circulars to shareholders	Quarterly basis, Annual Shareholders Meeting
Government and Regulators <ul style="list-style-type: none"> Ministry of Transportation Ministry of Manpower 	Discussions and documentation requirements (for classification) with government agencies and departments	On going, on regular basis as required
Community	Public communications with the investors, corporate advertisements	Once a year, as required

MATERIAL TOPICS

Based on the insightful feedbacks received from external and internal stakeholders, we have identified various factors that we believe should be the main focus and should be prioritised. These factors are reflected in the Materiality Matrix below.





Sustainability Report 2018

Sustainability Topics Selected:

1. Economic performance
2. Energy
3. Employment
4. Occupational Health and Safety
5. Local Communities
6. Procurement Practices



ECONOMIC PERFORMANCE

Financial Highlights

The Group's revenue increased by 4% or US\$1.5 million from US\$35.7 million in FY2017 to US\$37.2 million in FY2018 due to higher freight charter revenue.

- Freight charter revenue increased by US\$1.6 million from US\$35.2 million in FY2017 to US\$36.8 million in FY2018 due to higher shipment volume delivered for some major customers which is partly offset by lower average freight rate for the current financial year.
- Time charter revenue slightly decreased by US\$0.1 million from US\$0.5 million in FY2017 to US\$0.4 million in FY2018. This was due to service provided was for a shorter period for time charter contract secured in current financial year as compared to a longer period in previous financial year.

Although the Group increased its revenue in FY2018, net profit attributable to shareholders decreased by US\$0.3 million from US\$1.1 million in FY2017 to US\$0.8 million in FY2018 mainly due to higher operating expenses.

Please refer to pages 6 to 8 of the Annual Report for review and further details on the financial performance of the Group. Moving forward, the Group will continue to ensure sustainable performance and endeavor to generate better returns for our shareholders.

Sustainability Report 2018



ENERGY

Coal has been a cheaper alternative as compared to oil, which leads to an increase in demand for coal usage. As such, we are expecting high demand for our services in transporting the coal cargoes.

In order to handle the high demand of coal in an effective manner as well as improve our operational efficiency, we are constantly coming out with suggestions to better manage our energy and resources on hand. It is also critical to control and further reduce our fuel usage for our fleet of vessels.

The table shows the comparison between the fuel usage in FY2018 and FY2017.

Key Focus Area	FY2017	FY2018
Fuel usage	21.4 million litres	21.7 million litres

The overall fuel usage was slightly higher in 2018 compared to 2017 due to more shipments to certain major customers and 2 new tugboats were purchased to service such customers.

We further extend our initiative in conserving energy by encouraging energy saving in the office and the participation of our employees. We have communicated the energy saving initiatives to all employees which include switching off air-conditioners after office hours and ensuring that all unessential switches have been switched off before leaving the workplace. It is our responsibility to continuously reduce the level of electricity usage and further conserve energy.

EMPLOYMENT

Our employees are one of the most important assets to our Group. We believe in providing equal opportunities to each employee and training our employees to perform at their fullest capacity. Our Group recruits employees from diverse backgrounds and with relevant experience to meet our customers' expectations. Our hiring policies emphasize on transparency and fairness to all employees.

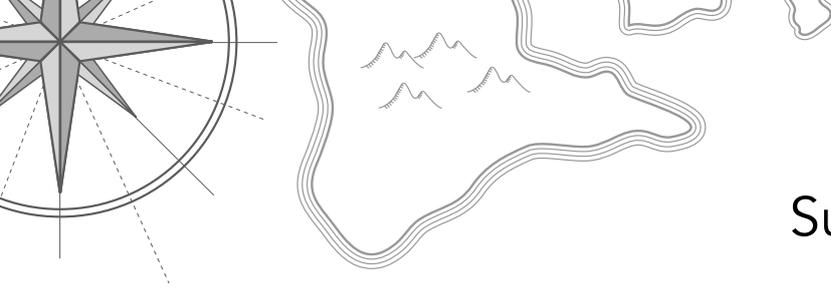
Our people

All the contributions and efforts of our employees are recognised and rewarded. We constantly review our compensation package in order to remain competitive and attractive in the market.

The table below shows the changes in number of employees from FY2017 to FY2018.

Description	2017		2018	
	Male	Female	Male	Female
Number of employees	94	19	86	21
Number of permanent employees	89	19	81	21
Number of temporary employees	5	0	5	0
Number of new employees	14	0	2	4
Number of resigned employees	10	1	10	2
Turnover Rate	9%	1%	9%	2%

Age categories	2017		2018	
	Permanent	Contract	Permanent	Contract
Age below 30	15	2	13	2
Age 30 - 50	78	2	76	2
Age above 50	15	1	13	1
Total	108	5	102	5



Sustainability Report 2018

Employee turnover rate remains relatively stable over the two year period. With the current employment policies, we are confident that our employees will feel a sense of self-worth and value to the Group. We will continue to review our policies to achieve more conducive work environment and provide equal opportunities to all age groups.

OCCUPATIONAL HEALTH & SAFETY

A safe and healthy workplace environment is of utmost importance to the Group. Policies and procedures under the QHSE Management System and Resources are in place to encourage employees to adopt a culture of individual commitment towards improving work safety practices.

The system for managing health and safety is also in place to identify any safety hazards and mitigate risks. Such measures include:

1. Providing workplace health and safety trainings

The Group ensure that there is effective communication to support and monitor processes. Training Awareness Programmes are also organised for our employees to continuously improve their safety management skills, including preparation for emergencies related to safety and the environment. Employees are trained to be familiar with the Environmental Standard and evaluation techniques.

2. Identifying potential hazards and risk management

This procedure relates to health and safety aspect of work activities, the process of estimating the magnitude of risk and deciding on the actions to be taken to minimise a risk. The 5 stages of risk management include identifying the work activity/process, identifying the potential hazards of the process/activity, identifying the likely severity of each hazard and assess its significance, assessing effect of controls on likelihood of occurrence and documenting the findings. The information collected will be recorded.

3. Monitoring the implementation of safety rules

The process of monitoring the implementation of safety rules includes identifying important processes, enabling effective communication and ensuring the safety of personnel, contractors and interested parties to prevent human injuries, loss of life and damage to the environment.

4. Establishing and analysing the reports related to accident/incidents that occurred

The Group will analyse the reasons for causing a shipboard emergency. The accidents/incidents may include abandoning ship, collision, grounding, fire, structural failure, main engine failure, medical assistance, spillage and other unforeseen events.

5. Identifying preventive and correctives actions to prevent re-occurrence

The Group establishes procedures for the implementation of corrective action and measures intended to prevent recurrence. The Group has come out with structured and rapid response that are within the framework of the Group's response plan. All members of the Emergency Response Team are responsible for ensuring that the emergency response plan is available to them at all times.

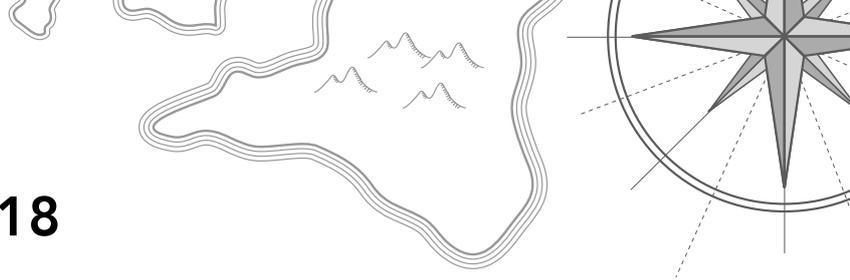
6. Compliance of all laws and regulations in place

The Group will endeavour to ensure that all relevant Environmental and OH&S Legislation and applicable Rules and Regulations have been identified and form part of the normative (technical) reference in the Library. All applicable legislation documented in the Environmental and OH&S Legislation Reports are regularly reviewed to keep abreast of changes to laws which impact on operational activities.

Furthermore, employees should also play their role in ensuring and protecting their health and safety at workplace. In order to achieve a safe work environment, management and employees should work hand in hand.

Based on the incident/accident report, there was a decrease of 20% for accidents or injuries suffered by our employees. We have identified various preventive and corrective actions such as internal audit ISM code, vessel

Sustainability Report 2018



inspection, safety flash, marine incident report (result investigation), contingency plan, plan maintenance system (PMS), emergency drill, training on-board, permit to work (PTW), risk assessment (R.A) and material safety data Sheet (MSDS) to prevent any accident/incident from occurring. Moving forward, we hope to continue to provide a safe environment for our employees and strengthen our current QHSE system.

LOCAL COMMUNITIES

Apart from maintaining good relationship with our customers, the Group is committed to making a difference to the well-being of the community through events and engaging the public. We want to build mutual relationship with the local community to manage the surrounding of our business. We work closely with our business partners and government authorities to establish community goals.

Our main activities are mostly conducted during the month of Ramadhan and other religious holidays. There were 3 events/activities that the Group had organised during the period under review.

S/N	Events/Activities	Description
1.	Annual Employee Gathering	Conducted annual employee gathering attended by 50 employees (38 employees from Banjarmasin Representative Office). Participated team work activities with the local community.
2.	Fasting month gathering during Lebaran	Invited local community (20+children) in Banjarmasin "Buka Puasa Bersama"
3.	Idul Adha (Day of Sacrifice) Islamic holiday	Donated 6 sheeps (4 in Banjarmasin and 2 in Jakarta) for annual ritual sacrifice to the local community

These activities are able to take place with the help and time volunteered by our employees as they are willing to contribute to the community. The Group had looked into possible areas in developing events/activities that could constantly engage with the public.

In FY2019, the Group is looking beyond the current events/activities to exploring new opportunities such as building residential houses in Banjarmasin – Kelanis route with established NGOs who are able to provide the necessary support.

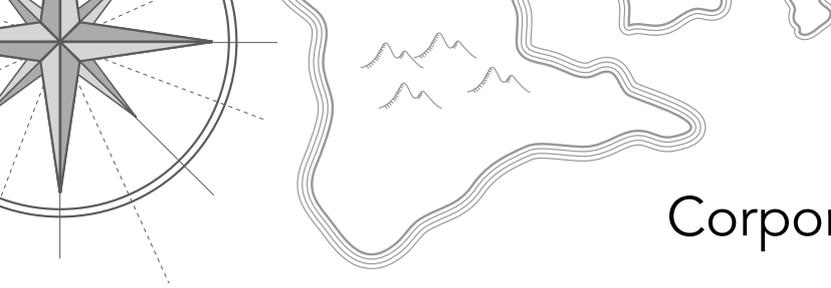
PROCUREMENT PROCEDURES

The Group believes that a good and well-managed procurement practice is critical to its success, in terms of operational efficiency and financial results. We constantly monitor our major suppliers and ensure that such suppliers whom we source from are able to fulfil the critical needs of our operations.

Purchases are handled by our professional procurement team in a fair and objective manner. Throughout the years, we continuously build a long-lasting relationship with our suppliers and strengthen our mutual trust. When we make any purchase, we ensure that our vessels receive the correct goods and spare parts in good condition as per our purchase order on timely basis so that our operations will not be disrupted.

A proper system has been implemented to ensure effective and efficient purchase of goods under our supply chain. Our procurement personnel are familiar with all the process requirements to enable our operation to run smoothly. However, we are still faced with challenges in timely delivery of goods due to the different routes of the vessels and close monitoring of their locations is needed. The procurement team will look into and determine whether it is an operational or procurement issue when goods are not received on time and take necessary measures to speed up the process of receiving the purchased goods.

In FY2019, we are planning to work closely with certain suppliers to ensure that goods are delivered on a timely manner to support operations so that the Group will be able to operate its vessels more effectively and efficiently.



Corporate Governance Report

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

The Company adheres largely to the principles and guidelines as set out in the Code, and endeavours to specify and explain any deviation from the Code.

BOARD MATTERS

BOARD'S CONDUCT OF AFFAIRS

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

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

- (i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- (ii) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
- (iii) to review management performance;
- (iv) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;
- (v) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (vi) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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

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

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

Corporate Governance Report

The attendance of the Directors at Board Meetings and Committee Meetings during the financial year ended 31 December 2018 is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	4	1	1
Mr Edwin Soeryadjaya	1	1	–	–
Mr Masdjan	2	2*	1*	1*
Mr Andreas Tjahjadi	3	3*	–	–
Mr Ng Soon Kai	4	4*	1*	1*
Mr Ng Yuen	4	4	1	1
Mr Yap Kian Peng	4	4	1	1
Mr Low Chee Chiew	4	4*	1*	1*

* By invitation

When a new director is appointed, a formal letter of appointment setting out the terms and conditions of appointment and the director's duties and obligations will be given to him or her. The Company is responsible for conducting briefing sessions for new directors to enable them to be familiar with the structure and operations of the Group. Existing Directors and key executive officers will be available to answer any queries the new Directors may have of the Company.

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

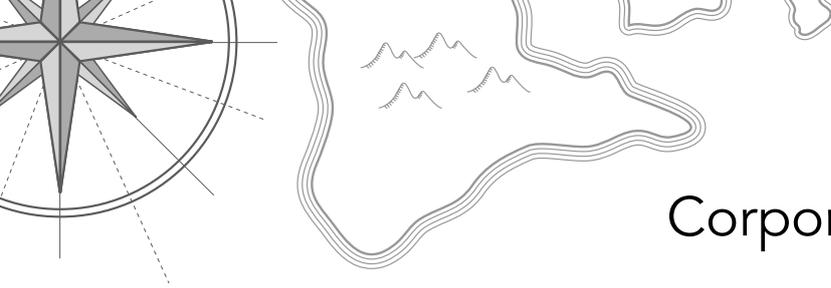
BOARD COMPOSITION AND GUIDANCE

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

The Board comprises two Executive Directors, two Non-Executive Directors and three Independent Directors. The current Board Members comprise directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge of the Company. The Board Members also 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. Although the Board does not currently have a female director, the Board does appreciate the relevance of gender diversity and takes this into account as one of many factors that must be considered in relation to the composition of the Board. Key information regarding the Directors is given in the section titled "Board of Directors" in this Annual Report.

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

The Board, having considered the views of the Nominating Committee, is of the opinion that the three Independent Directors (who represent more than one-third of the Board) are independent in character and judgement and that there are no relationships which are likely to affect or could appear to affect the director's judgement. No individual or small group of individuals dominates the decision making process of the Board. Both Mr Yap Kian Peng and Mr Ng Yuen have served more than nine (9) years on the Board. However, their independence are subject to rigorous annual review by the Board (with both Mr Yap Kian Peng and Mr Ng Yuen recusing from the review). After due consideration, the Board is of the view that Mr Yap Kian Peng and Mr Ng Yuen have continued to demonstrate strong independence in character and judgement in the discharge of their duties and responsibilities as Independent Directors of the Company. They have



Corporate Governance Report

no fear of expressing viewpoints during discussions and made enquiries and challenged management with a view to seeking facts or clarifications on matters discussed. Taking into account abovementioned and that there are no changes in disclosures made by both Mr Yap Kian Peng and Mr Ng Yuen in FY2018, the Board (save for Mr Yap Kian Peng and Mr Ng Yuen) is satisfied that Mr Yap Kian Peng and Mr Ng Yuen continue to be Independent Directors of the Company, notwithstanding that they have served on the Board more than nine (9) years from the date of their first appointment.

The Board considered its current size is adequate and appropriate for effective decision-making, taking into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board has also assessed that the present composition of the Board allows it to effectively exercise objective judgement independently of the management. The composition and renewal of the Board, including the need for progressive refreshing 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.

The Non-Executive and Independent Directors make active contributions during and outside of Board meetings. The Non-Executive Directors constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Non-Executive and Independent Directors communicate amongst themselves and with the Company's auditors and management. When necessary, the Company will coordinate informal meetings for Non-Executive and Independent Directors for discussions without the presence of management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

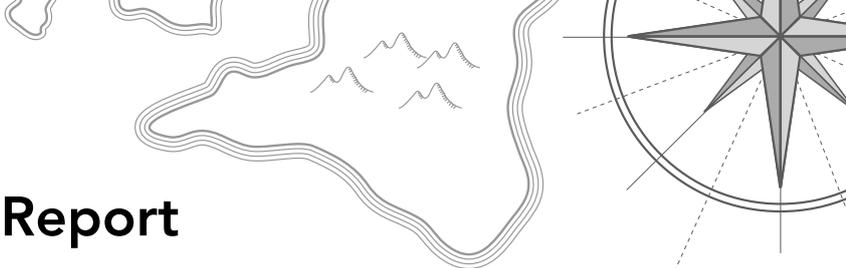
Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

Mr Edwin Soeryadjaya, the Chairman, bears responsibilities for the strategic planning and development of the Group's business and spearheading the expansion and growth of the Group as well as ensuring the integrity and effectiveness of the governance process of the Board. He is also responsible for amongst others, the proper carrying out of the business of the Board including:

- (i) Ensuring that Board meetings are held periodically or when necessary;
- (ii) setting the agenda of the Board meetings to discuss operational, financial and in particular strategic issues of the Company and ensuring all agenda items are given adequate time to be addressed;
- (iii) promoting a culture of openness and debate at the Board and management level to gather feedback that will be constructive to the Company;
- (iv) Ensuring that management provides the Board with complete, adequate and timely information;
- (v) Ensuring the proper flow of information between the Board, management and shareholders;
- (vi) Encouraging constructive relationships within the Board and between the Board and management to ensure the Board and management work well together to achieve the Company's goals set by the Board; and
- (vii) Facilitating the effective contribution of non-executive Directors in particular.

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



Corporate Governance Report

The Board noted the guideline under the Code that independent directors should make up at least half of the Board where the Chairman is not an independent director. The Board is of the view that based on current size and operations of the Group as well as the relevant experience and expertise of existing directors in the Board, it is not necessary to have at least half of the Board made up of independent directors, but will take the relevant guideline into consideration during a review of its succession plans in the next few years. Currently, the Company has not appointed a Lead Independent Director but is reviewing this issue and is taking steps to appoint one as soon as possible. In the meantime, the Board is available to shareholders where they have concerns which cannot be resolved through the normal channels of the Chairman, Executive Directors or management.

BOARD MEMBERSHIP

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

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

The NC’s responsibilities include the following:

- (i) reviewing and making recommendations to the Board on all board appointments, re-nomination, re-election and removal of all directors of the Company and directors of subsidiary, PT Pulau Seroja Jaya (“PT PSJ”), who are appointed as representatives of the Company, having regard to the relevant director’s contribution and performance;
- (ii) reviewing and approving, together with the Board, the exercising of vote by subsidiary, Trans LK Marine Pte. Ltd., at any shareholders’ meeting in respect of the appointment of directors of PT PSJ;
- (iii) ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;
- (iv) determining on an annual basis whether or not a director is independent;
- (v) assessing the performance of the Board and contribution of each director to the effectiveness of the Board; and,
- (vi) reviewing and approving any new employment of related persons and the proposed terms of their employment.

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

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

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

If there is a need for a new Director, the NC has in place an internal process to facilitate the search, selection and nomination of a suitable Director. The NC determines the selection criteria and identifies candidates with the appropriate expertise, experience and his/her likely contribution to the Board. Subsequently, interviews would be conducted before the NC makes its recommendation to the Board. The Board shall make the final determination for the appointment. The Company has no Alternate Director.



Corporate Governance Report

The date of initial appointment and last re-election of each Director are set out below:

Name	Appointment	Date of initial Appointment	Date of last re-election
Mr Edwin Soeryadjaya	Non-Executive Chairman and Director	20 April 1998	27 April 2018
Mr Masdjan	Executive Director and Chief Operating Officer	14 August 2009	28 April 2016
Mr Andreas Tjahjadi	Executive Director	14 August 2009	28 April 2016
Mr Ng Soon Kai	Non-Executive Director	12 May 2015	27 April 2018
Mr Ng Yuen	Independent Director	14 August 2009	28 April 2017
Mr Yap Kian Peng	Independent Director	14 August 2009	28 April 2017
Mr Low Chee Chiew	Independent Director	12 May 2017	Not applicable

Key information of the current Directors is set out in the Board of Directors section of this Annual Report.

BOARD PERFORMANCE

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

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

In line with the principles of good corporate governance, the NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole and its Board Committees as well as to assess the contribution of each Director to the 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.

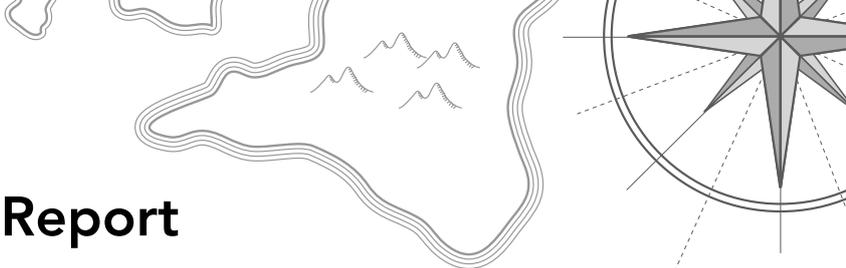
After the end of the financial year, all Directors are requested to complete a Board performance evaluation questionnaire as well as appraisal forms for the respective Board Committees. The Board performance evaluation questionnaire is to assess the overall effectiveness of the Board and the appraisal forms are to assess the overall effectiveness of each Board Committee. The responses are collated for review by the NC and the NC will submit to the Board together with its recommendations for the Board's deliberation and decision. For FY2018, the Board did not appoint any external facilitators to assist in the assessment of the Board, the Board Committees and the Directors. The Chairman, together with the Board, having reviewed the feedback from the NC, has assessed that the current Board is effective and competent to meet its performance objectives going forward.

The Chairman, in consultation with the NC takes into account the performance of individual Directors in their re-appointment and re-election and also takes into account specific needs which may arise from time to time in any appointment of new directors.

ACCESS TO INFORMATION

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

In order to ensure that the Board is able to fulfill its responsibilities, the management will provide adequate and timely information in the form of financial reports, budgets, forecasts, board papers, operational updates and any ad-hoc reports that are deemed necessary to aid in decision making of the Board. Material variances between actual results and projections or prior results of comparative period in such reports will be disclosed and explained. The Board has unrestricted access to the Company's records and information.



Corporate Governance Report

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. The Company Secretary also assists with the circulation of Board papers, updates the Directors on changes in laws and regulations relevant to the Company as well as advises the Board on all governance matters. The appointment and removal of the Company Secretary are subject to the Board's approval.

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 three members, majority of whom including the chairman of the RC are Independent Directors. The Chairman is Mr Yap Kian Peng and the other members are Mr Edwin Soeryadjaya and Mr Ng Yuen.

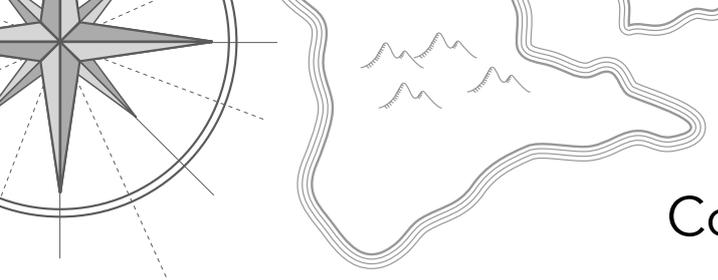
The RC is primarily responsible for recommending to the Board a framework of remuneration for the Board and the key executives and determining the specific remuneration packages for each Executive Director. The recommendations will be submitted for endorsement by the Board.

The main duties of the RC include the following:

- (i) recommending a framework and reviewing the procedure for fixing the remuneration packages of Executive Directors and key executives of the Group;
- (ii) reviewing from time to time the appropriateness of remuneration awarded to Directors including, but not limited to, Director's fees, salaries, allowances, bonuses, share options and benefits in kind;
- (iii) reviewing on an annual basis the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees; and
- (iv) recommending a formal and transparent process for determining Directors' fees for the Non-Executive Directors of the Company.

The RC recommends a framework of remuneration policies for Directors as well as the remuneration package of key management personnel and submitted them for endorsement by the entire Board. For Directors, the review covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, and benefits-in-kind. Each RC member will abstain from voting on any resolution in respect of his own remuneration. The RC is not proposing any changes to the existing framework and deemed it not necessary to engage remuneration consultants. However, 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.

No new appointment of executive Director or key management personnel was made during the year. The RC reviews the Company's obligations arising in the event of termination of executive Directors' or key management personnel's contracts of service and the terms and conditions of such employment to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.



Corporate Governance Report

LEVEL AND MIX OF REMUNERATION

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

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration for Executive Directors and key management personnel takes into account the performance of the Group and the individual. The remuneration packages include a fixed salary and a variable performance related bonus which is designed to align the interests of the Executive Directors and key management personnel with those of shareholders and promote the long-term success of the Group. Such performance-related remuneration also takes into account the risk policies and risk tolerance of the Company, as well as the time horizon of risks. No Director is involved in deciding his own remuneration. In determining the actual quantum of remuneration of executive Directors and key management personnel, the RC had taken into account the extent to which their performance conditions have been met. These performance conditions are selected by the RC as they support how the Group achieves its strategic objectives. For FY2018, the RC is of the view that the performance conditions have been met.

The Executive Directors have service agreements which cover the terms of employment, salaries and other benefits. The service agreements include a fixed term of appointment with termination by either party giving to the other not less than three months prior written notice. The Non-Executive 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. The RC is mindful Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

The Company has obtained shareholders' approval for the adoption of Seroja Employee Share Option Scheme 2018 ("SESOS 2018") during its extraordinary general meeting on 27 April 2018. The RC will be tasked to administer SESOS 2018 for options to be awarded to the Company's directors, employees and substantial shareholders. The objective of SESOS 2018 is to provide eligible participants an opportunity to benefit from upside in the equity of the Company by motivating them through increased diligence and dedication to generate higher returns for the Company and its shareholders. The RC will determine the number of share options to be granted individually and set the date of grant and the price thereof under the SESOS 2018 which will then be approved by the Board. No share options has been issued as at the date of issue of this Annual Report.

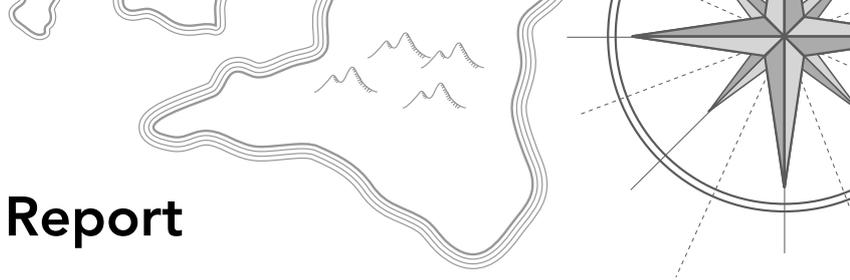
The RC has the discretion not to award the variable performance related bonus in any year if an executive is directly involved in a material misstatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to the Company.

DISCLOSURE ON REMUNERATION

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

While the Company endeavours to provide adequate disclosure of its Directors', CEO's, and key management personnel's remuneration in order to enhance transparency between the Company and shareholders, for competitive reasons, the Company will only disclose the remuneration of Directors and Key Executives in bands of S\$250,000. The Board also believes that it is for the benefit of the Company and the Group that the remuneration of the Directors and Key Executives are kept confidential, due to its sensitive nature.

Corporate Governance Report



There were only 2 key management personnel (who are not Directors or the CEO) whom the Company considered to be key executives of the Group. The details of the remuneration of Directors and top 2 key executives of the Group for services rendered during the financial year ended 31 December 2018 are as follows:

	Salary %	Bonus %	Fees %	Allowances and Other Benefits %	Total Compensation %
Directors					
<u>S\$250,000 to below S\$500,000</u>					
Mr Andreas Tjahjadi	82.1	–	12.5	5.4	100
<u>Below S\$80,000</u>					
Mr Edwin Soeryadjaya	–	–	100	–	100
Mr Masdjan	–	–	100	–	100
Mr Ng Soon Kai	–	–	100	–	100
Mr Ng Yuen	–	–	100	–	100
Mr Yap Kian Peng	–	–	100	–	100
Mr Low Chee Chiew	–	–	100	–	100
Key Executives					
<u>Below S\$250,000</u>					
Boby Susanto ⁽¹⁾	86.0	–	–	14.0	100
Lim Poh Chen	92.3	7.7	–	–	100

⁽¹⁾ Mr Boby Susanto is the son of Mr Masdjan, the Chief Operating Officer and Executive Director of the Company. Mr Boby Susanto's remuneration falls between the range of S\$100,000 to S\$150,000.

The remuneration of key management personnel generally comprises primarily a basic salary component and a variable component which is the bonuses based on the performance of the Company and the Group as a whole and the individual performance of each key management personnel.

No termination, retirement and post-employment benefits have been granted to the Directors or key management personnel.

The aggregate remuneration paid to the top two key executives of the Company (who are not Directors or the CEO) for FY2018 is US\$182,000. Save as disclosed above, there are no employees who are immediate family members of a Director or the CEO whose remuneration exceeded S\$50,000 during the financial year ended 31 December 2018.

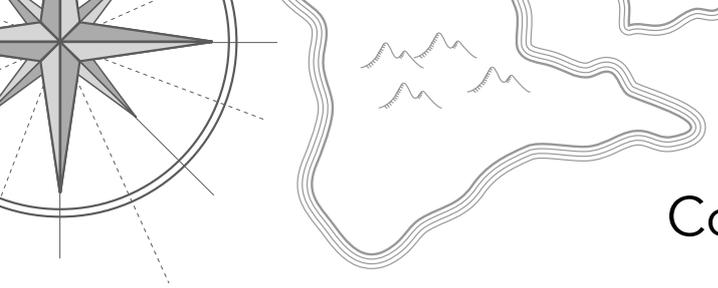
ACCOUNTABILITY AND AUDIT

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"). Announcements of the quarterly and full year financial results as well as ad hoc updates are released by the Board with the objective of providing shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

The management provides regular financial reports and other ad-hoc reports to the Board to enable the Board to discharge its duties and responsibilities. The Directors have separate and independent access to all levels of key personnel in the Company.



Corporate Governance Report

The Board is also responsible for ensuring compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Rules and will seek guidance from the Company Secretary and other legal advisers as and when necessary.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has delegated the AC with the responsibility of overseeing the risk management framework and policies of the Company which includes determining the Company's levels of risk tolerance and risk policies and overseeing the Management in the design, implementation and monitoring of the risk management and internal control systems. The Management will regularly assess and review the Company's operational environment with other senior department heads to identify areas of significant business and financial risks and to implement appropriate measures to control and mitigate such risks. The AC also 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 Board, supported by the AC, reviewed the adequacy and effectiveness of the Group's risk management and system of internal controls, including financial, operational, compliance and information technology controls. During the financial year, the AC has reviewed the reports by the external and internal auditors as well as discussed with management and is satisfied that the Group's internal control system is adequate to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained to ensure preparation of reliable financial statements and compliance with applicable internal policies, laws and regulations are adhered to.

The Board recognizes its responsibilities for the overall internal control framework but notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. Based on the reports of the external and internal auditors and the various management controls put in place, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational and compliance and information technology controls and risk management system were adequate and effective for the financial year ended 31 December 2018.

The Board has also received assurance from the Executive Director undertaking the role of CEO and the Group Financial Controller at the Board meeting held on 22 February 2019 that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) that the Company's risk management and internal control systems in place are effective.

AUDIT COMMITTEE ("AC")

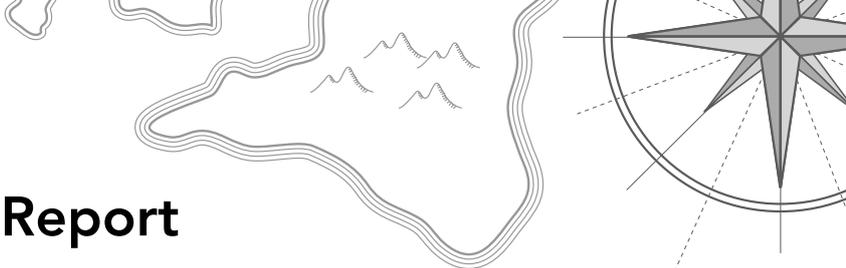
Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

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

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

- (i) review with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;
- (ii) review the quarterly, half-yearly and annual financial statements before submission to the Board for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (iii) review the internal control and procedures and co-ordination between the external auditors and the management, review the assistance given by the management to the auditors and discuss problems and concerns, if any, arising

Corporate Governance Report



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.

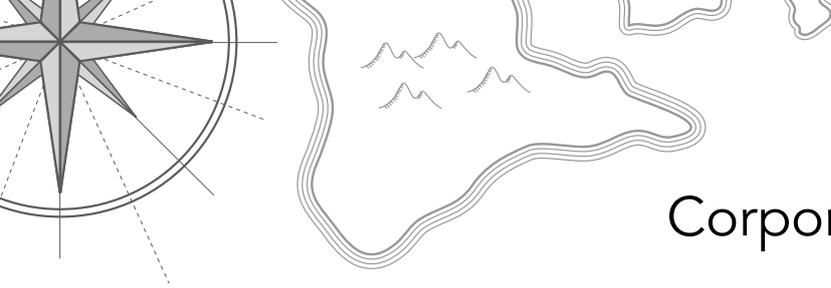
Apart from the duties above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact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

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.

The Board is of the view that the Chairman and members of the Audit Committee, whose professions or principal commitments require them to keep abreast of changes to accounting standards and issues, are appropriately qualified and have recent and relevant accounting or related financial management expertise or experience to discharge the Audit Committee's functions and responsibilities. In the course of their work or profession, members of the AC will also attend courses and seminars related to accounting or related financial management topics. Furthermore, the AC was also informed and briefed by the external auditors during AC meetings in respect of the latest changes to accounting standards and issues which have a direct impact on the financial statements.

During the financial year, the AC met with the management and the external auditors on four (4) and two (2) occasions respectively. These meetings included, amongst other things, a review of the Group's financial statements, the internal control procedures, prospects of the Group, independence of the external auditors, changes in accounting standards and issues which have a direct impact on financial statements. The AC members will also meet up with external and internal auditors without the presence of management during one of the AC meetings. The AC reviews the independence of the external auditors and the nature and extent of non-audit services provided by the external auditors to the Group and is satisfied that such services will not prejudice the independence and objectivity of the external auditors. During the year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to US\$78,000 and US\$2,000 respectively. The AC has recommended to the Board that Nexia TS Public Accounting Corporation, Singapore be nominated for re-appointment as external auditors at the forthcoming AGM.

Besides Nexia TS Public Accounting Corporation, the AC has also assessed the appointments of different auditors for the Group's associated companies and is satisfied that such appointments would not compromise the standard and effectiveness of the Group's audit. Accordingly, the AC and the Board are satisfied that the Group has complied with Rule 712 and Rule 715 of the Listing Manual of SGX-ST in relation to its auditing firms.



Corporate Governance Report

The AC has reviewed the Company's whistle blowing framework which was put in place to establish a confidential line of communication for employees 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. Employees of the Company may, in confidence, report any such violations in writing to the Company Secretary or any Director of the Company. During FY2018, the AC had noted that there were no complaints or other matters received from the channel established under the whistle-blowing policy.

Each member of the AC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the AC in respect of matters he is interested in.

None of the AC members were previous partners or directors of the Company's external auditor, Nexia TS Public Accounting Corporation, within the last twelve months or hold any financial interest in the external auditor.

INTERNAL AUDIT

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

The Group has outsourced its internal audit function to a qualified accounting firm, Johan Malonda Mustika & Rekan which is an independent member of Baker Tilly International to strengthen the internal audit function so as to assist the Group to maintain a sound system of internal controls to safeguard shareholders' interest. The internal auditor meets or exceeds the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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

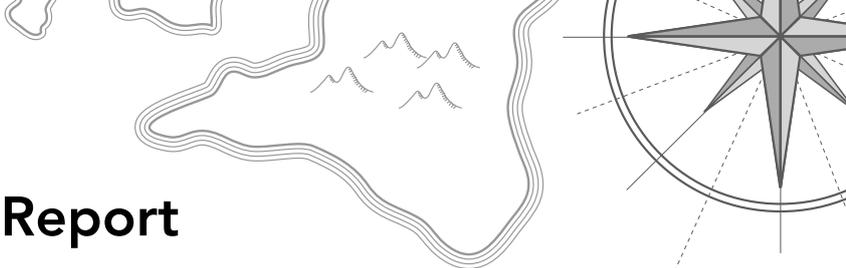
COMMUNICATION WITH SHAREHOLDERS

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

The Company does not practice 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 shareholders on developments that are of interest to them.

To facilitate the exercise of ownership rights by all shareholders, the Company is committed to proactive communication with shareholders and to provide shareholders with timely and material information. Such information has been disclosed or communicated in a fairly and timely manner through:

- (i) Annual Reports which are prepared and issued to all shareholders;



Corporate Governance Report

- (ii) Quarterly and full year financial results announcements which are published on the SGXNet;
- (iii) notices of and explanatory memoranda for AGMs and EGMs (if any);
- (iv) major announcements which are published on the SGXNet.
- (v) Company's website at <http://www.seroja.com.sg> for shareholders to access financial information, corporate announcements, Annual Reports and other Company's reports under one platform.

Shareholders are entitled to attend the general meetings and are given the opportunity to participate effectively in and vote at the general meetings of the Company. They are informed of general meetings through notice of general meetings published in the local newspapers and announcement via SGXNet as well as Annual Reports sent to them. The rules and voting procedures governing the meetings of shareholders are clearly communicated to shareholders by the scrutineer at such meetings.

During the general meetings, the Board and Management will engage shareholders to solicit and gather their views and inputs through dialogue sessions to address any concerns the shareholders may have on the Company. While the Company does not have a formal investor relations policy, to have regular and timely communication other than the general meetings, the Company intends to engage the service of an investor relation firm to manage relations with shareholders, analysts and media when there are major developments that will be of interest to the investing community. Currently, the investor relation role is delegated to Management to explain and clarify the Company's financial results and industry operations which shareholders, analysts and media may have queries on.

The Company does not have a fixed dividend policy and no dividends will be paid for FY2018. The form, frequency and amount of dividends will depend on the Group's financial results, capital requirements, cash flow, development plans and other factors as the directors may deem appropriate. If there is intention to declare dividends, this will be clearly communicated to the shareholders via announcements through SGXNet.

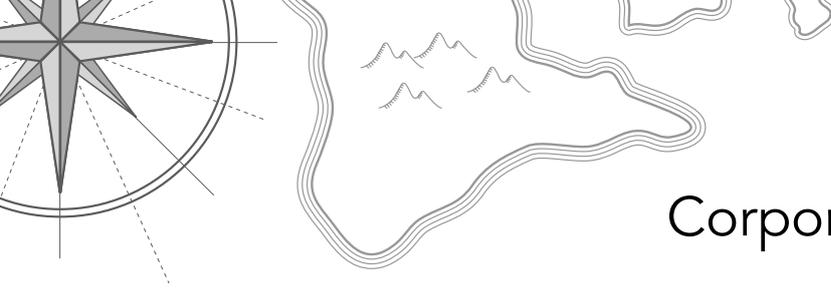
CONDUCT OF SHAREHOLDER MEETINGS

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

Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to be kept updated on the Group's strategies and goals. The Company will make announcement via SGXNET and advertise in local newspapers the notice of the AGMs. The Company's Constitution allows shareholders who are unable to attend the general meetings to appoint up to two (2) proxies each to attend and vote on their behalf as long as their proxy forms are duly lodged in advance with the Company. Shareholders whose shares are held through nominees are allowed to attend general meetings as observers with advance notice from the nominees to the Company. The Company has decided not to provide for other absentia voting methods such as voting via mail, e-mail or fax until security and other pertinent issues relating to shareholder identity authentication are satisfactorily resolved.

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings to which explanatory notes are furnished in the general meetings' notices. At the general meetings, the Chairpersons of the AC, NC and RC are usually present and available to address any queries by shareholders. The Company Secretary and External Auditors are also present to assist the Directors in addressing any relevant queries from shareholders. Minutes of the meetings including substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, are documented and are available to shareholders for inspection upon their request.

The Company has been conducting poll voting for all resolutions passed at its AGMs. An independent firm was appointed as the scrutineer to conduct the polling process. The results of the poll voting on each resolution tabled at the last AGM, including the total number of votes cast for and against each resolution and the respective percentages, were also announced via SGXNet after the AGM. Until it is cost effective to do so, the Company will continue to employ manual polling in view of the small number of voters at its general meetings.



Corporate Governance Report

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 2018 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
Revenue from PT Maritim Barito Perkasa	-	16,519

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 83 to 91 of the Annual Report.

Directors' Statement

For the financial year ended 31 December 2018

The directors present their statement to the members together with the audited financial statements of Seroja Investments Limited (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

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 41 to 95 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

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

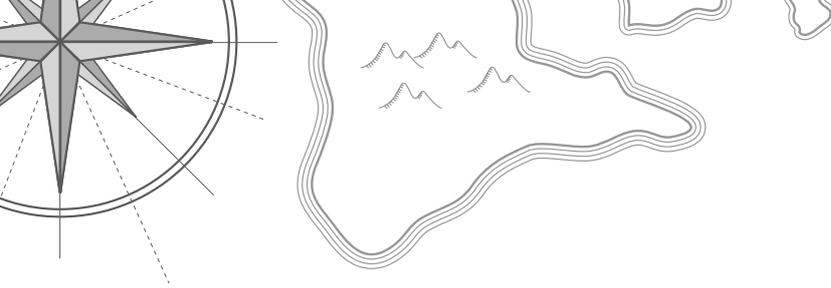
Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2018	As at 31.12.2018	As at 1.1.2018	As at 31.12.2018
The Company				
(No. of ordinary shares)				
Edwin Soeryadjaya	24,270,349	24,270,349	90,812,988	90,812,988
Andreas Tjahjadi	17,491,703	17,491,703	–	–
Masdjan	–	–	36,325,195	36,325,195
Ng Soon Kai	–	–	4,225,446	4,225,446



Directors' Statement

For the financial year ended 31 December 2018

Directors' interests in shares or debentures (continued)

Name of director/ Subsidiary corporations	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2018	As at 31.12.2018	As at 1.1.2018	As at 31.12.2018
	(No. of ordinary shares)			
Masdjani				
Seroja Shipping Services Pte Ltd	–	–	1,022,880	1,022,880
PT. Pulau Seroja Jaya	5,682	5,682	–	–
PT. Pulau Seroja Jaya Pratama	1	1	–	–

Edwin Soeryadjaya, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's subsidiary corporations.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2019.

Share options

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

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

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

Audit committee

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

Yap Kian Peng (Chairman), Independent director
Edwin Soeryadjaya
Ng Yuen, Independent director

All members of the AC were non-executive directors.

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors.

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

Directors' Statement

For the financial year ended 31 December 2018



Audit committee (continued)

During the financial year, the AC met with the management and the independent auditor on four (4) and two (2) occasions respectively. These meetings included, amongst other matters, a review of the Group's financial statements, any recommendations on internal control arising from the statutory audit and independence of the independent auditor. The independent auditor also met with the AC members without the presence of the management. The AC reviews the independence of the independent auditor and the nature and extent of non-audit services provided by the independent auditor to the Group and is satisfied that such services will not prejudice the independence and objectivity of the independent auditor. Accordingly, the AC recommends to the Board that Nexia TS Public Accounting Corporation, Singapore be nominated for re-appointment as independent auditor at the forthcoming Annual General Meeting of the Company.

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

Independent auditor

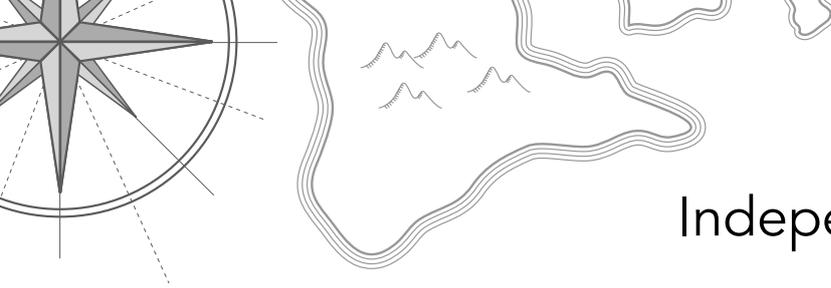
The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Andreas Tjahjadi
Director

Masdjan
Director

29 March 2019



Independent Auditor's Report

TO THE MEMBERS OF SEROJA INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Seroja Investments Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 95.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

TO THE MEMBERS OF SEROJA INVESTMENTS LIMITED



Key Audit Matters (continued)

Key audit matters

How our audit addressed the matter

Revenue recognition

Refer to note 2.2 and note 4 to the financial statements

The Group's vessels mainly comprise of tugs and barges which generate charter income based on the term specified in the contract with the relevant counterparty. There are two types of charter income namely freight charter income and time charter income.

For freight charter arrangement, each standard contract will typically state the tonnage quantity to be transported, the contract period and the specific freight rate with specific route (i.e, loading and unloading port).

For time charter, each contract will specify a day rate which can vary significantly depending on the capacity of a pair of tug and barge and the involving counterparty.

For revenue recognition purposes, the Group needs to:

- measure and record the tonnage quantity transported for each route; and
- estimate the number of days travelled for each route.

We focus on this area because:

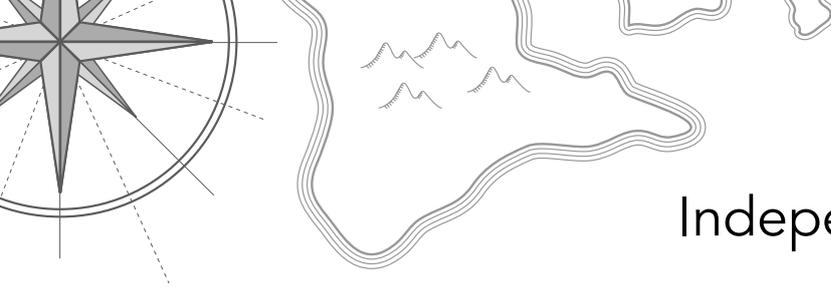
- adoption of SFRS(I) 15 Revenue from Contracts with Customers requires management's judgement to reassess the accounting policy on revenue recognition; and
- significant estimate involved due to variability in the terms of each contract with counterparty.

We have considered the appropriateness of the revenue recognition accounting policies and assessed the compliance and the impact of the Group's adoption of SFRS(I) 15.

We obtained an understanding of control environment and evaluated the key controls over sales and receivable cycle, performed walkthrough test and, on samples basis, to determine whether these controls were operating effectively throughout the financial year.

We have obtained a detailed sales report analysing the revenue earned by month and by a pair of tug and barge, which specifies the route, number of tonnage or number of days on hire and the relevant contractual rate, and agreed this to the general ledger. We have:

- (i) agreed the freight rate to the underlying contract on a sample basis.
- (ii) recalculated the revenue figure based on the number of tonnage and freight rate or the days on hire and day rate and agreed both the revenue amount and details to the invoice.
- (iii) performed cut-off test to ascertain that revenue has been recognised in the proper accounting period.



Independent Auditor's Report

TO THE MEMBERS OF SEROJA INVESTMENTS LIMITED

Key Audit Matters (continued)

Key audit matters

How our audit addressed the matter

Impairment of property, plant and equipment

Refer to note 2.4 and note 18 to the financial statements

The Group's vessels (tugboats and barges) are its sole revenue generating assets with a carrying amount of US\$50,318,000 as at 31 December 2018 which represents 68% of the Group's total assets at that date.

Management reviews the carrying amount of its vessels on an annual basis or more frequently if impairment indicators are present.

The impairment assessment requires management to consider both internal and external sources of information, in determining whether there is any indication that any vessel may have been impaired, which include but are not limited to current performance and whether significant decline in future performance of vessels, and evidence of obsolescence or physical damage of the vessels.

We focused on this area because management's judgement is required to determine whether there is any indication that these assets may be impaired.

We obtained an understanding of management's impairment assessment process.

We evaluated management's assessment to determine whether there is any indicators of impairment of vessels by assessing the appropriateness of the assumptions or justifications used and rationale applied by the management.

Our audit procedures included, amongst others, the review of historical accuracy of current and future performance of vessels taking into account the contractual freight rates, operating expenses and estimated utilisation of existing vessels with the consideration of external industry factors and conditions such as expected future market or economic condition of shipping industry.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

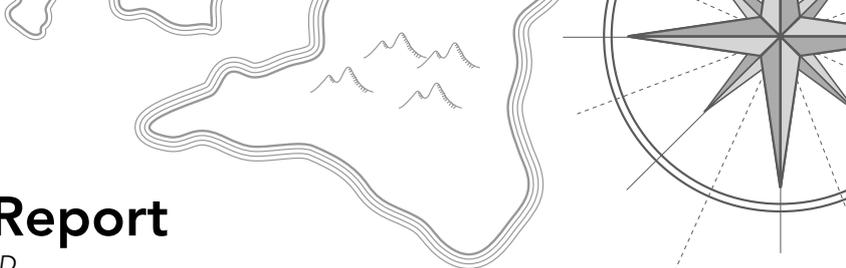
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.



Independent Auditor's Report

TO THE MEMBERS OF SEROJA INVESTMENTS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

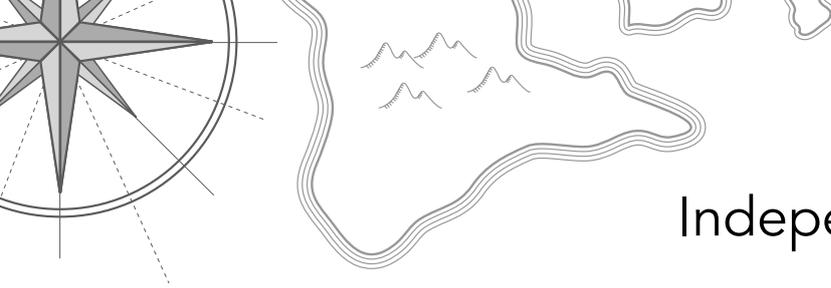
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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



Independent Auditor's Report

TO THE MEMBERS OF SEROJA INVESTMENTS LIMITED

Report on Other Legal and Regulatory Requirements (continued)

The engagement director on the audit resulting in this independent auditor's report is Ms Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

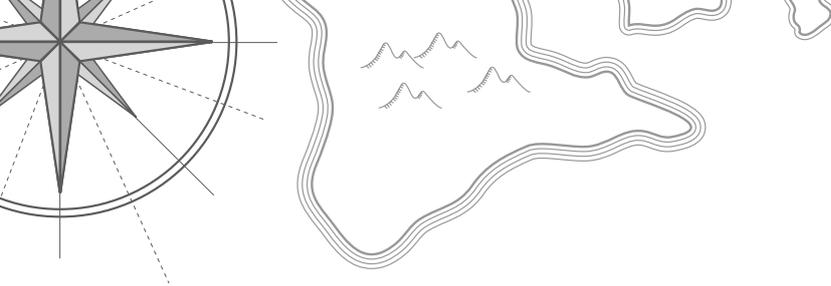
Singapore
29 March 2019

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	Note	2018 US\$'000	2017 US\$'000
Revenue	4	37,189	35,747
Cost of services		(30,312)	(28,087)
Gross profit		6,877	7,660
Other gains or losses			
- Impairment loss of trade receivables		-	(18)
- Others	5	(35)	5
Expenses			
- Administrative		(3,311)	(3,262)
- Finance	8	(694)	(1,062)
Share of profits/(losses) of associated companies	17	2	(54)
Profit before income tax		2,839	3,269
Income tax expense	9	(406)	(389)
Net profit		<u>2,433</u>	<u>2,880</u>
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation arising from consolidation – losses		(67)	(9)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Currency translation arising from consolidation – losses		(73)	(9)
Remeasurements of post-employment benefits	23	69	(36)
Other comprehensive loss		<u>(71)</u>	<u>(54)</u>
Total comprehensive income		<u>2,362</u>	<u>2,826</u>
Profit attributable to:			
Equity holders of the Company		773	1,072
Non-controlling interests		1,660	1,808
		<u>2,433</u>	<u>2,880</u>
Total comprehensive income attributable to:			
Equity holders of the Company		739	1,046
Non-controlling interests		1,623	1,780
		<u>2,362</u>	<u>2,826</u>
Earnings per share attributable to equity holders of the Company (US cents per share)			
Basic and diluted	10	<u>0.20</u>	<u>0.27</u>

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



Balance Sheet - Group

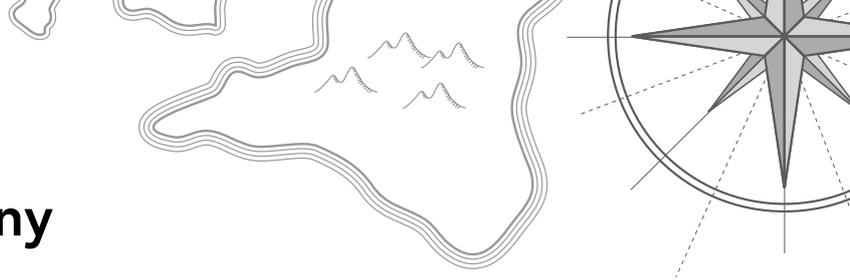
As at 31 December 2018

		31 December		1 January	
		2018	2017	2017	
Note		US\$'000	US\$'000	US\$'000	
ASSETS					
Current assets					
	Cash and bank balances	11	5,024	3,643	5,512
	Financial assets, at fair value through profit or loss	12	75	-	-
	Trade and other receivables	13	9,377	8,385	7,759
	Inventories	14	2,891	2,163	1,301
	Other current assets	15	296	3,033	2,762
			<u>17,663</u>	<u>17,224</u>	<u>17,334</u>
Non-current assets					
	Investments in associated companies	17	315	313	367
	Property, plant and equipment	18	56,518	62,308	65,718
			<u>56,833</u>	<u>62,621</u>	<u>66,085</u>
	Total assets		<u>74,496</u>	<u>79,845</u>	<u>83,419</u>
LIABILITIES					
Current liabilities					
	Trade and other payables	19	3,008	4,300	4,167
	Borrowings	20	5,690	5,938	8,600
	Finance lease liabilities	21	564	501	-
			<u>9,262</u>	<u>10,739</u>	<u>12,767</u>
Non-current liabilities					
	Borrowings	20	-	5,646	10,500
	Finance lease liabilities	21	68	632	-
	Deferred income tax liabilities	22	129	174	219
	Post-employment benefits	23	734	713	538
			<u>931</u>	<u>7,165</u>	<u>11,257</u>
	Total liabilities		<u>10,193</u>	<u>17,904</u>	<u>24,024</u>
	NET ASSETS		<u>64,303</u>	<u>61,941</u>	<u>59,395</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	Share capital	24	31,801	31,801	31,801
	Currency translation reserves		(576)	(509)	(500)
	Other reserve	25	(305)	(305)	(305)
	Accumulated losses	26	(2,558)	(3,364)	(4,419)
			<u>28,362</u>	<u>27,623</u>	<u>26,577</u>
	Non-controlling interests	16	35,941	34,318	32,818
	Total equity		<u>64,303</u>	<u>61,941</u>	<u>59,395</u>

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

Balance Sheet - Company

As at 31 December 2018



	Note	31 December		1 January
		2018	2017	2017
		US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	11	742	1,570	2,172
Financial assets, at fair value through profit or loss	12	75	–	–
Trade and other receivables	13	1	1	–
Other current assets	15	45	45	45
		<u>863</u>	<u>1,616</u>	<u>2,217</u>
Non-current assets				
Investments in subsidiary corporations	16	29,213	29,210	29,821
Property, plant and equipment	18	1	2	4
		<u>29,214</u>	<u>29,212</u>	<u>29,825</u>
Total assets		<u>30,077</u>	<u>30,828</u>	<u>32,042</u>
LIABILITIES				
Current liabilities				
Trade and other payables	19	<u>193</u>	<u>183</u>	<u>467</u>
Total liabilities		<u>193</u>	<u>183</u>	<u>467</u>
NET ASSETS		<u>29,884</u>	<u>30,645</u>	<u>31,575</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	24	56,951	56,951	56,951
Accumulated losses	26	<u>(27,067)</u>	<u>(26,306)</u>	<u>(25,376)</u>
Total equity		<u>29,884</u>	<u>30,645</u>	<u>31,575</u>

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

Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2018

	← Attributable to equity holders of the Company →					Non-controlling interests	Total equity
	Share capital	Currency translation reserve	Other reserve	Accumulated losses	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2018							
As at 1 January 2018	31,801	(509)	(305)	(3,364)	27,623	34,318	61,941
Net profit for the financial year	-	-	-	773	773	1,660	2,433
Remeasurements of post-employment benefits	-	-	-	33	33	36	69
Foreign currency translation	-	(67)	-	-	(67)	(73)	(140)
Total comprehensive (loss)/income for the financial year	-	(67)	-	806	739	1,623	2,362
As at 31 December 2018	31,801	(576)	(305)	(2,558)	28,362	35,941	64,303
2017							
As at 1 January 2017	31,801	(500)	(305)	(4,419)	26,577	32,818	59,395
Capital reduction in a subsidiary corporation	-	-	-	-	-	(280)	(280)
Net profit for the year	-	-	-	1,072	1,072	1,808	2,880
Remeasurements of post-employment benefits	-	-	-	(17)	(17)	(19)	(36)
Foreign currency translation	-	(9)	-	-	(9)	(9)	(18)
Total comprehensive (loss)/income for the year	-	(9)	-	1,055	1,046	1,780	2,826
As at 31 December 2017	31,801	(509)	(305)	(3,364)	27,623	34,318	61,941

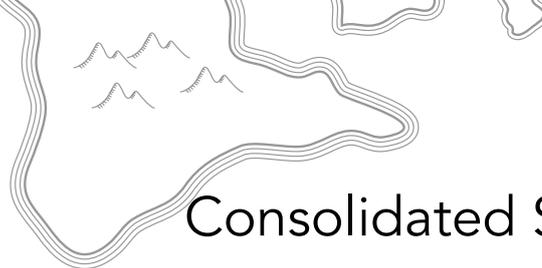
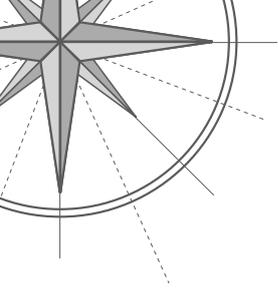
The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

		Group	
	Note	2018 US\$'000	2017 US\$'000
Cash flows from operating activities			
Profit before income tax		2,839	3,269
Adjustments for:			
Depreciation of property, plant and equipment	6	11,698	9,749
Write-off of property, plant and equipment	5	25	-
Interest expense	8	694	1,062
Interest income	5	(34)	(28)
Share of (profit)/loss of associated companies	16	(2)	54
Loss/(Gain) on disposal of property, plant and equipment	5	136	(76)
Unrealised currency translation loss		(221)	(35)
Operating profit before working capital changes		15,135	13,995
Changes in working capital:			
Financial assets, at fair value through profit or loss		(75)	-
Trade and other receivables		(992)	(626)
Inventories		(728)	(862)
Other current assets		737	77
Trade and other payables		(1,271)	234
Post-employment benefits		90	139
Cash generated from operation		12,896	12,957
Income tax paid		(451)	(434)
Interest received		34	27
Net cash provided by operating activities		12,479	12,550
Cash flows from investing activities			
Payment to non-controlling interests on capital reduction		-	(280)
Deposits paid for purchase of property, plant and equipment		-	(348)
Purchase of property, plant and equipment	17	(4,114)	(4,779)
Disposal of property, plant and equipment		174	76
Net cash used in investing activities		(3,940)	(5,331)
Cash flows from financing activities			
Repayment of borrowings		(5,938)	(7,663)
Repayment of finance lease		(501)	(406)
Restricted cash		291	63
Interest paid		(671)	(1,018)
Net cash used in financing activities		(6,819)	(9,024)
Net increase/(decrease) in cash and cash equivalents		1,720	(1,805)
Cash and cash equivalents			
Beginning of financial year		3,102	4,908
Effects of currency translation		(48)	(1)
End of financial year	11	4,774	3,102

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



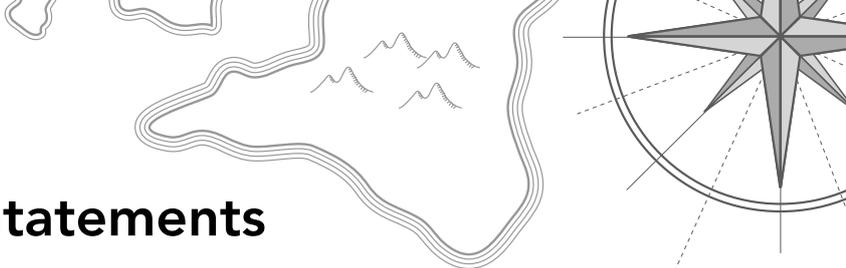
Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

Reconciliation of liabilities arising from financing activities:

	1 January 2018 US\$'000	Principal and interest payments US\$'000	Non-cash changes US\$'000		31 December 2018 US\$'000
			Other payables	Interest expenses	
Bank borrowings	11,584	(6,501)	21	586	5,690
Finance lease liabilities	1,133	(609)	-	108	632

	1 January 2017 US\$'000	Principal and interest payments US\$'000	Non-cash changes US\$'000			31 December 2017 US\$'000
			Other payables	Acquisition	Interest expenses	
Bank borrowings	19,100	(8,534)	103	-	915	11,584
Finance lease liabilities	-	(553)	-	1,539	147	1,133



Notes to the Financial Statements

For the financial year ended 31 December 2018

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 2018 and the balance sheet of the Company as at 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 29 March 2019.

1 General information

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

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiary corporations and associated companies are set out in Note 16 and Note 17 to the financial statements respectively.

2 Significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are expressed in thousands of US dollar ("US\$'000").

Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

There were no material adjustments to the Group's and the Company's financial position, financial performance, changes in equity and cash flows arising from the transition from SFRS to SFRS(I).



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Adoption of SFRS(I) (Cont'd)

(a) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. There is no cumulative impact of the adoption recognised in the opening retained earnings at 1 January 2018. Comparative information for 2017 are not restated.

The accounting policies for revenue from contracts with customers under SFRS(I) 15 are disclosed in Note 2.2.

(b) Adoption of SFRS(I) 9

As disclosed in Note 2.1(a)(ii), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017.

At the same time, the Group is exempted from complying with SFRS(I) 7 Financial Instruments: Disclosures for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

Comparatives for financial year ended 2017 are not restated. There is no difference between the carrying amounts at 31 December 2017 and 1 January 2018 which needs to be adjusted in the opening retained earnings.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.8.

2.2 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

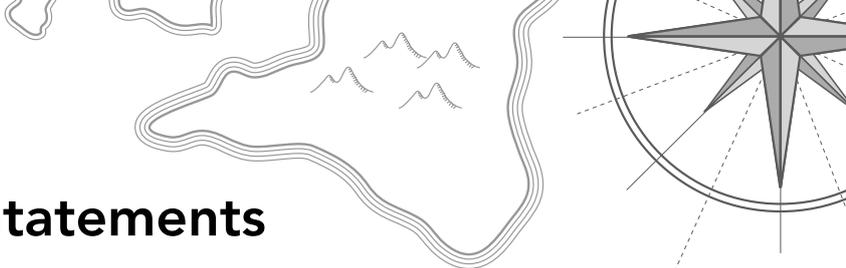
Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Chartering services

The Group recognises its revenue from chartering services over the period of performance as the obligation to provide transportation service is satisfied over time.

(b) Interest income

Interest income is recognised using the effective interest method.



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.3 Group accounting

(a) Subsidiary corporations

(i) Consolidation

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

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

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

(ii) Acquisitions

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

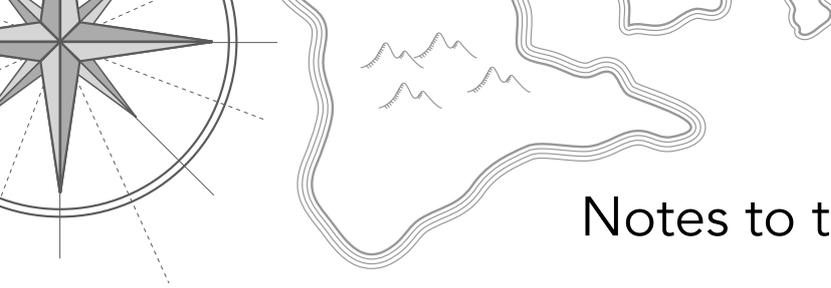
The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.3 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

(c) Associated companies

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

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

(i) Acquisition

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

Notes to the Financial Statements

For the financial year ended 31 December 2018



2 Significant accounting policies (Cont'd)

2.3 Group accounting (Cont'd)

(c) Associated companies (Cont'd)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

(iii) Disposals

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

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

2.4 Property, plant and equipment

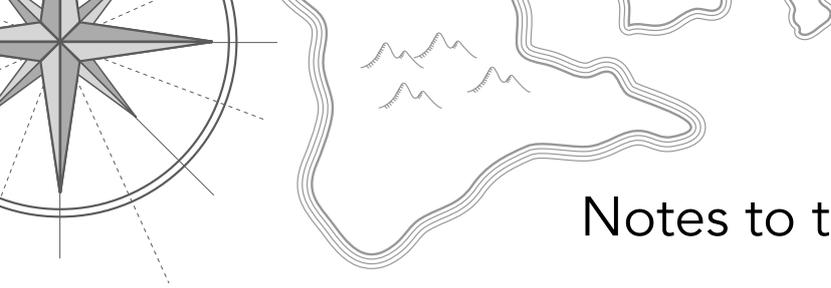
(a) Measurement

(i) Land and building

Land and building are initially recognised at cost. Freehold land is subsequently carried at the cost less accumulated impairment losses. Building is subsequently carried at the cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

(a) Measurement (Cont'd)

(iii) Components of costs

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

(b) Depreciation

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

	<u>Useful lives</u>
Buildings	20 years
Vessels	16 years
Drydocking	2 ½ years
Machinery and equipment	4 years
Motor vehicles	4 - 5 years
Office equipment	3 - 4 years
Furniture and fittings	3 - 10 years

Construction-in-progress represent the costs of property, plant and equipment under development. When construction-in-progress are completed and are ready for their intended use, they are recognised as property, plant and equipment and depreciated over their useful lives.

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 Investments in subsidiary corporations and associated companies

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

Notes to the Financial Statements

For the financial year ended 31 December 2018



2 Significant accounting policies (Cont'd)

2.6 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary corporations and associated companies

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

2.7 Borrowing costs

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

2.8 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) Classification

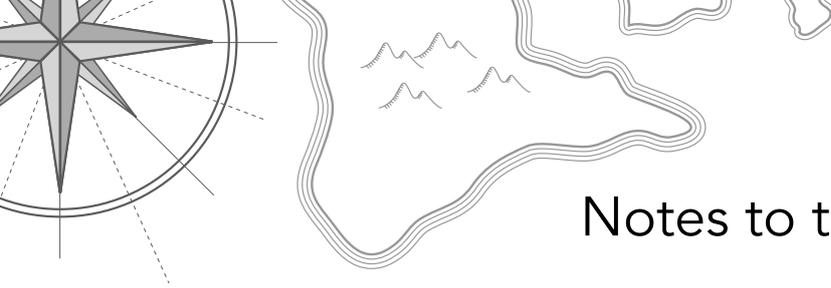
The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

(b) Recognition and derecognition

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

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



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.8 Financial assets (Cont'd)

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

The accounting for financial assets from 1 January 2018 are as follows:

(e) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2018



2 Significant accounting policies (Cont'd)

2.8 Financial assets (Cont'd)

(e) Classification and measurement (Cont'd)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

Amortised cost:

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

FVPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses". Dividends from equity investments are recognised in profit or loss as "dividend income".

(f) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The credit risk note details how the Group determines whether there has been a significant increase in credit risk.

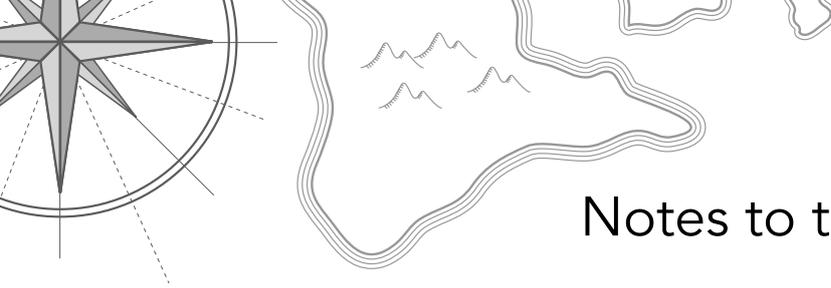
For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(g) 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 debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.8 Financial assets (Cont'd)

(g) Recognition and derecognition (Cont'd)

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.9 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value.

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

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

2.10 Offsetting of financial instruments

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

2.11 Inventories

Inventories comprise of bunkers, materials and parts to be consumed in the course of rendering of services. Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.12 Borrowings

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

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

2.13 Trade and other payables

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018



2 Significant accounting policies (Cont'd)

2.14 Fair value estimation of financial assets and liabilities

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

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

2.15 Leases

(a) When the Group is the lessee:

(i) *Lessee - Finance leases*

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

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

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

(ii) *Lessee - Operating leases*

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

(b) When the Group is the lessor:

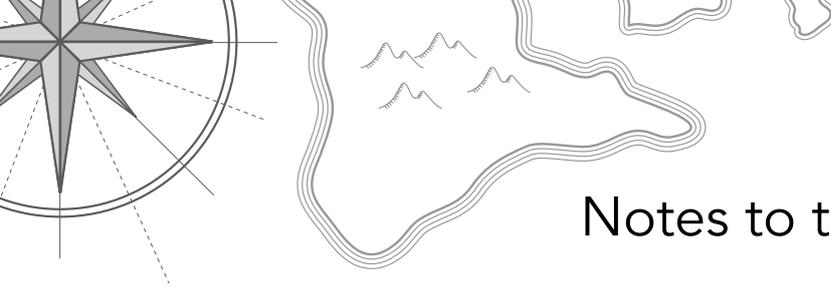
(i) *Lessor - Operating leases*

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

2.16 Income taxes

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

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



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.16 Income taxes (Cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

According to Decree of the Minister of Finance of the 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 and No.417/KMK.04/1996 dated 14 June 1996, the income tax of sea transport service imposed with final tax of 1.2% for local fee transport service.

2.17 Provisions

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. Provision are not recognised for future operating losses.

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

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

2.18 Employee compensation

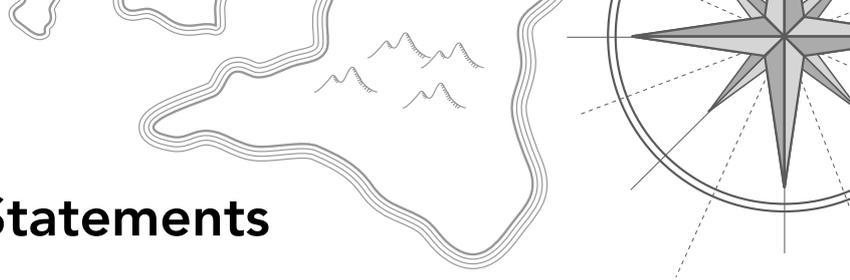
Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined benefit plans*

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

Notes to the Financial Statements

For the financial year ended 31 December 2018



2 Significant accounting policies (Cont'd)

2.18 Employee compensation (Cont'd)

(a) Defined benefit plans (Cont'd)

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

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

Past service costs are recognised immediately in profit or loss.

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

(b) Defined contribution plans

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

(c) Short-term compensated absences

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

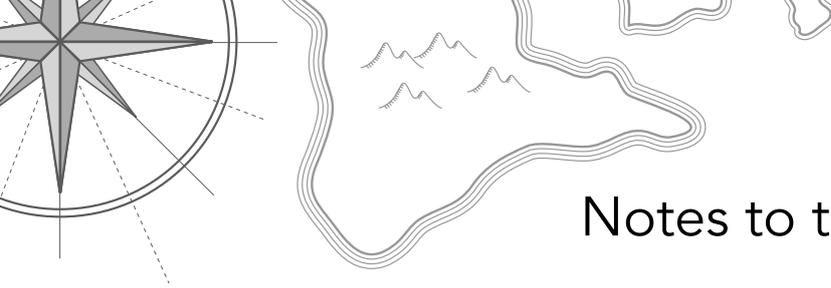
2.19 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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



Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Significant accounting policies (Cont'd)

2.19 Currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

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

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

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

(c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

2.20 Segment reporting

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

2.21 Cash and cash equivalents

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

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

Notes to the Financial Statements

For the financial year ended 31 December 2018

3 Critical accounting estimates, assumptions and judgements

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

Estimated impairment of non-financial assets

Investments in subsidiary corporations and property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and where applicable, CGU, have been determined based on higher of the fair value less cost to sell or value-in-use calculations. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the difference.

(i) *Impairment of investments in subsidiary corporations*

The recoverable amounts of investments in subsidiary corporations have been determined based on value-in-use. The management estimated that the value-in-use for those investments in subsidiary corporations to be nil after taking into the consideration of the financial condition and no future business plan of these subsidiary corporations. These subsidiary corporations were also not in operations since last financial year. There is no impairment loss was made for investments in subsidiary corporations during the financial year ended 31 December 2018 (2017: US\$331,000).

The carrying amounts of investments in subsidiary corporations are disclosed in Note 16.

(ii) *Impairment of property, plant and equipment*

The Group assesses at the end of each reporting period whether there is any objective evidence that the property, plant and equipment is impaired. In assessing whether there is any indication that an asset may be impaired, management considered the external sources of information such as declined in the market value of the vessels, negative changes in technology, markets, economy, or laws and increase in market interest rates, and internal sources of information such as physical damage, utilisation and economic performance of the vessels.

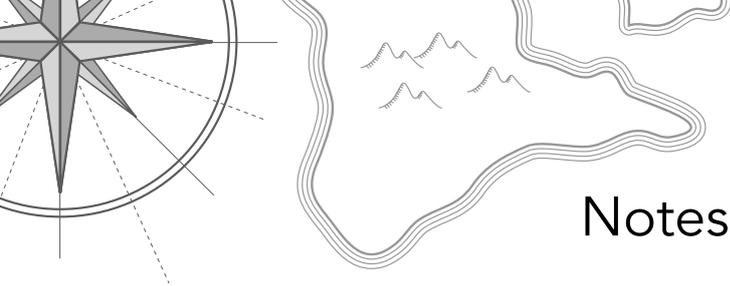
No impairment loss was made for property, plant and equipment for the financial years 2017 and 2018 as there are no objective evidence of impairment based on the assessment carried out by the management.

The carrying amounts of property, plant and equipment are disclosed in Note 18.

4 Revenue

	Group	
	2018	2017
	US\$'000	US\$'000
Freight charter	36,780	35,227
Time charter	409	520
	<u>37,189</u>	<u>35,747</u>

All the sales are recognised over time.



Notes to the Financial Statements

For the financial year ended 31 December 2018

5 Other gains or losses - others

	Group	
	2018	2017
	US\$'000	US\$'000
Interest income from financial assets measured at amortised cost – bank deposits	34	28
Foreign exchange gain/(loss)	92	(99)
Write-off of property, plant and equipment	(25)	–
(Loss)/Gain on disposal of property, plant and equipment	(136)	76
	(35)	5

6 Expenses by nature

	Group	
	2018	2017
	US\$'000	US\$'000
Audit fees paid/payables to:		
- auditors of the Company	61	54
- other auditor*	17	20
Bad debt	-	17
Changes in inventories	(728)	(862)
Depreciation of property, plant and equipment (Note 18)	11,698	9,749
Directors' fees	223	214
Entertainment	628	628
Employee compensation (Note 7)	3,366	3,251
Insurance	1,026	1,042
Port and agency fees	1,775	1,880
Professional fees	360	373
Purchases of fuel	6,961	6,017
Rental on operating lease	74	74
Vessel charter	2,221	2,545
Vessel/crew costs	2,172	2,601
Vessel maintenance	286	314
Vessel supplies	2,084	2,070
Others	1,399	1,362
	33,623	31,349

* Included the network of member firms of Nexia International.

Notes to the Financial Statements

For the financial year ended 31 December 2018



7 Employee compensation

	Group	
	2018	2017
	US\$'000	US\$'000
Salaries and wages	3,202	3,140
Defined benefit plans (Note 23)	153	101
Employer's contributions to Central Provident Fund ("CPF")	11	10
	3,366	3,251

8 Finance expense

	Group	
	2018	2017
	US\$'000	US\$'000
Interest expense		
- Bank borrowings	586	915
- Finance lease liabilities	108	147
	694	1,062

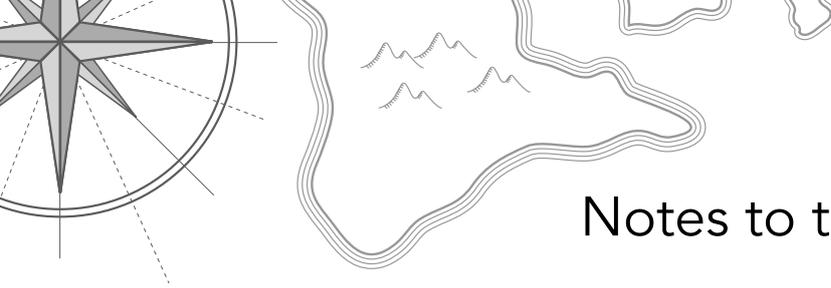
9 Income taxes

	Group	
	2018	2017
	US\$'000	US\$'000
Tax expense attributable to profit is made up of:		
Current income tax – Indonesia	451	434
Deferred income tax (Note 22)	(45)	(45)
	406	389

The tax on the Group's profit differs from the amount that would arise using the tax calculated at domestic rates of income tax as explained below:

	Group	
	2018	2017
	US\$'000	US\$'000
Profit before income tax	2,839	3,269
Share of (profit)/loss of associated companies, net of tax (Note 17)	(2)	54
Profit before tax and share of (profit)/loss of associated companies	2,837	3,323
Tax calculated at tax rate of 17% (2017: 17%)	482	565
Effects of:		
- difference tax rate in other countries	(203)	(233)
- expenses not deductible for tax purposes	127	57
	406	389

No tax impact relating to each component of other comprehensive income during the financial year.



Notes to the Financial Statements

For the financial year ended 31 December 2018

10 Earnings per share

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

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

	Group	
	2018	2017
Net profit attributable to equity holders of the Company (US\$'000)	<u>773</u>	<u>1,072</u>
Weighted average number of ordinary shares ('000)	<u>390,388</u>	<u>390,388</u>
Basic and diluted earnings (US cents per share)	<u>0.20</u>	<u>0.27</u>

11 Cash and bank balances

	Group			Company		
	31 December 2018 US\$'000	2017 US\$'000	1 January 2017 US\$'000	31 December 2018 US\$'000	2017 US\$'000	1 January 2017 US\$'000
Cash at bank and on hand	2,207	2,125	3,707	38	51	367
Short-term bank deposits	2,817	1,518	1,805	704	1,519	1,805
	<u>5,024</u>	<u>3,643</u>	<u>5,512</u>	<u>742</u>	<u>1,570</u>	<u>2,172</u>

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the followings:

	Group	
	2018 US\$'000	2017 US\$'000
Cash and bank balances (as above)	5,024	3,643
Less: Restricted cash	<u>(250)</u>	<u>(541)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>4,774</u>	<u>3,102</u>

Short-term bank deposits are made for varying periods of between 14 days to 31 days depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. Included in cash and bank balances are bank deposits amounting to US\$250,000 (2017: US\$541,000) which are restricted in relation to security granted for certain borrowings (Note 20).

Notes to the Financial Statements

For the financial year ended 31 December 2018

12 Financial assets, at fair value through profit or loss

	Group and Company		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Beginning of financial year	-	-	-
Addition	75	-	-
End of financial year	75	-	-

	Group and Company		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Current			
Listed security			
Equity security - Singapore	75	-	-

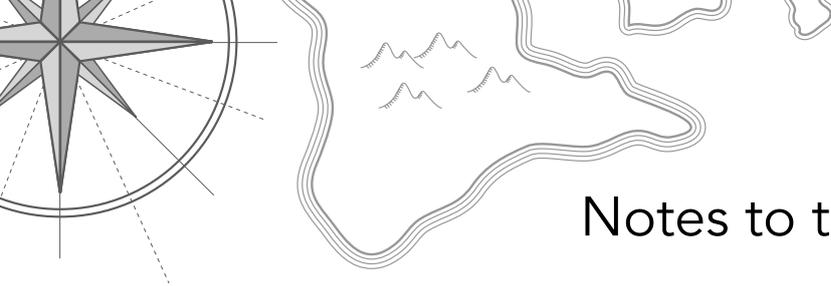
The instrument is mandatorily measured at fair value through profit or loss.

13 Trade and other receivables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables						
- Non-related parties	4,775	4,829	4,230	-	-	-
Less: Loss allowance (Note 29(b)(ii))	(196)	(196)	(178)	-	-	-
	4,579	4,633	4,052	-	-	-
- Related parties	4,701	3,705	3,378	-	-	-
	9,280	8,338	7,430	-	-	-
Other receivables						
Related party	-	-	280	-	-	-
Subsidiary corporations	-	-	-	-	17,356	17,356
Less: Loss allowance	-	-	-	-	(17,356)	(17,356)
Other receivables - net	-	-	-	-	-	-
Advances to staff	28	34	49	-	-	-
Interest receivable	-	1	-	1	1	1
VAT receivables	69	12	-	-	-	-
	9,377	8,385	7,759	1	1	1

Movement in loss allowance of other receivables:

Beginning of financial year	-	-	-	17,356	17,356	-
Allowance made	-	-	-	-	-	17,356
Write-off	-	-	-	(17,356)	-	-
End of financial year	-	-	-	-	17,356	17,356



Notes to the Financial Statements

For the financial year ended 31 December 2018

13 Trade and other receivables (Cont'd)

Trade receivables are pledged as securities granted for certain bank borrowings (Note 20).

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

During the financial year 2017, loss allowance of other receivables from certain subsidiary corporations were made after taking into the consideration of the financial condition and the Group has no future business plan for the subsidiary corporations. These subsidiary corporations were also not in operations since financial year 2016. Accordingly, the Company write-off the other receivables from these subsidiary corporations during the current financial year.

14 Inventories

	Group		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Fuel	859	929	926
Consumables	2,032	1,234	375
	<u>2,891</u>	<u>2,163</u>	<u>1,301</u>

Inventories of the Group have been pledged as security granted for certain bank borrowings (Note 20).

The cost of inventories recognised as an expense and included in "cost of services" amounted to US\$8,317,000 (2017: US\$7,225,000).

15 Other current assets

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Prepayments	290	140	206	39	39	39
Deposits	6	2,893	2,556	6	6	6
	<u>296</u>	<u>3,033</u>	<u>2,762</u>	<u>45</u>	<u>45</u>	<u>45</u>

Included in deposits of the Group is a down payment of nil (2017: US\$2,348,000) made by a subsidiary corporation for the acquisition of tugboats.

Notes to the Financial Statements

For the financial year ended 31 December 2018

16 Investments in subsidiary corporations

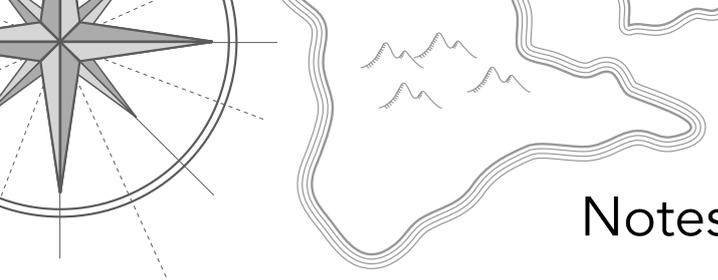
	Company		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
<i>Equity investments at cost</i>			
Beginning of financial year	23,160	23,440	23,440
Capital reduction	–	(280)	(280)
End of financial year	23,160	23,160	23,160
Loans to a subsidiary corporation	6,908	6,905	6,905
Total investments in subsidiary corporations	30,068	30,065	30,065
Impairment loss	(855)	(855)	(855)
Net carrying amount of equity investments	29,213	29,210	29,210

Loans to a subsidiary corporation are unsecured and interest-free. There is no definite date of repayment as the Company intends to provide the loans as financing for the investment of the subsidiary corporation over the long term. The settlement of these loans are neither planned nor likely to occur in the foreseeable future, accordingly, the loans are considered to be quasi-capital loans and form part of the Company's costs of investments in the subsidiary corporations.

Impairment losses on equity investments

	Company		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Beginning of financial year	855	524	–
Allowance made	–	331	524
End of financial year	855	855	524

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investments in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts. The recoverable amounts of investments in certain subsidiary corporations have been determined based on value-in-use. The management estimated that value-in-use for those investments in subsidiary corporations to be nil after taking into the consideration of the financial condition and there is no future business plan for the subsidiary corporations. The subsidiary corporations were also not in operations since financial year 2016.



Notes to the Financial Statements

For the financial year ended 31 December 2018

16 Investments in subsidiary corporations (Cont'd)

The Group had the following subsidiary corporations as at 31 December 2018 and 2017:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the respective entities		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
<u>Held by the Company</u>								
Trans LK Marine Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	100	100	100	–	–
Trellis Group Holdings Ltd ⁽³⁾	Investment holding	British Virgin Islands	100	100	100	100	–	–
Seroja Shipping Services Pte Ltd ^{(1) (4)}	Investment holding	Singapore	50	50	50	50	50	50
<u>Held by Trans LK Marine Pte Ltd</u>								
PT. Pulau Seroja Jaya ^{(2) (4)}	Provision of marine transportation of drybulk freight	Indonesia	48	48	48	48	52	52
<u>Held by PT. Pulau Seroja Jaya</u>								
PT. Pulau Seroja Jaya Pratama ^{(2) (4)}	Provision of marine transportation of drybulk freight	Indonesia	99.8	99.8	47.9	47.9	52.1	52.1
PT. Seroja Pratama Maritim ^{(2) (4)}	Provision of marine transportation of drybulk freight	Indonesia	0.5	0.5	0.2	0.2	0.3	0.3
<u>Held by PT. Pulau Seroja Jaya Pratama</u>								
PT. Bintang Pertama Lines ^{(2) (4)}	Provision of marine transportation of drybulk freight	Indonesia	99.8	99.8	47.9	47.9	51.9	51.9
PT. Seroja Pratama Maritim ^{(2) (4)}	Provision of marine transportation of drybulk freight	Indonesia	99.5	99.5	47.8	47.8	51.7	51.7
<u>Held by Trellis Group Holdings Ltd</u>								
Trellis Shipping Limited ⁽³⁾	Provision of marine transportation of drybulk freight	British Virgin Islands	100	100	100	100	–	–
Seroja-Zhushui Shipping Ltd ^{(3) (4)}	Provision of marine transportation of drybulk freight	British Virgin Islands	50	50	50	50	50	50

Notes to the Financial Statements

For the financial year ended 31 December 2018

16 Investments in subsidiary corporations (Cont'd)

- (1) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International.
- (2) Audited by KAP Kanaka Puradiredja Suhartono, Indonesia, an independent member firm of Nexia International.
- (3) Not required to be audited or it is presently dormant.
- (4) Regarded as subsidiary corporations on the basis that the Group controls the entity based on the exposure to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Carrying value in non-controlling interests

	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
PT. Pulau Seroja Jaya and its subsidiary corporations	32,280	30,659	28,849
Seroja-Zhushui Shipping Ltd	3,494	3,494	3,494
Seroja Shipping Services Pte Ltd	168	167	475
Total	<u>35,942</u>	<u>34,320</u>	<u>32,818</u>

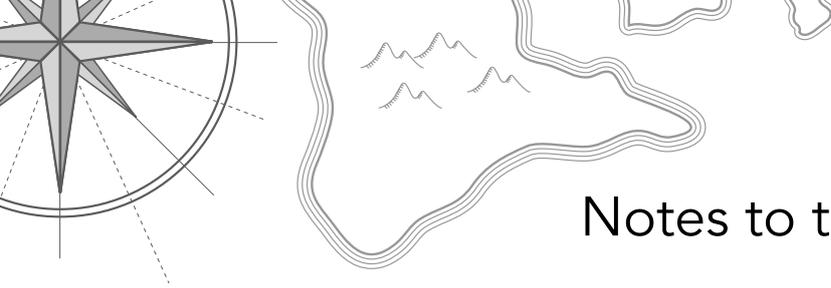
Summarised financial information of subsidiary corporations with material non-controlling interests

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

There were no material transactions with non-controlling interests for the financial years ended 31 December 2018 and 2017.

Summarised balance sheet

	PT. Pulau Seroja Jaya and its subsidiary corporations			Seroja-Zhushui Shipping Ltd		
	31 December 2018	2017	1 January 2017	31 December 2018	2017	1 January 2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current						
Assets	16,799	15,608	14,837	34,168	34,168	34,168
Liabilities	(8,817)	(10,301)	(14,110)	(27,180)	(27,180)	(27,180)
Total current net assets	<u>7,982</u>	<u>5,307</u>	<u>727</u>	<u>6,988</u>	<u>6,988</u>	<u>6,988</u>
Non-current						
Assets	56,518	62,305	65,586	–	–	–
Liabilities	(931)	(7,165)	(10,834)	–	–	–
Total non-current net assets	<u>55,587</u>	<u>55,140</u>	<u>54,752</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net assets	<u>63,569</u>	<u>60,447</u>	<u>55,479</u>	<u>6,988</u>	<u>6,988</u>	<u>6,988</u>



Notes to the Financial Statements

For the financial year ended 31 December 2018

16 Investments in subsidiary corporations (Cont'd)

Summarised statement of comprehensive income

	PT. Pulau Seroja Jaya and its subsidiary corporations			Seroja-Zhushui Shipping Ltd		
	31 December 2018 US\$'000	31 December 2017 US\$'000	1 January 2017 US\$'000	31 December 2018 US\$'000	31 December 2017 US\$'000	1 January 2017 US\$'000
Revenue	37,189	35,747	34,653	-	-	-
Profit before income tax	3,599	3,920	(8,832)	-	-	-
Income tax expense	(406)	(389)	(376)	-	-	-
Net profit	3,193	3,531	(9,208)	-	-	-
Other comprehensive loss	(71)	(54)	104	-	-	-
Total comprehensive income	3,122	3,477	(9,104)	-	-	-
Total other comprehensive income allocated to non-controlling interests	1,623	1,808	(4,734)	-	-	-

Summarised statement of cash flows

	PT. Pulau Seroja Jaya and its subsidiary corporations			Seroja-Zhushui Shipping Ltd		
	31 December 2018 US\$'000	31 December 2017 US\$'000	1 January 2017 US\$'000	31 December 2018 US\$'000	31 December 2017 US\$'000	1 January 2017 US\$'000
Cash flows from operating activities						
Cash generated from operations	13,709	13,032	9,126	-	-	-
Interest paid	(671)	(1,018)	(1,822)	-	-	-
Income tax paid	(451)	(434)	(421)	-	-	-
Net cash provided by operating activities	12,587	11,580	6,883	-	-	-
Net cash used in investing activities	(3,941)	(4,779)	(5,769)	-	-	-
Net cash used in financing activities	(6,148)	(8,005)	(5,398)	-	-	-
Net increase/(decrease) in cash and cash equivalents	2,498	(1,204)	(4,284)	-	-	-
Cash and cash equivalents at beginning of year	1,533	2,737	7,021	-	-	-
Cash and cash equivalents at end of year	4,031	1,533	2,737	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2018

17 Investments in associated companies

	Group		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Beginning of financial year	313	367	5,446
Capital reduction	–	–	(600)
Share of profit/(loss) for the year (Note 9)	2	(54)	(4,479)
End of financial year	<u>315</u>	<u>313</u>	<u>367</u>

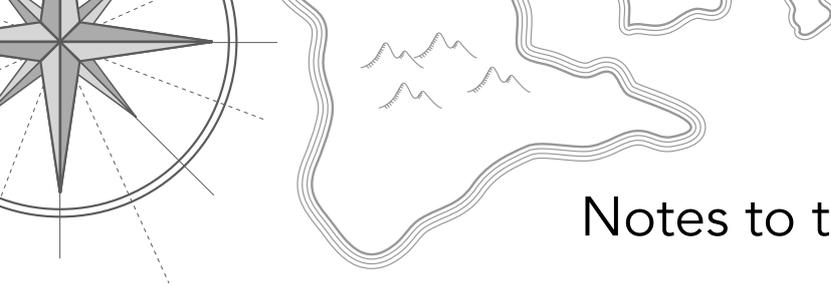
Set out below are the associated companies of the Group as at 31 December 2018 and 2017. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held by a subsidiary corporation of the Group. The country of incorporation is also their principal place of business.

Name of entities	Principal activities	Country of incorporation	% of ownership interest	
			2018	2017
<u>Held by Seroja Shipping Services Pte Ltd</u>				
PT. Sinar Mentari Prima ^{(1) (2)}	Provision of marine transportation	Indonesia	30	30
PT. Pelayaran Antarbuwana Pertala ^{(1) (2)}	Provision of marine transportation	Indonesia	30	30

⁽¹⁾ Not required to be audited as it is presently dormant.

⁽²⁾ For consolidation purpose, limited review procedures were performed by Nexia TS Public Accounting Corporation, Singapore.

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



Notes to the Financial Statements

For the financial year ended 31 December 2018

17 Investments in associated companies (cont'd)

Summarised financial information for associated companies

Set out below are the summarised financial information for PT. Sinar Mentari Prima, which is material to the Group.

Summarised balance sheet

	31 December 2018	2017	1 January 2017
	US\$'000	US\$'000	US\$'000
Current assets	976	1,038	1,146
Includes:			
- Cash and cash equivalents	976	1,034	82
Current liabilities	-	(74)	-
Non-current assets	-	-	-
Non-current liabilities	-	-	-
Includes:			
- Financial liabilities	-	-	-
Net assets	976	964	1,146

Summarised statement of comprehensive income

	31 December 2018	2017	1 January 2017
	US\$'000	US\$'000	US\$'000
Revenue	-	-	4,489
Interest income	14	7	1
Expenses			
Includes:			
- Depreciation	-	-	(1,735)
- Interest expense	-	-	(99)
Profit/(Loss) before tax	12	(182)	(14,048)
Income tax expense	-	-	(54)
Net profit/(loss), representing total comprehensive income/(loss)	12	(182)	(14,102)

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

Notes to the Financial Statements

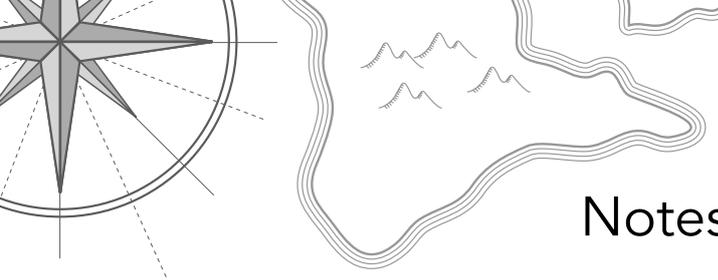
For the financial year ended 31 December 2018

17 Investments in associated companies (Cont'd)

Reconciliation of summarised financial information

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

	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Net assets – At 1 January	964	1,146	17,246
Capital reduction	–	–	(2,000)
Profit/(Loss) for the year	12	(182)	(14,102)
Net assets – At 31 December	<u>976</u>	<u>964</u>	<u>1,146</u>
Carrying value/Interest in associated company (30%)	293	289	344
Add: Carrying value of immaterial associated company	22	24	23
Carrying value of Group's interest in associated companies	<u>315</u>	<u>313</u>	<u>367</u>

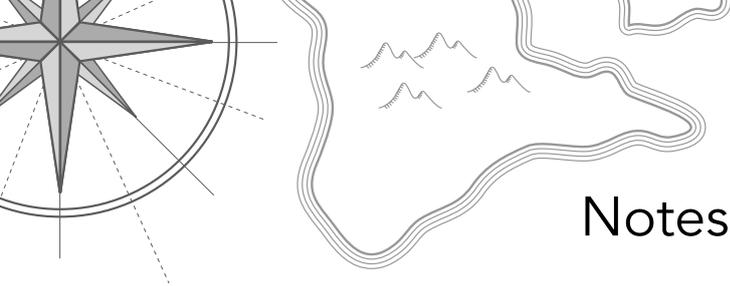


Notes to the Financial Statements

For the financial year ended 31 December 2018

18 Property, plant and equipment

Group	Land		Buildings		Vessels		Drydocking		Machinery and Equipment		Motor Vehicles		Office Equipment		Furniture and Fittings		Construction-in-Progress		Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
2018	79	582	141,239	21,634	722	324	124	7	7	7	124	7	7	7	7	7	7	7	164,711	
Cost																				
Beginning of financial year	-	-	2,000	4,092	-	21	1	-	-	-	1	-	-	-	-	-	-	-	-	6,114
Additions	-	-	(820)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(820)
Disposals	-	-	-	(57)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)
Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(98)	159	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61
End of financial year	79	582	142,321	25,828	722	345	125	7	7	7	125	7	7	7	7	7	7	7	170,009	
Accumulated depreciation and impairment losses																				
Beginning of financial year	-	249	84,636	16,393	722	280	116	7	7	7	116	7	7	7	7	7	7	7	102,403	
Depreciation charge (Note 6)	-	29	7,988	3,666	-	12	3	-	-	-	3	-	-	-	-	-	-	-	11,698	
Disposals	-	-	(511)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(511)
Write-off	-	-	-	(32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32)
Currency translation differences	-	-	(110)	43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67)
End of financial year	-	278	92,003	20,070	722	292	119	7	7	7	119	7	7	7	7	7	7	7	113,491	
Net book value																				
End of financial year	79	304	50,318	5,758	-	53	6	-	-	-	6	-	-	-	-	-	-	-	-	56,518



Notes to the Financial Statements

For the financial year ended 31 December 2018

18 Property, plant and equipment (Cont'd)

Company	Motor Vehicle	Office Equipment	Furniture and Fittings	Total
2018	US\$'000	US\$'000	US\$'000	US\$'000
<i>Cost</i>				
Beginning and end of financial year	–	12	7	19
<i>Accumulated depreciation</i>				
Beginning of financial year	–	10	7	17
Depreciation charge	–	1	–	1
End of financial year	–	11	7	18
Net book value				
End of financial year	<u>–</u>	<u>1</u>	<u>–</u>	<u>1</u>
2017				
<i>Cost</i>				
Beginning of financial year	293	12	7	312
Disposal	(293)	–	–	(293)
End of financial year	–	12	7	19
<i>Accumulated depreciation</i>				
Beginning of financial year	291	10	7	308
Depreciation charge	2	*	–	2
Disposal	(293)	–	–	(293)
End of financial year	–	10	7	17
Net book value				
End of financial year	<u>–</u>	<u>2</u>	<u>–</u>	<u>2</u>

* Less than US\$1,000

- (a) Bank borrowings of the Group are secured by the vessels of subsidiary corporations with carrying amount of approximately US\$42,800,000 (2017: US\$47,107,000) (Note 20).
- (b) Included within the additions in the consolidated financial statements are vessels and motor vehicles acquired under finance lease amounting to nil (2017: US\$2,004,000) and nil (2017: US\$45,000) respectively (Note 20).

The carrying amount of vessels and motor vehicles held under finance lease are US\$1,758,000 (2017: US\$1,887,000) and US\$32,000 (2017: US\$43,000) respectively at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2018

19 Trade and other payables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables:						
- Non-related parties	2,352	3,560	3,231	-	-	-
Other payables:						
- Subsidiary corporations	-	-	-	20	23	303
- Non-related parties	-	68	83	-	-	-
	-	68	83	20	23	303
Accrued operating expenses	656	672	853	173	160	164
	3,008	4,300	4,167	193	183	467

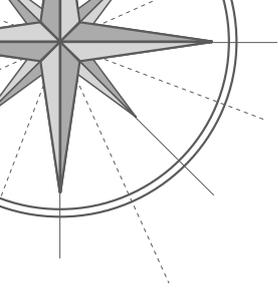
The non-trade amount due to subsidiary corporations are unsecured, interest-free and are repayable on demand.

20 Borrowings

	Group		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Bank loans - secured			
Current	5,690	5,938	8,600
Non-current	-	5,646	10,500
Total	5,690	11,584	19,100

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

	Group		
	31 December		1 January
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
6 months or less	5,690	3,125	4,300
6 – 12 months	-	2,813	4,300
1 – 5 years	-	5,646	10,500
	5,690	11,584	19,100



Notes to the Financial Statements

For the financial year ended 31 December 2018

20 Borrowings (Cont'd)

There are one (2017: two) secured loans held by the Group as at 31 December 2018. The terms of repayment are as follows:

	Maturity date	Group		
		31 December 2018 US\$'000	2017 2017 US\$'000	1 January 2017 US\$'000
Floating rate	April 2019 (2017: April 2019)	5,690	11,584	19,100

(a) Security granted

Total borrowings include secured liabilities of US\$5,690,000 (2017: US\$11,584,000) for the Group.

Bank borrowings of the Group are secured by the following:

- certain vessels of subsidiary corporations (Note 18);
- pledge of the shares of subsidiary corporations by certain shareholders;
- an assignment of all moneys and rights to receive money in respect of any of the pledged vessels, and their respective insurances;
- an assignment of all rights in respect of certain coal barging contracts;
- a charge on the cash, receivables and inventories of subsidiary corporations;
- personal guarantees by certain directors of related parties.

(b) Fair value of non-current borrowings

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

	Group		
	31 December 2018 US\$'000	2017 2017 US\$'000	1 January 2017 US\$'000
Bank loans	–	5,083	9,295

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 December 2018 US\$'000	2017 2017 US\$'000	1 January 2017 US\$'000
Bank loans	–	6%	6%

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

21 Finance lease liabilities

The Group leases vessels and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group		
	31 December	1 January	
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Minimum lease payments due			
- Not later than one year	608	608	-
- Between one and five years	73	682	-
	681	1,290	-
Less: Future finance charges	(49)	(157)	-
Present value of finance lease liabilities	632	1,133	-

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

	Group		
	31 December	1 January	
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Not later than one year	564	501	-
Between one and five years	68	632	-
Total	632	1,133	-

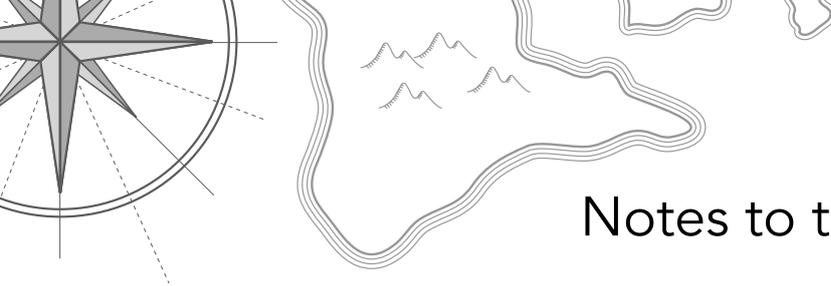
Finance lease liabilities of the Group are effectively secured over the leased vessels and motor vehicles (Note 18), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

22 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 on the balance sheets as follows:

	Group		
	31 December	1 January	
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Deferred income tax liabilities (to be settled after one year):			
Fair value gains on property, plant and equipment on acquisition of subsidiary corporation			
Beginning of financial year	174	219	264
Credited to profit or loss (Note 9)	(45)	(45)	(45)
End of financial year	129	174	219

No deferred tax liabilities has been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiary corporations established in Indonesia as the Group is in a position to control the timing of distributions and it is not probable that these subsidiary corporations will distribute such earnings in the foreseeable future. The deferred tax liabilities not recognised are approximately US\$4,856,000 (2017: US\$4,800,000).



Notes to the Financial Statements

For the financial year ended 31 December 2018

23 Post-employment benefits

The Group's subsidiary corporations operate in Indonesia have unfunded defined benefit plans for its employees. These plans are final salary retirement and severance benefits.

	Group		
	31 December	1 January	
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Obligation recognised in the balance sheet for:			
Defined benefit plans	734	713	538
Expenses charged to profit or loss:			
Defined benefit plans (Note 7)	153	101	86
Remeasurement for:			
Defined benefit plans	69	(36)	57
The amount recognised in the balance sheet is determined as follows:			
Present value of unfunded defined benefit obligation recognised in the balance sheet	734	713	538
The movement in present value of the unfunded defined benefit obligation is as follows:			
Beginning of financial year	713	538	450
Current service cost	152	102	86
Interest expense	8	44	42
	160	146	128
Remeasurements:			
- Actuarial (loss)/gain	(69)	36	(57)
	(69)	36	(57)
Currency translation	(59)	(6)	17
Benefits paid during the year	(11)	(1)	-
End of financial year	734	713	538
The principal actuarial assumptions used were as follows:			
Discount rate	8.13%	6.8%	6.8%
Salary growth rate	5%	5%	5%
Mortality rate ("MR") *	TMI '11	TMI '11	TMI '11
Disability rate	10% of MR	10% of MR	10% of MR

*Based on Indonesian Mortality Table

Notes to the Financial Statements

For the financial year ended 31 December 2018



23 Post-employment benefits (Cont'd)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 4.47% to 8.27%	Increase by 5.01% to 9.16%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the balance sheet date) has been applied as when calculating the post-employment benefits liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis are consistent with the previous reporting period.

24 Share capital

	Group		Company	
	Number of ordinary shares '000	Amount US\$'000	Number of ordinary shares '000	Amount US\$'000
2018 and 2017				
<i>Issued and fully paid</i>				
Beginning and end of financial year	390,388	31,801	390,388	56,951

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

Reverse acquisition

At Group level

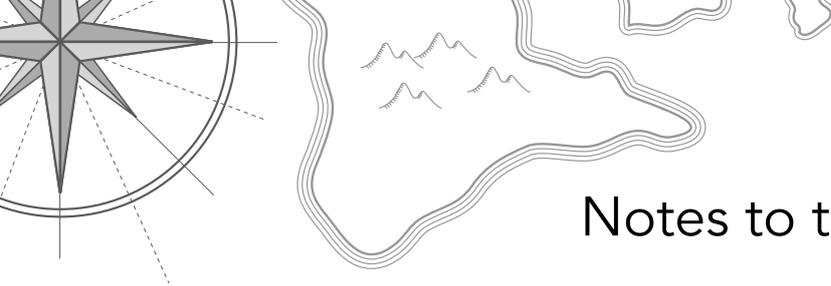
The acquisition of Trans LK Marine Limited ("Trans LK") in 2009 has been accounted for as a reverse acquisition in the consolidated financial statements of the Group. Trans LK, which is the legal subsidiary corporation, is considered the acquirer for accounting purposes. Accordingly, the consolidated 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.

25 Other reserve

The other reserve represents the effect of the changes in the Group's ownership interest in a subsidiary corporation that do not result in loss of control over the subsidiary corporation.

26 Accumulated losses

- (a) Retained profits are distributable.



Notes to the Financial Statements

For the financial year ended 31 December 2018

26 Accumulated losses (Cont'd)

(b) Movement in accumulated losses of Company is as follows:

	2018 US\$'000	2017 US\$'000
Beginning of financial year	(26,306)	(25,376)
Net loss	(761)	(930)
End of financial year	<u>(27,067)</u>	<u>(26,306)</u>

27 Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2018 US\$'000	2017 US\$'000
Charter revenue from related party	<u>16,519</u>	<u>14,698</u>

Outstanding balances as at 31 December 2018 and 2017, arising from related transactions are disclosed in Note 13.

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	
	2018 US\$'000	2017 US\$'000
Salaries and bonuses	347	359
Directors' fees	223	214
Employers' contributions to CPF	10	10
	<u>580</u>	<u>583</u>

Included in the salaries and bonuses above are total directors' remunerations of US\$176,000 (2017: US\$183,000)

Notes to the Financial Statements

For the financial year ended 31 December 2018



28 Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
Property, plant and equipment	–	1,607

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

The Group leases office unit from non-related parties under non-cancellable operating lease agreements.

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

	Group	
	2018	2017
	US\$'000	US\$'000
Not later than one year	17	17

29 Financial risk management

Financial risk factors

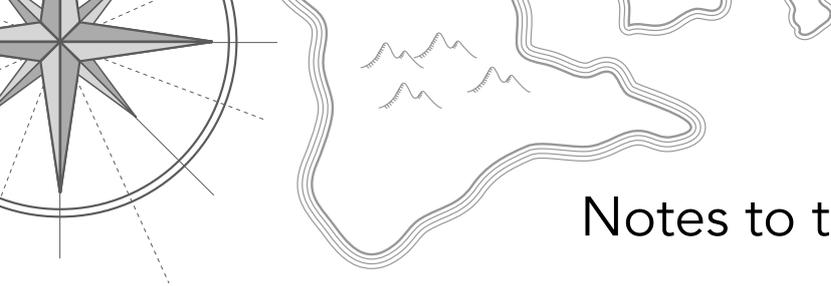
The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

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

(a) Market risk

(i) Currency risk

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



Notes to the Financial Statements

For the financial year ended 31 December 2018

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

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

	USD	SGD	IDR	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 31 December 2018				
Financial assets				
Cash and bank balances	2,109	27	2,888	5,024
Trade and other receivables	–	–	9,308	9,308
Other current assets	6	–	–	6
Financial assets, at fair value through profit or loss	–	75	–	75
Intra-group receivables	70,227	–	–	70,227
	<u>72,342</u>	<u>102</u>	<u>12,196</u>	<u>84,640</u>
Financial liabilities				
Trade and other payables	(514)	(173)	(2,321)	(3,008)
Borrowings	(5,690)	–	–	(5,690)
Finance lease liabilities	(632)	–	–	(632)
Intra-group payables	(70,227)	–	–	(70,227)
	<u>(77,063)</u>	<u>(173)</u>	<u>(2,321)</u>	<u>(79,557)</u>
Net financial (liabilities)/assets	(4,721)	(71)	9,875	5,083
Less: Net financial liabilities denominated in the functional currencies of respective entities	4,721	–	–	4,721
Currency exposure	<u><u>–</u></u>	<u><u>(71)</u></u>	<u><u>9,875</u></u>	<u><u>9,804</u></u>
At 31 December 2017				
Financial assets				
Cash and bank balances	2,120	2	1,521	3,643
Trade and other receivables	–	1	8,372	8,373
Other current assets	330	–	–	330
Intra-group receivables	79,813	–	–	79,813
	<u>82,263</u>	<u>3</u>	<u>9,893</u>	<u>92,159</u>
Financial liabilities				
Trade and other payables	(275)	(160)	(3,865)	(4,300)
Borrowings	(11,584)	–	–	(11,584)
Finance lease liabilities	(1,101)	–	(32)	(1,133)
Intra-group payables	(79,813)	–	–	(79,813)
	<u>(92,773)</u>	<u>(160)</u>	<u>(3,897)</u>	<u>(96,830)</u>
Net financial (liabilities)/assets	(10,510)	(157)	5,996	(4,671)
Less: Net financial liabilities denominated in the functional currencies of respective entities	10,510	–	–	10,510
Currency exposure	<u><u>–</u></u>	<u><u>(157)</u></u>	<u><u>5,996</u></u>	<u><u>5,839</u></u>

Notes to the Financial Statements

For the financial year ended 31 December 2018

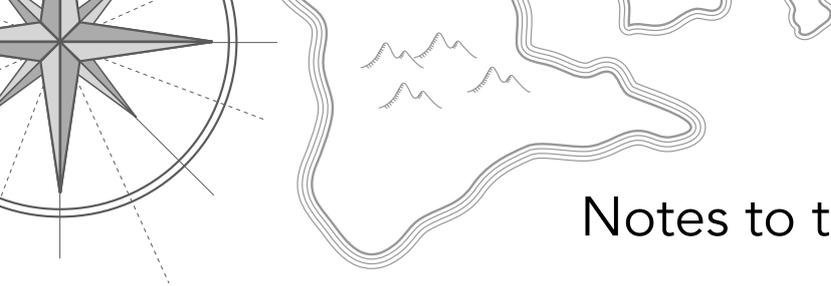
29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

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

	USD	SGD	Total
	US\$'000	US\$'000	US\$'000
At 31 December 2018			
Financial assets			
Cash and bank balances	716	26	742
Financial assets, at fair value through profit or loss	–	75	75
Other current assets	6	–	6
	<u>722</u>	<u>101</u>	<u>823</u>
Financial liabilities			
Trade and other payables	(20)	(173)	(193)
	<u>702</u>	<u>(72)</u>	<u>630</u>
Net financial assets/(liabilities)	702	(72)	630
Less: Net financial assets denominated in the functional currency of the Company	(702)	–	(702)
Currency exposure	–	(72)	(72)
At 31 December 2017			
Financial assets			
Cash and bank balances	1,568	2	1,570
Trade and other receivables	–	1	1
Other current assets	6	–	6
	<u>1,574</u>	<u>3</u>	<u>1,577</u>
Financial liabilities			
Trade and other payables	(23)	(160)	(183)
	<u>1,551</u>	<u>(157)</u>	<u>1,394</u>
Net financial assets/(liabilities)	1,551	(157)	1,394
Less: Net financial assets denominated in the functional currency of the Company	(1,551)	–	(1,551)
Currency exposure	–	(157)	(157)



Notes to the Financial Statements

For the financial year ended 31 December 2018

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

If the SGD and IDR change against USD by 6% (2017: 1%) and 4% (2017: 1%) respectively with all other variables held constant, the effects arising from the net currency exposure would increase/(decrease) profit before income tax by the amounts shown below:

	2018	2017
	US\$'000	US\$'000
Group		
SGD against USD		
- strengthened	(4)	(1)
- weakened	4	1
 IDR against USD		
- strengthened	395	50
- weakened	(395)	(50)
	<u>4</u>	<u>1</u>
Company		
SGD against USD		
- strengthened	(4)	(1)
- weakened	4	1
	<u>4</u>	<u>1</u>

(ii) Equity price risks

The Group is exposed to equity security price risk arising from the investment held by the Group which is classified at financial assets, at fair value through profit or loss. The security is listed in Singapore. As at 31 December 2018, the Group has only one investment in security which was acquired during the current financial year.

If the prices for equity security listed in Singapore had changed by 15% with other variables including tax rate being held constant, the effect on profit after tax would have been increased/(decreased) by US\$11,000.

(iii) Cash flow and fair value interest rate risks

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

The Group's exposure to interest rate risks arises mainly from variable-rate bank borrowings. The Group manages these interest rate risks using floating-to-fixed interest rate swap.

Notes to the Financial Statements

For the financial year ended 31 December 2018

29 Financial risk management (Cont'd)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining cash deposits to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the sales director based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management.

The Group's trade receivables comprise 3 debtors (2017: 3 debtors) that represent 73% (2017: 70%) of trade receivables. As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Cash and cash equivalents, trade and other receivables are subject to immaterial credit loss.

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

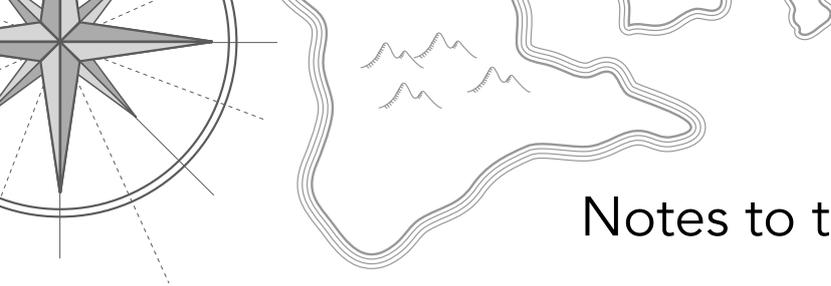
In measuring the expected credit losses, trade receivables are grouped based on individual characteristic of each customer and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

More than 55% of the Group's customers have been transacting with the Group for over 3 years, and none of these customers' balance have been written off or are credit-impaired at the balance sheet date.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments after 120 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 and 1 January 2018 are set out in the provision matrix as follows:

As at	Within					Total
	Current	30 to 120 days	121 to 150 days	151 to 365 days	More than 365 days	
31 December 2018	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Expected credit loss rate	-	-	3%	8%	100%	-
Trade receivables	7,825	1,455	-	-	-	9,280
Loss allowance	-	-	-	-	-	-
As at						
1 January 2018						
Expected credit loss rate	-	-	3%	8%	100%	-
Trade receivables	5,447	2,793	-	98	196	8,534
Loss allowance	-	-	-	-	(196)	(196)



Notes to the Financial Statements

For the financial year ended 31 December 2018

29 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 120 days overdue).

The Group's credit risk exposure in relation to trade receivables under SFRS 39 as at 31 December 2017 and 1 January 2017 are set out in the provision matrix as follows:

Group	Past due			Total US\$'000
	Within 3 months US\$'000	3 to 6 months US\$'000	Over 6 months US\$'000	
As at 31 December 2017				
Gross carrying amount				
Not past due				5,447
Past due but not impaired	2,702	91	98	2,891
Past due and impaired	–	–	196	196
	2,702	91	294	8,534
Less: Allowance for impairment				(196)
Net carrying amount				<u>8,338</u>
As at 1 January 2017				
Gross carrying amount				
Not past due				2,921
Past due but not impaired	4,284	225	–	4,509
Past due and impaired	–	–	178	178
	4,284	225	178	7,608
Less: Allowance for impairment				(178)
Net carrying amount				<u>7,430</u>

Financial assets that are neither past due nor impaired

Cash and cash equivalents 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. Other than the above, there are no credit loss allowance for other financial assets at amortised costs as at 31 December 2017 and 1 January 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2018



29 Financial risk management (Cont'd)

(c) Liquidity risk

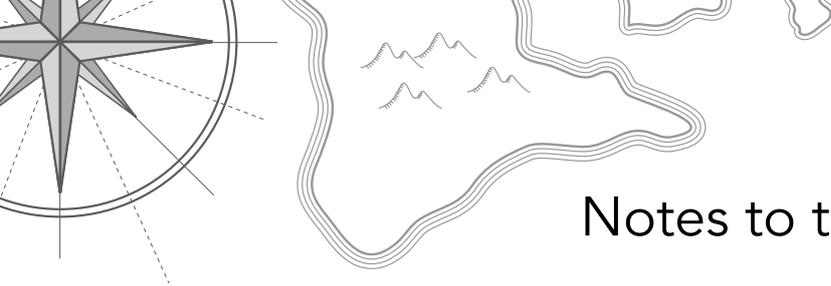
The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year US\$'000	Between 2 and 5 years US\$'000
Group		
At 31 December 2018		
Trade and other payables	3,008	–
Borrowings	5,690	–
Finance lease liabilities	608	73
	<u>9,306</u>	<u>73</u>
At 31 December 2017		
Trade and other payables	4,300	–
Borrowings	5,938	5,733
Finance lease liabilities	608	682
	<u>10,846</u>	<u>6,415</u>
Company		
At 31 December 2018		
Trade and other payables	<u>193</u>	<u>–</u>
At 31 December 2017		
Trade and other payables	<u>183</u>	<u>–</u>

(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.



Notes to the Financial Statements

For the financial year ended 31 December 2018

29 Financial risk management (Cont'd)

(d) Capital risk (Cont'd)

Management monitors capital based on gearing ratio and compliance of externally imposed capital requirements which were unchanged from 2017. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total of borrowings, finance lease liabilities and trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group		Company	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Net debt	4,306	13,374	-	-
Total equity	64,303	61,941	29,884	30,645
Total capital	<u>68,609</u>	<u>75,315</u>	<u>29,884</u>	<u>30,645</u>
Gearing ratio	<u>6%</u>	<u>18%</u>	<u>-</u>	<u>-</u>

A group of subsidiary corporations in Indonesia is subject to externally imposed capital requirements for the financial years ended 31 December 2018 and 2017. The management of the subsidiary corporations' strategy is to maintain: (i) minimum debt service coverage ratio of 1.1 times (2017: 1.1 times) and (ii) maximum debt to tangible net worth ratio of 2.5 times (2017: 2.5 times) at all times.

The Group is in compliance with all externally imposed capital requirements where the Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

(e) Fair value measurements

The fair value of financial asset, at fair value through profit or loss is measured at quoted price (unadjusted) in active market for identical asset (Level 1 of fair value measurement hierarchy) (See Note 12). The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group	Company
	2018	2018
	US\$'000	US\$'000
Financial assets, fair value through profit or loss	75	75
Financial assets, at amortised cost	14,338	749
Financial liabilities, at amortised cost	<u>9,330</u>	<u>193</u>

Notes to the Financial Statements

For the financial year ended 31 December 2018



29 Financial risk management (Cont'd)

(f) Financial instruments by category (Cont'd)

	Group 2017 US\$'000	Company 2017 US\$'000
Loans and receivables	12,346	1,576
Financial liabilities, at amortised cost	<u>17,017</u>	<u>183</u>

30 Segment information

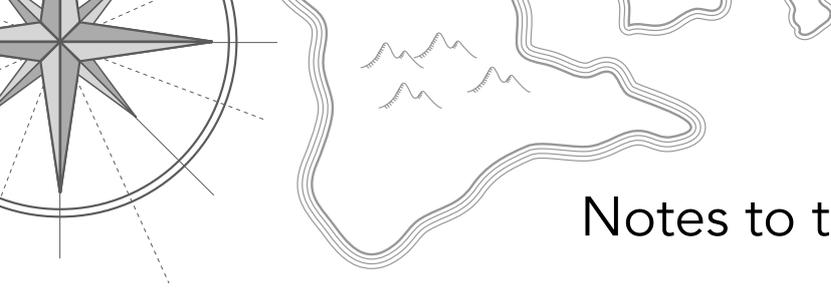
Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") for the purpose of making strategic decisions, allocate resources, and assess performance. For each of the strategic business units, the BOD (the chief operating decision maker) reviews internal management reports on at least quarterly.

The BOD comprises three independent directors and four non-independent directors. The BOD considers the business from both geographic and business segment perspective. The Group operates primarily in two geographical areas, namely Indonesia and Singapore. The Group has two reportable business segments, namely the freight charter and time charter.

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

The segment information provided to the BOD for the reportable segments are as follows:

	Indonesia Freight and Time Charter US\$'000	All Other Segments US\$'000	Total Reporting Segment US\$'000
2018			
Group			
Revenue			
Sales to external customers	37,189	–	37,189
Adjusted EBITDA	16,103	(748)	15,355
Depreciation of property, plant and equipment	11,697	1	11,698
Share of profit of associated companies	–	(2)	(2)
Finance expenses	694	–	694
Total assets	<u>73,316</u>	<u>1,180</u>	<u>74,496</u>
Total assets includes:			
Capital expenditures (tangible assets)	56,517	1	56,518
Total liabilities	<u>9,748</u>	<u>445</u>	<u>10,193</u>



Notes to the Financial Statements

For the financial year ended 31 December 2018

30 Segment information (Cont'd)

	Indonesia Freight and Time Charter US\$'000	All Other Segments US\$'000	Total Reporting Segment US\$'000
2017			
Group			
Revenue			
Sales to external customers	35,747	–	35,747
Adjusted EBITDA	14,738	(690)	14,048
Depreciation of property, plant and equipment	9,747	2	9,749
Share of loss of associated companies	–	54	54
Finance expenses	1,062	–	1,062
Total assets	77,916	1,929	79,845
Total assets includes:			
Capital expenditures (tangible assets)	62,306	2	62,308
Total liabilities	17,468	436	17,904

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

Reconciliations

(i) Segments profits/(losses)

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

	2018 US\$'000	2017 US\$'000
Adjusted EBITDA for reportable segments	16,103	14,738
Adjusted EBITDA for other segments	(748)	(690)
Depreciation of property, plant and equipment	(11,698)	(9,749)
Finance expenses	(694)	(1,062)
Write-off of property, plant and equipment	(25)	–
Allowance for impairment of trade receivables	–	(18)
(Loss)/Gain on disposal of property, plant and equipment	(136)	76
Share of profit/(loss) of associated companies	2	(54)
Interest income	34	28
Profit before income tax	2,838	3,269

Notes to the Financial Statements

For the financial year ended 31 December 2018



30 Segment information (Cont'd)

Reconciliations (Cont'd)

(ii) Segments assets

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

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

	2018 US\$'000	2017 US\$'000
Segment assets for reportable segments	73,316	77,916
Other segment assets	476	411
Unallocated:		
Short-term bank deposits	704	1,518
	<u>74,496</u>	<u>79,845</u>

(iii) Segments liabilities

The amounts provided to the BOD with respect to the total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

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

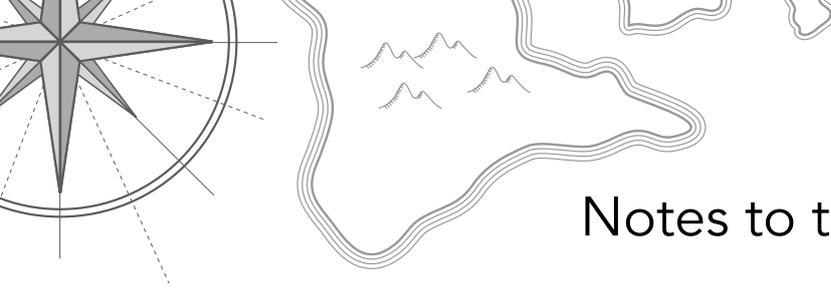
	2018 US\$'000	2017 US\$'000
Segment liabilities for reportable segments	9,748	17,468
Other segment liabilities	445	436
	<u>10,193</u>	<u>17,904</u>

(iv) Revenue from major customers

Revenue of approximately US\$19,677,000 (2017: US\$18,118,000) are derived from two single customers which is attributable to Indonesia freight and time charter segment.

(v) Geographical information

The Group is principally engaged in the provision of domestic marine cargo and coal transportation services in Indonesia. There is no additional geographical area for management review.



Notes to the Financial Statements

For the financial year ended 31 December 2018

30 Segment information (Cont'd)

(iv) Geographical information (Cont'd)

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

	2018 US\$'000	2017 US\$'000
Indonesia	56,832	62,619
Singapore	<u>1</u>	<u>2</u>
	<u>56,833</u>	<u>62,621</u>

31 Reclassification

The Company reclassified the amount due from a subsidiary corporation from trade and other receivables to investment in subsidiary corporations as there is no certainty on the definite date of repayment as the Company intends to provide the loans as financing for the investment of the subsidiary corporation over the long term period. The settlement of these loans are neither planned nor likely to occur in the foreseeable future, accordingly, the loans are considered to be quasi-capital loans and form part of the Company's costs of investments in the subsidiary corporation.

				As at 1 January 2017		
				Before reclassification	Reclassification adjustment	After reclassification
Note				US\$'000	US\$'000	US\$'000
ASSETS						
Current assets						
Trade and other receivables	13	<u>6,905</u>	<u>(6,905)</u>	<u>–</u>		
Non-current assets						
Investment in subsidiary corporations	15	<u>22,916</u>	<u>6,905</u>	<u>29,821</u>		

Notes to the Financial Statements

For the financial year ended 31 December 2018



32 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of US\$17,000 (Note 28(b)) which is short-term lease and will be recognised on a straight-line basis as expense in profit or loss.

The Group does not expect significant impact on the financial statements as a result of adopting the new standards.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation.



Statistics of Shareholdings

AS AT 18 MARCH 2019

Share Capital

Number of shares issued : 390,388,110

Class of shares : Ordinary shares

Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 MARCH 2019

<u>SIZE OF SHAREHOLDINGS</u>	<u>NO. OF SHAREHOLDERS</u>	<u>%</u>	<u>NO. OF SHARES</u>	<u>%</u>
1 - 99	10,419	62.05	204,918	0.05
100 - 1,000	4,185	24.92	1,399,206	0.36
1,001 - 10,000	1,180	7.03	4,622,784	1.18
10,001 - 1,000,000	985	5.87	64,948,325	16.64
1,000,001 AND ABOVE	22	0.13	319,212,877	81.77
TOTAL	16,791	100.00	390,388,110	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2019

<u>NO.</u>	<u>SHAREHOLDER'S NAME HELD</u>	<u>NO. OF SHARES</u>	<u>%</u>
1	UOB KAY HIAN PTE LTD	91,808,650	23.52
2	CITIBANK NOMINEES SINGAPORE PTE LTD	85,070,734	21.79
3	REAVIS GLOBAL LTD	36,325,195	9.30
4	RAFFLES NOMINEES (PTE) LIMITED	26,985,585	6.91
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	19,700,460	5.05
6	QUARTO CAPITAL INVESTMENT LIMITED	13,213,530	3.38
7	ATTICA FINANCE LTD	6,760,714	1.73
8	KOH HANG HENG	5,728,000	1.47
9	EMAS FORTUNA LIMITED	4,225,446	1.08
10	JEANNY HENDHARTO @ LIEM SIOE CHIN	4,081,299	1.05
11	OCBC SECURITIES PRIVATE LTD	3,664,488	0.94
12	NG HWEE KOON	3,421,000	0.88
13	MITO INVESTMENTS LIMITED	3,380,357	0.87
14	NG KAR WENG	3,012,300	0.77
15	LEE KAI HENG	2,300,000	0.59
16	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,658,700	0.42
17	KHOO CHUN LENG WILLIAM @ CHIU CHUN NUN	1,585,500	0.41
18	PHILLIP SECURITIES PTE LTD	1,389,673	0.36
19	DBS NOMINEES PTE LTD	1,331,656	0.34
20	LIM CHWEE KIM	1,299,000	0.33
	TOTAL	316,942,287	81.19

Statistics of Shareholdings

AS AT 18 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

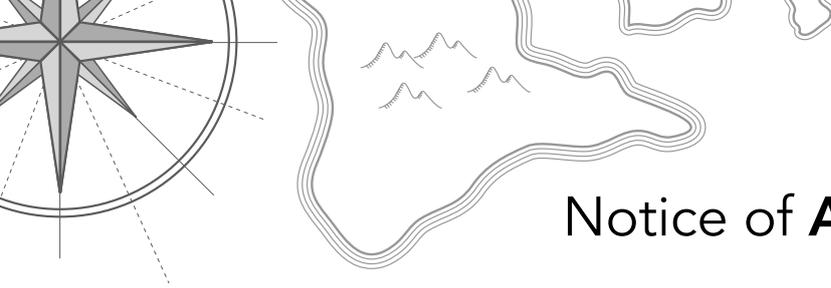
Substantial shareholders as recorded in the Register of Substantial Shareholders as at 18 March 2019.

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

- (1) Mr Edwin Soeryadjaya is deemed interested in the shares held by PT Saratoga Investama Sedaya Tbk by virtue of Section 7 of the Companies Act, Chapter 50.
- (2) Mr Sandiaga Salahuddin Uno is deemed interested in the shares held by Attica Finance Ltd and PT Saratoga Investama Sedaya Tbk by virtue of Section 7 of the Companies Act, Chapter 50.
- (3) Mr Masdjan is deemed interested in the shares held by Reavis Global Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 18 March 2019, approximately 49.71% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at RELC International Hotel, Level 1, Tanglin Room, 30 Orange Grove Road, Singapore 258352 on Friday, 29 April 2019 at 2:00 p.m.

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 audited accounts for the financial year ended 31 December 2018 together with the Directors' Statement and Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Regulation 99 of the Constitution of the Company:
 - (i) Mr Andreas Tjahjadi; and **(Resolution 2)**
 - (ii) Mr Masdjan **(Resolution 3)**

3. To approve the payment of Directors' fees of up to S\$312,000 for the financial year ending 31 December 2019 and the payment thereof on a quarterly basis (2018: 312,000). **(Resolution 4)**

4. To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

5. General authority to issue and allot shares

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

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

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

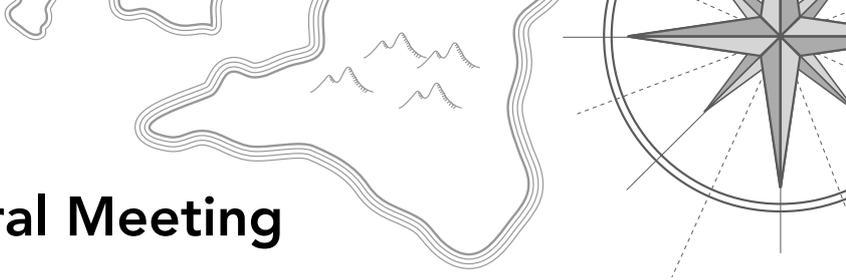
at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

provided that

- (1) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (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 shareholders of the Company shall not exceed 20 per centum (20%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such 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 and subsidiary holdings**) shall be based on the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:



Notice of Annual General Meeting

- (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the 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 Constitution of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 6)

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

That:

- (i) approval be and is hereby given for the renewal of the mandate for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, as set out in the Appendix to the Annual Report (the "**Appendix**"), with any party who falls within the classes of Interested Persons as described in the Appendix and that such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (ii) approval given in paragraph (i) above shall, unless either revoked or varied by the Company in general meeting, continue to be in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier;
- (iii) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and to implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (iv) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to this Resolution.

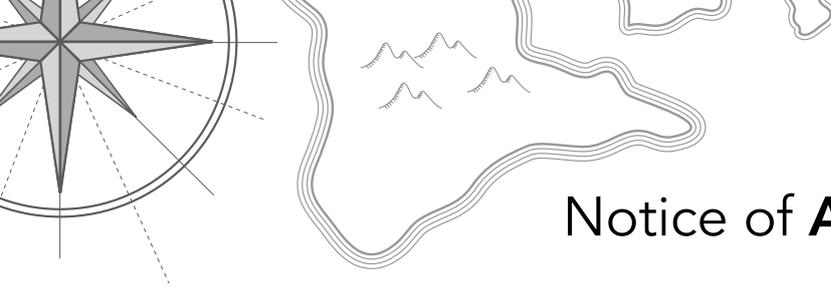
(Resolution 7)

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

BY ORDER OF THE BOARD

Adrian Chan Pengee
Company Secretary

12 April 2019



Notice of Annual General Meeting

Explanatory Notes on Resolutions to be Transacted:

1. Mr Andreas Tjahjadi will be re-elected as a Director of the Company. Please refer pages 101 to 104 in the Annual Report for the detailed information for Mr Andreas Tjahjadi required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
2. Mr Masdjan will upon re-election as a Director of the Company, remain as the Chief Operating Officer. Please refer pages 101 to 104 in the Annual Report for the detailed information for Mr Masdjan required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
3. Resolution 4 proposed above, is to facilitate payment of Directors' fees during the financial year in which the fees are incurred.
4. Resolution 6 proposed above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of 50% of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit), after adjusting for 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 Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. When a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
3. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Disclosure of Information On Directors Seeking Re-Election



Mr Andreas Tjahjadi and Mr Masdjan are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2019 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	Mr Andreas Tjahjadi	Mr Masdjan
Date of appointment	14 August 2009	14 August 2009
Date of last re-appointment	28 April 2016	28 April 2016
Age	72	60
Country of principal residence	Indonesia	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board approved the re-appointment after having considered the recommendation of the NC and has reviewed and assessed Mr Andreas Tjahjadi's qualifications, experience and contributions. The Board is of the view that Mr Andreas Tjahjadi has the requisite experience, knowledge and capabilities to assume the duties and responsibilities as an Executive Director.	The Board approved the re-appointment after having considered the recommendation of the NC and has reviewed and assessed Mr Masdjan's, qualifications, experience and contributions. The Board is of the view that Mr Masdjan has the requisite experience, knowledge and capabilities to assume the duties and responsibilities as an Executive Director.
Whether appointment is executive, and if so, the area of responsibility	Yes. His responsibilities include overseeing the overall management and operations as well as formulating the business model and growth strategies of the Group.	Yes. His responsibilities include managing the operations and staff as well as implementing the business strategies of the Group.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director and Chief Operating Officer
Professional qualifications and working experience and occupation(s) during the past 10 years	Mr Andreas Tjahjadi holds a Bachelor's degree in Engineering Technology and a Masters of Science (Marketing) from Northrop University in the US. Since 2006, Mr Andreas Tjahjadi is the President Commissioner of PT Mitra Investindo Tbk, an oil and gas and mining company listed on the Indonesia Stock Exchange. He has been re-designated from President Commissioner to Commissioner with effect from 25 June 2014 and resigned as Commissioner with effect from 6 September 2018. He is currently President Director of PT Pulau Seroja Jaya and PT Pulau Seroja Jaya Pratama since 2014.	Mr Masdjan has more than 25 years of experience in the shipping/barge chartering industry. He was a Director of PT Pulau Seroja Jaya and PT Pulau Seroja Jaya Pratama from 1999 to 2014. Mr Masdjan is the founder of the PSJ Group and is currently responsible for managing the Group's day-to-day activities.

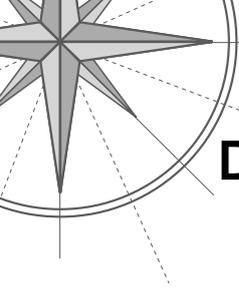
Disclosure of Information On Directors Seeking Re-Election

Shareholding interest in the Company and its subsidiaries	Company:- Direct interest of 17,491,703 shares Subsidiaries:- Nil	Company:- Deemed interest of 36,325,195 shares Subsidiaries:- • PT Pulau Seroja Jaya Direct interest of 5,682 shares • PT Pulau Seroja Jaya Pratama Direct interest of 1 share • Seroja Shipping Services Pte Ltd Deemed interest of 1,022,880 shares
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	No	Mr Masdjan is the father of Mr Boby Susanto (Director of PT Pulau Seroja Jaya) and Ms Fatmawati (Commissioner of PT Pulau Seroja Jaya).
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes
Other principal commitments including Directorships Past (for the last 5 years) Present	<u>Commissioner</u> PT Mitra Investindo Tbk <u>President Director</u> PT Pulau Seroja Jaya PT Pulau Seroja Jaya Pratama PT Bintang Pertama Lines PT Seroja Pratama Maritim PT Berkat Artamulia Cemerlang PT Bumi Hijau Asri PT Trimitra Utama Selaras <u>Commissioner</u> PT Bumi Hijau Sejahtera PT Gema Adhinusa Persada <u>Director</u> Trans LK Marine Pte Ltd Seroja Shipping Services Pte Ltd Fiennes Holding Corporation Primefold Group Limited PT Prime Asia Capital PT Borneo Bara Lestari	<u>Director</u> PT Pulau Seroja Jaya PT Pulau Seroja Jaya Pratama <u>President Director</u> PT Kencana Mas Lestari PT Seacon Terminal <u>Director</u> PT Bintang Pertama Lines PT Laju Kencana Murni PT Seroja Pratama Maritim Reavis Global Limited

Disclosure of Information On Directors Seeking Re-Election



Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No



Disclosure of Information On Directors Seeking Re-Election

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Appendix

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

Board of Directors :

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

Registered Office :

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

8 April 2019

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 29 April 2019.

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

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

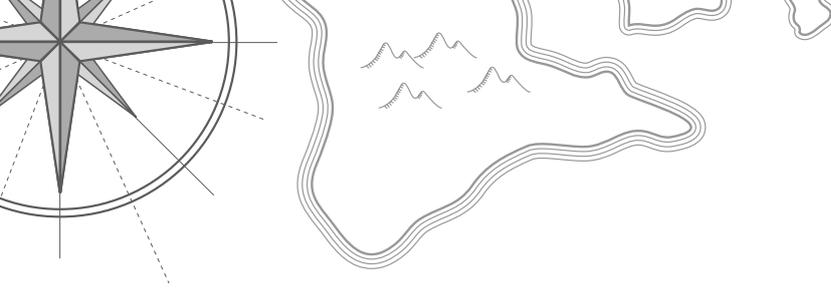
2. Overview of the Adaro Group

The Adaro Group comprises PT Adaro Energy Tbk ("**Adaro Energy**") (listed on the Indonesia Stock Exchange since July 2008) and its existing subsidiaries (including PT Maritim Barito Perkasa) 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 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 effectively 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 27 April 2018 (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 2 April 2018 with any party who is of the class or classes of interested persons described in the said Letter, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of the interested person transactions as described in the said Letter.



Appendix

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 2018, the audited consolidated NTA of the Group as at 31 December 2018 was US\$28.4 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year, Shareholders' approval will be required where:

- (a) the transaction is of a value equal to, or more than, US\$1.4 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, US\$1.4 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group.

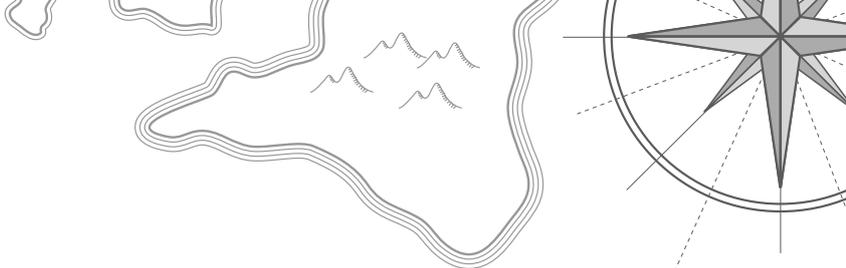
Chapter 9 of the Listing Manual however provides that a listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials which may be carried 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;

Appendix

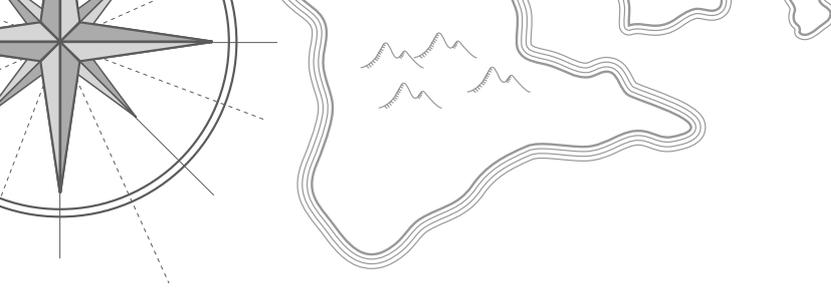
- 
- (b) an “**associate**” means:
- (i) in relation to any director, chief executive officer or Controlling Shareholder (being an individual):
 - (1) his immediate family member (that is, the person’s spouse, child, adopted child, step-child, sibling and parent);
 - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
 - (ii) in relation to a Controlling Shareholder (being a company), its subsidiary or holding company or a subsidiary company of such holding company or a company in which it and/or they taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (c) “**Control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (d) a “**Controlling Shareholder**” in relation to a listed company means a person who:
- (i) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued shares excluding treasury shares in the company (unless the SGX-ST has determined such a person not to be a Controlling Shareholder of the company); or
 - (ii) in fact exercises Control over the company,
- or such other definition as the SGX-ST may from time to time determine;
- (e) an “**entity at risk**” means:
- (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (f) an “**interested person**” means:
- (i) a director, chief executive officer or Controlling Shareholder of the listed company; or
 - (ii) an associate of such director, chief executive officer or Controlling Shareholder;
- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

4.3 Shareholders’ Mandate

4.3.1 Rationale for and Benefits of the Shareholders’ Mandate

The Adaro Transactions (as defined below) 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



Appendix

associated with the convening of the general meetings on an ad hoc basis, improve administrative efficacy, and allow major manpower resources and time to be channelled towards attaining other corporate objectives.

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

4.3.2 Scope of the Shareholders' Mandate

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

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

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

4.4 Categories of Interested Persons

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

4.5 Categories of Interested Person Transactions

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

4.6 Guidelines for the Adaro Transactions

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

- (a) the fees charged by the Group shall not be more favourable to the Adaro Group than those offered to unrelated third party customers after taking into consideration factors such as (but not limited to) type of charter, quantum and tenure of the contract, quantity and type of cargo, distance of the voyage, level of risks faced by vessels when plying requested routes (if any), type of vessels required, cargo loading and discharging time, and delivery schedules; and
- (b) the credit period granted by the Group to the Adaro Group shall not be more than 60 days. This is higher than the 30 days credit period generally granted to unrelated third party customers, but is consistent with that presently granted to the Adaro Group, taking into consideration factors such as (but not limited to) the quantum and tenure of the contract and the credit period typically granted by other providers offering similar chartering services to the Adaro Group.

4.7 Control and Review procedures for the Adaro Transactions

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

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

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- (b) any Adaro Transaction that exceeds 3% of the Group's latest audited NTA in value (the "Threshold Limit") will be reviewed and approved by the 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.

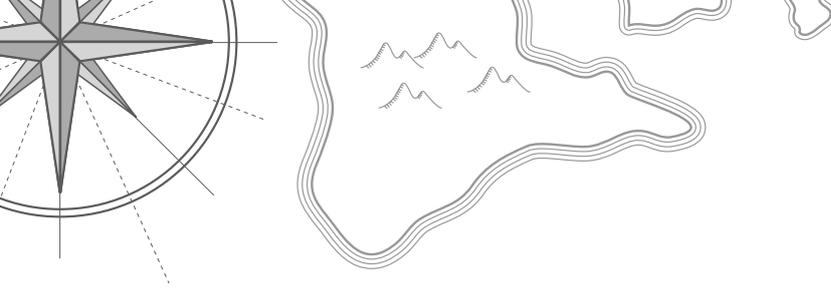
4.8 Audit Committee's Confirmation

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 27 April 2018; 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 and are not prejudicial to the interests of the Company and its minority shareholders.

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.



Appendix

4.10 Disclosure to Shareholders

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

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

4.11 Abstention from Voting

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

5. Directors' and Controlling Shareholders' Interests

As at 29 March 2019, the latest practicable date prior to the printing of this Appendix (the "Latest Practicable Date"), the interests of Directors and controlling shareholders of the Company are recorded in the Register of Shareholders were as follows:

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

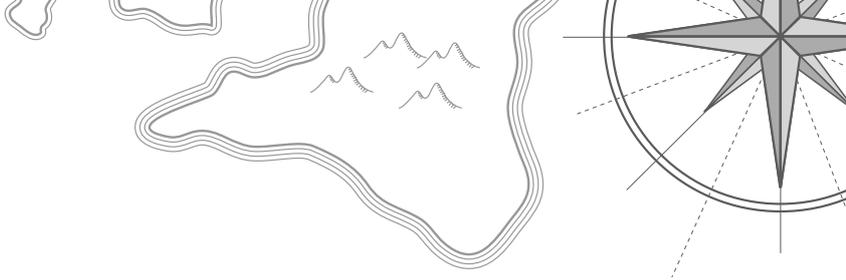
Note :

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

6. Directors' Recommendation

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

Appendix



7. Directors' Responsibility Statement

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

8. Advice to Shareholders

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

9. Singapore Exchange Securities Trading Limited

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

Yours faithfully,

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

Andreas Tjahjadi
Executive Director

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SEROJA INVESTMENTS LIMITED

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

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

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

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

of _____ (Address)

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

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

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

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

Or failing *him/her/them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and to 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 29 April 2019 at 2:00 p.m. at RELC International Hotel, Level 1, Tanglin Room, 30 Orange Gove 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		
	For**	Against**
Ordinary Resolution 1 To receive and adopt the audited accounts for the financial year ended 31 December 2018 together with the Directors' Statement and Independent Auditor's Report thereon.		
Ordinary Resolution 2 To re-elect Mr Andreas Tjahjadi, who is retiring by rotation pursuant to Regulation 99 of the Constitution of the Company.		
Ordinary Resolution 3 To re-elect Mr Masdjan, who is retiring by rotation pursuant to Regulation 99 of the Constitution of the Company.		
Ordinary Resolution 4 To approve the payment of Directors' fees of up to S\$312,000/- for the financial year ending 31 December 2019 and the payment thereof on a quarterly basis (2018: S\$312,000/-).		
Ordinary Resolution 5 To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6 To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited.		
Ordinary Resolution 7 To approve the renewal of the general mandate for Interested Person Transactions.		

*Delete accordingly

** 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 _____ 2019

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 81SF of the Securities and Futures Act, Chapter 289 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. Save for members of the Company which are nominee companies or Relevant Intermediaries (as defined below), 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 (other than a Relevant Intermediary) 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. Pursuant to Section 181 of the Companies Act, any member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). "Relevant intermediary" means: (a) a banking corporation licensed under the Banking Act, Cap.19 of Singapore or its wholly-owned subsidiary which provides nominee services and who holds shares in that capacity; (b) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act, Cap.289 of Singapore and who holds shares in that capacity; or (c) the Central Provident Fund ("CPF") Board, established by the Central Provident Fund Act, Cap.36 of Singapore, in respect of shares purchased on behalf of CPF investors.
5. A proxy need not be a member of the Company.
6. 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.
7. The instrument appointing proxy or proxies, together with the letter of power of attorney or other authority (if any), under which it is signed, or a notarially certified copy thereof, must be deposited at the registered office of the Company at 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623, not less than 48 hours before the time set for the Annual General Meeting.
8. 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.
9. 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.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy (ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the accompanying Notice of Annual General Meeting.

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SEROJA INVESTMENTS LIMITED

15 Scotts Rd, Thong Teck Building
#08-05, Singapore 228218
Tel: +65 6438 4221
Fax: +65 6438 8782

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White Paper Communications
www.wpc.com.sg