PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016 AND
FOR THE YEAR THEN ENDED
AND INDEPENDENT AUDITORS' REPORT

PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016 AND FOR THE YEAR THEN ENDED
AND INDEPENDENT AUDITORS' REPORT

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PT BERLIAN LAJU TANKER Tbk
" Delivers with Safety, Competitiveness and Timeliness"

DIRECTORS' STATEMENT LETTER
RELATING TO THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS OF
PT BERLIAN LAJU TANKER Tbk AND ITS SUBSIDIARIES (GROUP)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

We, the undersigned:

1.	Name	:	Siana Anggraeni Surya
	Office Address	:	Wisma BSG Lantai 10 Jl. Abdul Muis No. 40 Jakarta Pusat 10160
	Phone Number	:	62 - 21- 30060300
	Position	:	President Director
2.	Name	:	Franciscus Xaverius Sulaeman
	Office Address	:	Wisma BSG Lantai 10 Jl. Abdul Muis No. 40 Jakarta Pusat 10160
	Phone Number	:	62 - 21- 30060300
	Position	:	Independent Director

state that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of the Group;
2. The consolidated financial statements of the Group have been prepared and presented in conformity with International Financial Reporting Standards;
3. a. All information contained in the consolidated financial statements of the Group is complete and correct;
   b. The consolidated financial statements of the Group do not contain misleading material information or facts, and do not omit material information and facts;
4. We are responsible for the Group's internal control system.

This statement has been made truthfully.

For and on behalf of the Board of Directors

METERAI TEMPEL
81E93AEF583447335
6000
ENAM RIBU RUPIAH

(Siana Anggraeni Surya) President Director

(Franciscus Xaverius Sulaeman) Independent Director

Jakarta, April 3, 2017

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Independent Auditors' Report

Report No. KNMT&R-C-03.04.2017/01

The Shareholders, Boards of Commissioners and Directors
PT BERLIAN LAJU TANKER TBK

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PT Berlian Laju Tanker Tbk (the "Company") and its subsidiaries (collectively referred as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The accompanying consolidated financial statements have been prepared assuming the Group will continue as a going concern. As disclosed in Note 39 to the accompanying consolidated financial statements, the Group continued to have deficit and it sustained shortage on cash flow from its operations in 2016. Mandatory repayments of principal installments for secured creditors will commence on April 1, 2017 in accordance with the PKPU Amendment Plan. The Group's continuation as a going concern entity is dependent upon its ability to generate sufficient cash flows to meet its obligations on a timely basis, to comply with the terms and conditions in the PKPU Amendment Plan and ultimately, to attain profitable operations and improve the position of the Group's deficit. Management's plans in regards to these matters are disclosed in Note 39 to the consolidated financial statements. The accompanying consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Valuation of Financial Instruments Refer to Note 9, *'Derivative Financial Asset'*, and Note 10, *'Available-for-sale Financial Assets'*	
The valuation of Group's financial instruments was a key area of focus of our audit due to the degree of complexity involved in valuing some of the instruments and the significance of the judgments and estimates made by management. As of December 31, 2016, the Group's financial instruments that were carried at fair value are derivative financial asset and its investment in Swank Venture Limited classified as available-for-sale financial asset. In addition, the Group has investment in Nevaeh Limited classified as available-for-sale financial asset accounted at cost.	We challenged and evaluated the appropriateness of the valuation methodologies, and the reasonableness of key estimates and assumptions used by management in determining the fair value and impairment of the Group's investments. We did not identify any material exceptions from the audit work performed and we found that the valuation methodologies, key estimates and assumptions used by management for the valuation of financial instruments were in line with our expectations. We also evaluated management's sensitivity analysis to assess the impact on fair value of these investments and found them to be appropriate.
Valuation of Vessels Refer to Note 12, *'Fixed Assets'*	
Management has estimated the fair value of the Group's vessels to be US$ 32.0 million as of December 31, 2016 with a revaluation gain in 2016 credited to other comprehensive income amounting to US$ 11.4 million and impairment loss charged to profit or loss amounting to US$ 7.5 million. The management engaged an independent appraiser to revalue its vessels.	We evaluated the independent appraisers' competence, capabilities and objectivity. We also assessed the appropriateness of methodologies used. There were no significant issues noted. We evaluated the reasonableness of the key estimates and assumptions used in the valuation report and found them to be in line with our expectations.
The Group's Amended Restructuring Plan (PKPU Amendment Plan) Refer to Note 35, *'Overview of the Restructuring Plan'*	
The Group has significant commitments to its plan creditors in relation to the PKPU Amendment Plan. These provisions in the PKPU Amendment Plan shall be implemented until the Group has settle its obligations to its plan creditors.	We discussed with management its significant commitments and the remaining provisions in PKPU Amendment Plan that are yet to be completed. There were no significant issues noted. We validated the continuous implementation of the PKPU Amendment Plan in accordance with the provisions stated therein. There were no significant issues noted.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Going Concern Refer to Note 39, *'Going Concern'*	
The management prepared its consolidated financial statements on a going concern basis of accounting. As of December 31, 2016, the Group continued to have deficit and it sustained shortage on cash flow from its operations in 2016. Mandatory repayments of principal installments for secured creditors will commence on April 1, 2017 in accordance with the PKPU Amendment Plan. Significant judgment has been applied to determine that the Group will be able to fulfill its obligations under PKPU Amendment Plan, execute its strategies, and manage its business and financial risks successfully.	We challenged and evaluated the reasonableness of key estimates and assumptions used by management on its cash flow forecast and management's plans. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the consolidated financial statements. Based on the audit evidence we have obtained, we concluded that the use of going concern basis of accounting in the consolidated financial statements to be appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 the 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 the auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan

Tjahjo Dahono, SE, CPA
Public Accountant License No. AP. 0518

April 3, 2017

PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(Expressed in United States dollar, unless otherwise stated)

	2016 US$'000	Notes	2015 US$'000
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	5,788	5,37	10,314
Trade receivables - third parties	1,927	6,37	2,407
Other receivables - third parties	1,068	7,37	7,053
Inventories	562		251
Advances	1,283	8	1,215
Prepaid expenses and taxes	540	15	986
Sub-total	11,168		22,226
Non-curret asset held-for-sale	7,483	12	-
Total Current Assets	18,651		22,226
NON-CURRENT ASSETS			
Derivative financial asset	12,965	9,37	23,392
Available-for-sale financial assets	21,929	10,37	18,059
Investment in associates and joint venture	15,282	11	8,075
Fixed assets	32,539	12	29,269
Deferred tax assets - net	3	15	-
Other non-current assets	4	37	85
Total Non-current Assets	82,722		78,880
TOTAL ASSETS	**101,373**		**101,106**

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

PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS OF DECEMBER 31, 2016
(Expressed in United States dollar, unless otherwise stated)

	2016	Notes	2015
	US$'000		US$'000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable		13,37	
Related parties	187	33	214
Third parties	5,896		9,796
Accrued expenses	3,513	14,18,37	8,278
Taxes payable	89	15	205
Current maturities of long-term liabilities			
Loans payable	3,967	16,35,37	2,124
Other payables	1,735	17,35,37	1,585
Other current liabilities	1,323	37	249
Total Current Liabilities	16,710		22,451
NON-CURRENT LIABILITIES			
Long-term liabilities - net of current maturities			
Loans payable	25,466	16,35,37	29,234
Other payables	9,890	17,35,37	10,757
Provision for post-employment benefits	1,355	18	1,217
Deferred tax liabilities - net	-	15	636
Total Non-current Liabilities	36,711		41,844
TOTAL LIABILITIES	**53,421**		**64,295**
NET EQUITY			
Share capital			
Par value			
Series A shares - Rp 62.50 per share			
Series B shares - Rp 50.00 per share			
Authorized			
44,237,830,228 series A shares and 2,456,869,565 series B shares			
Issued and fully paid			
23,483,317,538 series A shares	163,636	19,35	163,636
Additional paid-in capital	1,115,632	20,35	1,115,632
Other capital reserves	17,932	16,33,36	7,932
Treasury shares	(6,516)	21	(6,516)
Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interest	7,787	22	7,787
Reserves	22,736	23	11,806
Unrealized gain on available-for-sale financial assets	4,810	10	-
Deficit	(1,278,065)	24	(1,263,466)
NET EQUITY	**47,952**		**36,811**
TOTAL LIABILITIES AND NET EQUITY	**101,373**		**101,106**

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

PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(Expressed in United States dollar, unless otherwise stated)

	2016 US$'000	Notes	2015 US$'000
OPERATING REVENUES	20,253	25	253,191
VOYAGE EXPENSES	(4,831)	26	(83,904)
OPERATING REVENUES AFTER VOYAGE EXPENSES	**15,422**		**169,287**
OPERATING EXPENSES			
Ship operating expenses	(7,526)	27	(57,259)
Vessel depreciation	(3,250)	12	(36,729)
Charter expenses	-		(11,686)
Total Operating Expenses	(10,776)		(105,674)
GROSS PROFIT	**4,646**		**63,613**
OTHER INCOME (EXPENSES)			
Administrative expenses	(8,017)	28	(40,249)
Unrealized loss on changes in fair value of derivative financial asset	(10,427)	9	-
Share in profits of associates and joint venture	8,107	11	6,968
Foreign exchange gain - net	5		17,189
Gain on extinguishment of debt - net	-	35	172,847
Gain on debt restructuring	-	35	40,561
Other losses - net	(8,063)	30	(2,398)
Total Other Income (Expense)	(18,395)		194,918
PROFIT (LOSS) BEFORE INTEREST AND INCOME TAX	**(13,749)**		**258,531**
Finance cost	(1,895)	16,17,29	(87,683)
Interest income	3	5	5
PROFIT (LOSS) BEFORE INCOME TAX	**(15,641)**		**170,853**
INCOME TAX BENEFIT (EXPENSE) - NET	**(105)**	15	**16,366**
NET PROFIT (LOSS) FOR THE YEAR	**(15,746)**		**187,219**
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Net increase in revaluation reserves of vessels	11,404	12,23b	6,149
Deferred income tax related to revaluation of vessels	627	15,23	(500)
Remeasurements on post-employment benefits	62	18	223
Deferred income tax related to remeasurements on post-employment benefits	(16)	15	(56)
Sub-total	**12,077**		**5,816**
Item that will be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale financial asset	4,810	10	-
Financial statements translation	-		(150)
Sub-total	**4,810**		**(150)**
Neto	**16,887**		**5,666**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,141**		**192,885**

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

PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(Expressed in United States dollar, unless otherwise stated)

	2016 US$'000	Notes	2015 US$'000
Net profit (loss) for the year attributable to:			
Owners of the Company	(15,746)		187,219
Non-controlling interest	-		-
Total	**(15,746)**		**187,219**
Total comprehensive income for the year attributable to:			
Owners of the Company	1,141		192,885
Non-controlling interest	-		-
Total	**1,141**		**192,885**
BASIC EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (in full amount)	**(0.0007)**	31	**0.0162**
DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (in full amount)	**(0.0006)**	31	**0.0134**

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

PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(Expressed in United States dollar, unless otherwise stated)

	Notes	Share capital (Note 19)	Additional paid-in capital (Note 20)	Unrealized gain on available-for-sale (Note 10)	Other capital reserves (Notes 16 and 36)	Treasury shares (Note 21)	Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interest (Note 22)	Reserves (Note 23) Revaluation reserves	Reserves (Note 23) Financial statements translation	Reserves (Note 23) General reserves	Deficit (Note 24)	Net equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as of December 31, 2014		**109,575**	**136,141**	**-**	**25,183**	**(6,516)**	**7,787**	**11,457**	**29**	**5,898**	**(1,461,929)**	**(1,172,375)**
Shares issued to creditors	19,20	54,061	979,491	-	-	-	-	-	-	-	-	1,033,552
Transfer to deficit	23	-	-	-	-	-	-	(11,077)	-	-	11,077	-
Written-off due to PKPU Amendment Plan		-	-	-	(25,183)	-	-	-	-	-	-	(25,183)
Other contributed capital	16	-	-	-	7,932	-	-	-	-	-	-	7,932
Other comprehensive income (loss)		-	-	-	-	-	-	5,649	(150)	-	167	5,666
Net profit for the year		-	-	-	-	-	-	-	-	-	187,219	187,219
Balance as of December 31, 2015		**163,636**	**1,115,632**	**-**	**7,932**	**(6,516)**	**7,787**	**6,029**	**(121)**	**5,898**	**(1,263,466)**	**36,811**
Consideration from mandatory convertible securities	36	-	-	-	10,000	-	-	-	-	-	-	10,000
Transfer to deficit	23	-	-	-	-	-	-	(1,101)	-	-	1,101	-
Other comprehensive income		-	-	4,810	-	-	-	12,031	-	-	46	16,887
Net loss for the year		-	-	-	-	-	-	-	-	-	(15,746)	(15,746)
Balance as of December 31, 2016		**163,636**	**1,115,632**	**4,810**	**17,932**	**(6,516)**	**7,787**	**16,959**	**(121)**	**5,898**	**(1,278,065)**	**47,952**

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

PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Expressed in United States dollar, unless otherwise stated)

	2016 US$'000	Notes	2015 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	20,065		257,271
Cash paid to suppliers and employees	(20,838)		(201,877)
Interest paid	(1,132)		(32,662)
Income tax paid	(133)	15	(73)
Interest received	3		5
Receipts from insurance claim	-		164
Net Cash Provided by (Used in) Operating Activities	**(2,035)**		**22,828**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	(5,234)	12	(7,138)
Dividends received	900		750
Decrease in security deposits	15		54
Proceeds from sale of fixed assets - net	7	12	17
Release of restricted cash	-		9,168
Net Cash Provided by (Used in) Investing Activities	**(4,312)**		**2,851**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of consideration from Mandatory Convertible Securities	10,000	36	-
Payments of loans and other payables	(8,179)		(16,396)
Payments of obligations under finance lease	-		(16,515)
Net Cash Provided by (Used in) Financing Activities	**1,821**		**(32,911)**
NET DECREASE IN CASH ON HAND AND IN BANKS	**(4,526)**		**(7,232)**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	**10,314**	5	**23,945**
CASH ON HAND AND IN BANKS OF THE DECONSOLIDATED SUBSIDIARY	-		**(5,819)**
CASH ON HAND AND IN BANKS TRANSFERRED TO CREDITOR	-		**(580)**
CASH ON HAND AND IN BANKS AT END OF YEAR	**5,788**	5	**10,314**

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

1. GENERAL

a. General information

PT Berlian Laju Tanker Tbk (the “Company”) was established on March 12, 1981 under the name PT Bhaita Laju Tanker. The Company's name was changed to PT Berlian Laju Tanker on September 5, 1988. The Company was incorporated and domiciled in Jakarta, and has two branches in Merak and Dumai. Its head office is located at Wisma BSG, 10th Floor, Jl. Abdul Muis No. 40, Jakarta.

The Company’s scope of activities consists of local and overseas shipping, including but not limited to tanker, barges and tugboat operations. The Company started its commercial operations in 1981. Presently, the Company provides shipping services for liquid cargo transportation in Asia.

The Company’s ultimate parent company is PT Bagusnusa Samudra Gemilang, also incorporated and domiciled in Indonesia.

b. Public offering of shares, bonds and notes payable

Shares

The Company’s public offering of 2,100,000 shares through the Indonesia Stock Exchange (IDX), at a price of Rp 8,500 per share, was approved by the Ministry of Finance of the Republic of Indonesia on January 22, 1990. These shares were listed in the IDX on March 26, 1990.

On January 27, 1993, the Company obtained the notice of effectivity from the Chairman of the Capital Market Supervisory Agency (Bapepam) (currently as Financial Services Authority (OJK)) for the Company’s Rights Issue I to the shareholders totaling 29,400,000 shares at a price of Rp 1,600 per share. These shares were listed in the IDX on May 24, 1993.

On December 26, 1997, the Company obtained the notice of effectivity from the Chairman of Bapepam for the Company’s Rights Issue II with pre-emptive right to shareholders totaling 305,760,000 shares with 61,152,000 warrants at an exercise price of Rp 1,200 per warrant. Each warrant was entitled to purchase one share from July 16, 1998 to January 20, 2003. Based on the addendum to the statements of warrant issuance which was notarized on October 17, 2002, the Company decided to extend the period to exercise the warrants for five years or until January 18, 2008. The shares were listed in the IDX on January 16, 1998.

On December 18, 2000, the Company obtained the notice of effectivity from the Chairman of Bapepam for the Company’s Rights Issue III with pre-emptive right to shareholders totaling 61,152,000 shares. The Company issued 53,958,150 new common shares with nominal value of Rp 500 per share at an exercise price of Rp 1,100 per share.

The Company conducted a stock split of 4:1 in 2002 and 2:1 in 2004. Thus, the exercise price of the warrants became Rp 150 per share since 2005.

On September 22, 2006, the Company obtained eligibility to list all of its shares in the Singapore Exchange Securities Limited (SGX) Mainboard from SGX. In line with the Company’s listing of shares, the Company also amended certain provisions of its Articles of Association, which amendments were approved by the shareholders in the Extraordinary Shareholders’ Meeting held on September 11, 2006.

1. GENERAL (continued)

b. Public offering of shares, bonds and notes payable (continued)

Shares (continued)

On June 29, 2009, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's rights issue IV with pre-emptive rights to shareholders. In connection with such rights issue, the Company issued 1,392,310,059 new common shares at an exercise price of Rp 425 per share.

On June 30, 2010, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's Rights Issue V with pre-emptive rights to shareholders. In connection with such rights issue, the Company issued 5,569,240,235 new common shares at an exercise price of Rp 220 per share.

All 11,550,831,470 issued shares of the Company are listed in the IDX and SGX. On January 24, 2012, the Company requested temporary suspension of trading on both stock exchanges on grounds of future disclosure of material information that may affect investors' decision. On January 25, 2012, the IDX and SGX suspended the trading of the Company's securities until further notice by the Company. On January 26, 2012, the Company announced the debt standstill to temporarily cease debt payments of the Group's debts and thereafter worked on a Restructuring Plan, which was approved in March 2013 (Notes 34 and 35).

In 2015, the Company and its subsidiaries (collectively as the "Group") renegotiated its debts with the Mandated Lead Arrangers ("MLA") Lenders and plan creditors which resulted to MLA Restructuring agreement on April 22, 2015, and amendment to Restructuring Plan ("PKPU [*Penundaan Kewajiban Pembayaran Utang*] Amendment Plan") that was approved by the requisite majority creditors of both secured and unsecured creditors of the Group on August 14, 2015 (Note 35).

On December 31, 2015, the Company effectively implemented the Proposed Debt-to-Equity Swap Share Issuance, which is one of the key components in PKPU Amendment Plan, with unsecured creditors. On January 8, 2016, new shares listing application (11,932,486,068 shares) of the Company has been approved by IDX.

As of the issuance date of these consolidated financial statements, the Company has not resumed trading on both stock exchanges.

Bonds and notes payable

On May 4, 2007 and May 17, 2007, BLT Finance B.V., a subsidiary, issued US$ 400.0 million, 7.5% Guaranteed Senior Notes, due in 2014 and US$ 125.0 million Zero Coupon Guaranteed Convertible Bonds due in 2012, which were both registered in SGX.

On June 25, 2007, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's public offering of 2007 Berlian Laju Tanker III Bonds amounting to Rp 700.0 billion with fixed interest rate and 2007 Sukuk Ijarah bonds amounting to Rp 200.0 billion.

1. GENERAL (continued)

b. Public offering of shares, bonds and notes payable (continued)

Bonds and notes payable (continued)

On May 15, 2009, the Company obtained the notice of effectivity from the Chairman of Bapepam-LK for the Company's public offering of 2009 Berlian Laju Tanker IV Bonds amounting to Rp 400.0 billion and 2009 Sukuk Ijarah II bonds amounting to Rp 100.0 billion.

On February 10, 2010 and March 29, 2010, BLT International Corporation, a subsidiary, issued 12.0% Guaranteed Convertible Bonds due in 2015 totalling US$ 100.0 million and US$ 25.0 million, respectively.

On January 11, 2016, IDX announced that both the Company's bonds with code BLTA03, BLTA04B and BLTA04C, and Sukuk with code SIKBLTA02A, SIKBLTA02B and SIKBLTA01B had been due on January 12, 2016 as implementation of the PKPU Amendment Plan and these bonds were delisted in IDX effective on January 12, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Except for the consolidated statement of cash flows, the consolidated financial statements have been prepared using the accrual basis. The measurement basis used is historical cost, except for certain accounts which are measured on the basis as described in the related accounting policies.

The consolidated statement of cash flows which has been prepared using the direct method, classifies cash receipts and cash disbursements into operating, investing and financing activities.

The reporting currency used in the preparation of the consolidated financial statements is the United States dollar (US$), which is also the Company's functional currency.

The consolidated financial statements are issued in relation to the listing of the Company's equity securities in the SGX.

In connection with the Company's listing of shares in the IDX, the Company issued separate consolidated financial statements prepared under Indonesian Financial Accounting Standards (SAK). There are no significant differences between IFRS and SAK.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures

The accounting policies adopted by the Group are consistent with those of the previous year, except for the adoption of new and amended accounting standards that became effective beginning January 1, 2016. Except as otherwise indicated, the adoption of these standards and amendments did not have significant impact on the Group's financial statements. The nature and the impact of each new standard and amendment are described as follows:

- *Accounting for Acquisitions of Interests (Amendments to IFRS 11 Joint Arrangements)* - The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to International Accounting Standards ("IAS") 16 and IAS 38)* - The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate fixed assets and may only be used in very limited circumstances to amortize intangible assets.

- *Equity Method in Separate Financial Statements (Amendments to IAS 27)* - The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS.

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)* - The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in *IFRS 3, Business Combinations*, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

- *Disclosure Initiative (Amendments to IAS 1)* - The amendments clarify:
  - The materiality and aggregation requirements in IAS 1.
  - That specific line items in the statement of profit or loss and other comprehensive income (OCI) and the statement of financial position may be disaggregated.
  - That entities have flexibility as to the order in which they present the notes to financial statements.
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI.

- *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)* - The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss presents the disclosures relating to investment entities required by IFRS 12.

The following improvements relevant to the Group’s consolidated financial statements are effective from January 1, 2016. These include:

Annual improvements (2012-2014 cycle)

- *Servicing Contracts (Improvements to IFRS 7)* - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- *Applicability of Amendments to Condensed Interim Financial Statements (Improvements to IFRS 7)* - The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment must be applied retrospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

The following improvements relevant to the Group's consolidated financial statements are effective from January 1, 2016. These include: (continued)

Annual improvements (2012-2014 cycle) (continued)

- *Non-current Assets Held for Sale and Discontinued Operations (Improvement to IFRS 5)* - Assets (or disposal groups) are generally disposed of either through sale of distribution to the owners. The amendment clarifies that changing from one of these disposals methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

- *Discount Rate: Regional Market Issue (Improvements to IAS 19)* - The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied prospectively.

- *Disclosure of Information "Elsewhere in the Interim Financial Report" (Improvements to IAS 34)* - The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment must be applied retrospectively.

The amendments affect disclosures only and have no impact on the Group's financial position or performance.

<u>*Standards issued but not yet effective*</u>

The Group intends to adopt the following standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the consolidated financial statements.

<u>Effective for annual periods beginning on or after January 1, 2017, with early application permitted</u>

- *Disclosure Initiative (Amendments to IAS 7)* - The amendments to IAS 7 are part of the IASB's disclosure initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

- *Recognition of Deferred Tax Assets for Unrealized losses (Amendments to IAS 12)* - The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

Effective for annual periods beginning on or after January 1, 2017, with early application permitted (continued)

Annual improvements (2012-2014 cycle)

- *Disclosure of Interest in Other Entities (Improvements to IFRS 12)* - The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10 - B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held-for-sale.

Effective for annual periods beginning on or after January 1, 2018, with early application permitted

- *Revenue from Contracts with Customers (IFRS 15)* - IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017.

- *Financial Instruments (IFRS 9)* - In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Except for hedge accounting, retrospective application is required, but comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

- *Foreign Currency Transactions and Advance Consideration (IFRIC 22)* - IFRIC 22 provides guidance on how to determine the date of the transaction when an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

Effective for annual periods beginning on or after January 1, 2019, with early application permitted

- *IFRS 16 Leases* - On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces IAS 17, the current lease standard, and the related interpretations. Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and the related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the owners of the Company and to non-controlling interests even if it results in the non-controlling interests account having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over the subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets and liabilities.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Basis of consolidation (continued)

Non-controlling interests in subsidiaries are identified separately and presented within equity. For each business combination, the Group elects whether to measure the non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. Subsequent to the date of business combination, the carrying amount of non-controlling interests is adjusted for the non-controlling interests' share of subsequent changes in equity of the subsidiary.

d. Transactions with related parties

(a) A person or a close member of that person's family is related to the Group if that person:

i. has control or joint control over the Group;
ii. has significant influence over the Group; or
iii. is a member of the key management personnel of the Group or the parent of the Company.

(b) An entity is related to a reporting entity if any of the following conditions apply:

i. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
iii. both entities are joint ventures of the same third party;
iv. one entity is a joint venture of third entity and the other entity is an associate or the third entity;
v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
vi. the entity is controlled or jointly controlled by a person identified in (a);
vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Related party transactions are entered into based on terms agreed by the related parties. Such terms may not be the same as those of the transactions between unrelated parties. All transactions and balances with related parties are disclosed in the notes to the consolidated financial statements.

e. Foreign currencies

The individual financial statements of each of the consolidated entities are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the financial performance and financial position of each entity are expressed in US$, which is the Group's functional currency and presentation currency in the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currency) are recognized using their respective functional currency spot rates at the dates the transactions first qualifies for recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign currencies (continued)

At the end of each reporting period, monetary items denominated in foreign currencies are translated using the functional currency spot rates at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using the prevailing rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Exchange gains and losses arising from the translation of currencies other than the US$ are recognized in profit or loss in the period in which they arise. The conversion rates used by the Group at the end of reporting period using the middle rates published by Bank Indonesia are as follows:

	2016	2015
Foreign currencies		
Rupiah (Rp'000)	0.0744	0.0725
Singapore dollar (SGD)	0.6921	0.7069
Euro (EUR)	1.0540	1.0924
Yen (JPY)	0.0086	0.0083

For consolidation reporting purposes, assets and liabilities of entities whose functional currency is other than the US$ are translated into US$ using the foreign exchange rates at reporting date, while revenues and expenses are translated at the average foreign exchange rates for the year. The resulting translation adjustments are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

When an entity whose functional currency other than US$ is sold, exchange differences that were accumulated in equity are recognized as part of the gain or loss on sale. Goodwill and fair value adjustments arising from business acquisition of a subsidiary whose functional currency is other than the US$ are treated as assets and liabilities of such entity and are translated at the closing exchange rate.

f. Financial instruments

Classification

i. Financial assets

Financial assets are classified into financial assets as at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets (AFS), or as derivatives designated as hedging instruments in an effective hedge. The classification depends on the nature and purpose for which the asset was acquired and is determined at the time of initial recognition. The Group has not classified any of its financial assets as held to maturity (HTM).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

Classification (continued)

i. Financial assets (continued)

The Group's financial assets include cash on hand and in banks, trade receivables - third parties, other receivables - third parties, other non-current assets, derivative financial asset and available for sale financial assets.

The Group's available for sale financial assets include its investment in shares in Swank Ventures Limited and Nevaeh Limited.

ii. Financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss or other financial liabilities measured at amortized cost. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities consist of trade accounts payables, accrued expenses, loans payables, other payables, and other current liabilities.

Recognition and measurement

i. Financial assets

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The subsequent measurement of financial assets depends on their classification as follows:

- *Financial assets at fair value through profit or loss*
  Financial assets at fair value through profit or loss ("FVTPL") include financial assets held-for-trading and financial assets designated upon initial recognition as fair value through profit or loss. Derivative assets are classified as held-for-trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with gains or losses recognized in profit or loss.

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

Recognition and measurement (continued)

i. Financial assets (continued)

- *AFS Financial assets*
  AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified in any of the two preceding categories. Subsequent to initial recognition, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized wherein the cumulative gain or loss previously recognized in equity is reclassified to profit or loss as a reclassification adjustment.

  Dividends on AFS equity instruments, if any, are recognized in profit or loss when the Group's right to receive the dividends is established. The fair value of AFS monetary financial assets denominated in a foreign currency is determined based on original currency and translated using the prevailing exchange rate at the end of the reporting period. The foreign exchange gains and losses recognized in profit or loss are determined based on the amortized cost of the monetary assets.

  The Group's AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

ii. Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at amortized cost using EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and that there is an intention to settle on a net basis, to realize the assets simultaneously with the liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for fair value measurement. External valuers are involved for valuation of significant assets, such as vessels. Involvement of external valuers is decided by management based on expert’s market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

When the asset becomes uncollectible, the carrying amount of the financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

If, in a subsequent period, the amount of the impairment loss decreases and the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Subsequent recoveries of previously written off receivables, if in the current period, are credited to the allowance accounts, but if after the reporting period, are credited to other operating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

Impairment of financial assets (continued)

ii. AFS financial assets

For available for sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

The determination of what is “significant” or “prolonged” requires management judgment. The Group treats “significant” generally as 30% or more and “prolonged” as greater than 12 months for equity securities.

In the case of equity investments carried at cost, impairment loss is recognized in profit or loss. Such impairment losses are not reversed.

Derecognition

i. Financial assets

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the cash flows received in full without material delay to a third party under a “pass-through” arrangement, and either (a) the Group has transferred substantially all the risks and rewards over the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards over the asset, but has transferred the control over the asset.

When the Group has transferred its rights to receive cash flows from the asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards over the asset nor transferred the control over the asset, the Group recognizes its retained interest in the asset to the extent of the Group’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets (continued)

Derecognition (continued)

i. Financial assets (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, including any new assets obtained less any new liabilities assumed, and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the consolidated statement of profit or loss and other comprehensive income.

ii. Financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's liabilities are discharged, cancelled or has expired.

An exchange between the Group and its creditors with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the "first-in, first-out" method. Net realizable value is the estimated selling price, less the estimated costs necessary to make the sale.

h. Advances and prepaid expenses

Advances pertain to payments made to ship managers and agents in relation to the operations of vessels. These advances are being liquidated on a monthly basis using the reports from the ship managers and agents.

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

i. Investments in associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Investments in associates and joint venture (continued)

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as "Share of profit of an associate and a joint venture" in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognized any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Fixed assets

Vessels

Owned vessels are stated at their revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such vessels is credited to other comprehensive income net of deferred tax, as applicable, and accumulated in revaluation surplus in the equity, except to the extent that it reverses an impairment loss for the same vessel which was previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent that impairment loss was recognized for the asset in prior years. Any remaining increase, net of deferred tax, as applicable, would be recognized in revaluation surplus in equity. A decrease in carrying amount arising on the revaluation of such vessels is charged to profit or loss to the extent that it exceeds the balance, if any, held in the vessels' revaluation surplus relating to a previous revaluation of such vessels.

The Group elected the policy of eliminating the accumulated depreciation of revalued assets against the gross carrying amount of the assets and the net amount restated to the revalued amount of the assets.

Depreciation of revalued vessels is charged to profit or loss. As the vessels are used, a transfer is made from revaluation reserve to deficit equivalent to the difference between depreciation based on revalued carrying amount of the vessels and depreciation based on the vessels' historical cost. On subsequent sale or retirement of a revalued vessel, the remaining revaluation surplus attributable to the vessels sold or retired is transferred directly to deficit.

The vessels' residual values, estimated useful lives and depreciation method are reviewed at each reporting date, with the effect of any change in estimate accounted for prospectively.

The gain or loss on sale or retirement of vessels is determined as the difference between the sales proceeds and carrying amount of the vessel and is recognized in profit or loss.

Dry docking cost

Included in the balance of vessels are the dry docking costs which are capitalized when incurred and are amortized on a straight-line basis over the period until the date of the next dry docking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Fixed assets (continued)

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

The Group applies the cost model in subsequent recognition for other fixed assets. Other fixed assets are depreciated using straight-line method based on the following estimated useful lives:

	Years
Buildings and premises	20
Transportation equipment	5
Office furniture and fixtures	5
Office and dormitory equipment	5

Depreciation is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any change in estimate accounted for prospectively.

The costs of maintenance and repairs of other fixed assets are charged to operations as incurred. Other costs incurred subsequently to add, replace part of, or service an item of fixed assets, are recognized as asset if, and only if, it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

An item of other fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss in the period the asset is derecognized.

k. Leases

The Group as lessee

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor

When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Impairment of non-financial assets

The Group assesses at each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's or its CGU's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income as "impairment losses".

In assessing the value in use (VIU), the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

In case of asset carried at a revalued amount, any remaining increase, net of deferred tax, as applicable, would be recognized in revaluation reserve in equity and is treated as a revaluation increase.

m. Post-employment benefits

The Company and one of its subsidiaries provide defined post-employment benefits to their employees in accordance with Indonesian Labor Law No. 13/2003. No funding has been made to this defined benefit plan.

Pension costs under the Group's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions as in accordance with IAS 19.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognizes restructuring-related costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Post-employment benefits (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under employee benefits in the consolidated statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

n. Provision

Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provisions are reversed and recognized in profit or loss.

o. Equity instrument

Financial liabilities and equity instruments of the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. The difference between the selling price and the acquisition cost is recognized as “Difference in capital from treasury share transactions” under additional paid-in capital in equity.

p. Revenue and expense recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes (“VAT”). The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue and expense are recognized:

<u>Revenues from freight operations</u>

Revenues from freight operations are recognized as income with reference to the percentage of completion of the voyage as at reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Revenue and expense recognition (continued)

Rental income

Time charter revenue is recognized on accrual basis over the terms of the time charter agreements. Voyage freight is recognized over the duration of each voyage.

Rendering of services

Revenues from agency services are recognized when the services are rendered to customers.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued based on outstanding principal using the effective interest rate method.

Expenses

Expenses are recognized in the period in which they are incurred. Interest expense is accrued based on outstanding principal plus unpaid interest, using the effective interest rate method.

q. Taxation

Income tax expense - net represents the sum or the net amount of the final income tax, current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Final income tax

Income tax subject to final tax is presented as part of the tax expense.

Tax expense on revenues from vessels subject to final tax is recognized proportionately based on the revenue recognized in the current year. The difference between the final income tax paid and the amount charged as final income tax in profit or loss is recognized as prepaid tax or tax payable. Prepaid final income tax is presented separately from final income tax payable.

Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income due to the taxable and deductible temporary differences and permanent differences. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the Group operates and generates income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Interest and penalties for the underpayment or overpayment of income tax, if any, are to be presented as part of “Income Tax Benefit (Expense)” in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Taxation (continued)

Current tax (continued)

The amounts of additional tax principal and penalty imposed through a tax assessment letter ("SKP") are recognized as income or expense in the current year in the consolidated statement of profit or loss and other comprehensive income, unless further settlement is submitted. The amounts of tax principal and penalty imposed through an SKP are deferred as long as they meet the asset recognition criteria.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Taxation (continued)

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

r. Share capital

Incremental costs directly attributable to the issuance of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, is included in equity attributable to the Company's equity holders.

s. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

t. Earnings/loss per share

Basic earnings/loss per share is computed by dividing income/loss for the year attributable to owners of the Company by the weighted average number of shares outstanding during the year, after considering treasury stock.

Diluted earnings/loss per share amounts are calculated by dividing the profit/loss attributable to ordinary equity holder of the parent by the weighted average number of ordinary shares outstanding during the year, after considering treasury stock plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Segment information

A segment is a distinguishable component of the Group that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intragroup balances and intragroup transactions are eliminated.

The segment information reported is the component of the Group whose operating results are regularly reviewed by the chief operating decision maker to make decisions about allocating resources to the segment and assessing its performance.

v. Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

w. Events after the financial reporting date

Events after the end of financial reporting date that provide additional information about the Group’s position at reporting period (adjusting events) are reflected in the consolidated financial statements. Subsequent events after the end of financial reporting date that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

x. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, the preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the carrying amounts of assets, liabilities and the reported amounts of revenues and expenses, and accompanying disclosures. The judgments, estimates and assumptions used by management are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Judgments

The following are the critical judgments, apart from those involving estimations that the management made in the process of applying the Group's accounting policies which have the significant effect on the amounts recognized in the consolidated financial statements.

Classification of financial instruments

The Group determines the classifications of certain asset and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in IAS 32. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group’s accounting policies disclosed in Note 2.

Classification of leases

The Group has several leases where as the Group acts as lessor in respect of vessels. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Impairment of non-financial assets

Internal and external sources of information are reviewed at each reporting date to identify indications of impairment losses and to identify if previously recognized impairment loss on non-financial asset no longer exist or may be decreased.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount. The Group assesses the impairment of an asset whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Group considers upon assessment include, but not limited to, the significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the asset’s fair value less costs to sell or value in use. The recoverable amount is estimated for the individual asset or, if not possible, for the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgments (continued)

Allowance for impairment losses on loans and receivables

The Group assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is objective evidence that a loss event has occurred. The Group also evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on available facts and circumstances, including but not limited to the length of its relationship with the customer and the customer's current credit status based on available data, to record specific provisions for customers against amounts due to reduce the receivable amounts that the Group expects to collect. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss.

Estimate of provision for income taxes

The Group has exposure to income taxes in relation to the significant judgment to determine the provision for income taxes. The Group submits tax returns on the basis of self-assessment and recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. The tax authorities may assess or amend taxes within the statute of limitation under the prevailing regulations. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the current tax and deferred tax in the period in which such determination is made. The carrying amounts of the Group's prepaid tax and current tax liabilities are disclosed in Note 15.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The management believes that the Group will be able to fulfill its obligations under the PKPU Amendment Plan, execute its strategies and manage its business and financial risks successfully. Accordingly, the consolidated financial statements continue to be prepared on the going concern basis.

Determination of functional currency

In determining the respective functional currencies of each of the entity in the Group, judgment is required to determine the currency that mainly influences sales prices for services and the country whose competitive forces and regulations mainly determine the sales prices of their services. The functional currencies of each entity in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. When the indicators are mixed and the functional currency is not obvious, management should use its judgment to determine the functional currency that faithfully represents the economic effects of the underlying transactions, events and conditions.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of vessels

Vessels are stated at fair value based on the valuation reviewed by management and supported by independent professional valuers. In determining fair value, a method of valuation is used which involves certain estimates, including comparisons with recent sale transactions of similar vessels.

Further information in relation to the valuation of vessels is disclosed in Note 12. Management believes that the chosen valuation techniques and assumptions used are appropriate in the determination of the fair value of vessels.

Determination of fair value of financial assets

The Group carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgments. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates). The amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would directly affect profit and loss and other comprehensive income.

As of December 31, 2016, the Group remeasured its investment in shares of Swank Ventures Limited classified as available for sale financial asset at fair value (Note 10). Had the Group continued to measure the investment in shares of Swank Venture Limited at cost less impairment, the carrying amount would remain at US$ 10.5 million.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

Estimate of realizability of deferred tax assets

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the projected taxable income in the following periods. This projection is based on the Company's past and future results of operations.

Estimate of provision for post-employment benefits

The determination of the Group's employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognized immediately in the profit or loss as and when they occurred. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for employee benefits and net employee benefits expense. All assumptions are reviewed at each reporting date.

Estimate of useful lives and residual values of fixed assets

The useful lives of the Group's fixed assets which are estimated as the period over which the asset is expected to be used are based on internal technical evaluation. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset.

The Group also reviews the residual values of vessels at the end of each reporting period. Significant judgment is required in determining the residual values of its vessels. The Group considers the net proceeds that would be obtained from the disposal of the assets in the resale or scrap markets, fluctuations in scrap steel prices and industry practice.

A change in the estimated useful life and residual value of any item of fixed asset would affect the recorded depreciation and amortization expense and the carrying value of such asset (Note 12).

Contingencies

The Group is currently involved in various restructuring initiatives, including legal proceedings (Notes 34 and 35). An estimate of the probable costs associated with these initiatives has been developed based upon an understanding of the procedures involved and likely outcomes. However, any material deviation in the expected procedures or outcomes may potentially affect the operations of the Group. The Group does not believe that such legal proceedings are likely to have any significant or adverse effect on its consolidated financial statements.

(Expressed in United States dollar, unless otherwise stated)

4. GROUP STRUCTURE

The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company has direct share ownership in Indigo Pacific Corporation, Diamond Pacific International Corporation and Asean Maritime Corporation, all of which are investment holding companies domiciled in foreign countries.

Details of the Group's structure, showing direct and indirect share ownership, are as follows:

No.	Company		Principal Activity	Domicile	Start of Commercial Operations	Percentage of Ownership (%) 2016	Total Assets Before Elimination 2016	Percentage of Ownership (%) 2015	Total Assets Before Elimination 2015
1	Indigo Pacific Corporation		Investment holding company	Labuan, Malaysia	December 24, 1997	100	666,898	100	668,775
1.1	Indigo Pacific Corporation		Investment holding company	British Virgin Islands	February 9, 1993	100	144	100	156,706
1.1.1	Zona Overseas International Shipping S.A.	b)	Owner and operator of vessel	Panama	June 24, 1997	-	-	100	67,541
1.1.2	Kunti Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	July 19, 2000	-	-	100	16,133
1.1.3	Fatmarini Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	August 14, 2002	-	-	100	-
1.1.4	Harsanadi Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	August 14, 2002	-	-	100	-
1.1.5	Hartati Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	August 26, 2002	-	-	100	22
1.1.6	BLT Finance Corporation	b)	Investment holding company	British Virgin Islands	October 24, 2005	-	-	100	263
1.1.7	Pujawati Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	March 10, 2006	-	-	100	-
1.1.8	Pertiwi Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	March 10, 2006	-	-	100	-
1.1.9	Emerald Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	April12, 2006	-	-	100	14,355
1.1.10	BLT Finance B.V.		Investment holding company	The Netherlands	April 26, 2007	100	22	100	35
1.1.11	Tridonawati Maritime Pte. Ltd.		Owner and operator of vessel	Singapore	June 6, 2007	100	13,619	100	52,643
1.1.12	Purbasari Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	June 6, 2007	-	-	100	23,491
1.1.13	Tridonawati Maritime Corporation	b)	Owner and operator of vessel	Liberia	June 21, 2007	-	-	100	-
1.1.14	Pramoni Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	April 16, 2008	-	-	100	9,870
1.1.15	Fatmarini Shipping Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 12, 2008	-	-	100	-
1.1.16	Frabandari Shipping Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 12, 2008	-	-	100	-
1.1.17	Harsanadi Shipping Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 12, 2008	-	-	100	18,355
1.1.18	Hartati Shipping Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 12, 2008	-	-	100	13,144
1.1.19	Nogogini Shipping Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 12, 2008	-	-	100	7,480
1.1.20	Nolowati Shipping Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 12, 2008	-	-	100	7,861
1.1.21	Universal Grace Ltd.	b)	Owner and operator of vessel	Hong Kong	September 24, 2010	-	-	100	-
1.1.22	BLT Maritime Corporation		Investment holding company	British Virgin Islands	April 8, 2011	100	15,321	100	10,511
1.1.22.1	Swank Ventures Ltd.	a)	Investment holding company	Marshall Islands	December 31, 2010	60	-	60	-
1.1.23	Rich King Ltd.	b)	Owner and operator of vessel	Hong Kong	July 18, 2011	-	-	100	-
2	Diamond Pacific International Corporation		Investment holding company	Labuan, Malaysia	November 24, 1997	100	274,167	100	23,153
2.1	Diamond Pacific International Corporation		Investment holding company	British Virgin Islands	February 9, 1993	100	42,321	100	115,327

(Expressed in United States dollar, unless otherwise stated)

4. GROUP STRUCTURE (continued)

No.	Company		Principal Activity	Domicile	Start of Commercial Operations	Percentage of Ownership (%) 2016	Total Assets Before Elimination 2016	Percentage of Ownership (%) 2015	Total Assets Before Elimination 2015
2.1.1	Lenani Maritime Inc.	b)	Owner and operator of vessel	Panama	February 24, 1993	-	-	100	15,226
2.1.1.1	Ontari Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	July 25, 2000	-	-	100	-
2.1.2	Gandari Navigation Pte. Ltd.	b)	Operator of vessel	Singapore	April 25, 2000	-	-	100	-
2.1.3	Frabandari Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	August 14, 2002	-	-	100	-
2.1.4	Brotojoyo Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	August 25, 2002	-	-	100	13,074
2.1.5	Berlian Laju Tanker Pte. Ltd.	b)	Operator of vessel	Singapore	July 3, 2003	-	-	100	112
2.1.6	Anjasmoro Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	March 17, 2004	-	-	100	-
2.1.7	BLT Gas Corporation	b)	Operator of vessel	British Virgin Islands	January 25, 2013	-	-	100	-
2.2	BLT LNG Tangguh Corporation		Operator of vessel	Marshall Islands	July 8, 2005	100	31,240	100	40,958
3	Asean Maritime Corporation		Investment holding company	Labuan, Malaysia	September 16, 1997	100	199,586	100	301,298
3.1	Gold Bridge Shipping Corporation		Investment holding company	British Virgin Islands	November 20, 1996	100	16,121	100	33,996
3.1.1	Gold Bridge Shipping Ltd.		Shipping agency	Hong Kong	April 27, 1990	100	21,715	100	21,933
3.1.2	Hopeway Marine Inc.		Owner and operator of vessel	Panama	November 22, 1984	100	9,943	100	5,022
3.1.3	Quimera Maritime S.A.		Owner and operator of vessel	Panama	December 3, 1993	100	6,062	100	745
3.1.4	South Eastern Overseas Navigation S.A.	b)	Owner and operator of vessel	Panama	May 26, 1994	-	-	100	-
3.1.5	Zenith Overseas Maritime S.A.	b)	Owner and operator of vessel	Panama	June 23, 1997	-	-	100	-
3.1.5.1	Gandari Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	September 1, 2001	-	-	100	5,360
3.1.6	Eglantine Navigation S.A.	b)	Owner and operator of vessel	Panama	November 24, 1997	-	-	100	4,693
3.1.7	Wulansari Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	April 6, 2001	-	-	100	-
3.1.8	Indradi Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	September 13, 2001	-	-	100	8,406
3.1.9	Gold Bridge Shipping Agencies S.A.	b)	Shipping agency	Panama	September 26, 2001	-	-	100	-
3.1.10	Elite Bauhinia Navigation Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 24, 2001	-	-	100	3,591
3.1.11	Cempaka Navigation Pte. Ltd.	b)	Owner and operator of vessel	Singapore	July 25, 2002	-	-	100	3,316
3.1.12	Dahlia Navigation Pte. Ltd.	b)	Owner and operator of vessel	Singapore	July 25, 2002	-	-	100	3,638
3.1.13	Freesia Navigation S.A.		Owner and operator of vessel	Panama	November 15, 2002	100	10,154	100	8,780
3.1.14	Gerbera Navigation S.A.	b)	Owner and operator of vessel	Panama	November 29, 2002	-	-	100	3,874
3.1.15	Erowati Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	August 12, 2004	-	-	100	3,241
3.1.16	Gas Papua Maritime Pte Ltd.	b)	Owner and operator of vessel	Singapore	November 10, 2004	-	-	100	14,701
3.1.17	Rasawulan Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 8, 2004	-	-	100	-
3.1.18	Gas Sulawesi Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 10, 2004	-	-	100	12,538
3.1.19	Gagarmayang Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	October 8, 2004	-	-	100	156,900
3.1.20	Prita Dewi Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 10, 2004	-	-	100	5,358
3.1.21	Purwati Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 10, 2004	-	-	100	-
3.1.22	Pradapa Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	January 8, 2005	-	-	100	-
3.1.23	Pergiwati Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	January 8, 2005	-	-	100	64,006
3.1.24	Barawati Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	April 22, 2005	-	-	100	-
3.1.25	Eustoma Navigation S.A.	b)	Owner and operator of vessel	Panama	August 12, 2005	-	-	100	13,494
3.1.26	Puspawati Maritime Pte. Ltd.	b)	Owner and operator of vessel	Singapore	September 26, 2005	-	-	100	31,159

(Expressed in United States dollar, unless otherwise stated)

4. GROUP STRUCTURE (continued)

No.	Company		Principal Activity	Domicile	Start of Commercial Operations	Percentage of Ownership (%) 2016	Total Assets Before Elimination 2016	Percentage of Ownership (%) 2015	Total Assets Before Elimination 2015
3.1.27	Diamond Flow Ltd.	b)	Investment holding company	Hong Kong	January 18, 2007	-	-	100	-
3.1.28	Hyacinth Navigation S.A	b)	Owner and operator of vessel	Panama	June 5, 2008	-	-	100	-
3.1.29	Iris Maritime International S.A		Owner and operator of vessel	Panama	June 5, 2008	100	22,693	100	24,564
3.1.30	Gerbera Navigation Pte. Ltd.	b)	Owner and operator of vessel	Singapore	February 1, 2011	-	-	100	-
3.1.31	BLT International Corporation	b)	Investment holding company	Hong Kong	October 22, 2009	-	-	100	97,864
3.1.32	Amber Pacific Corporation	a)	Investment holding company	British Virgin Islands	December 15, 2015	100	50	100	-
3.2	BLT Chembulk Corporation	a)	Investment holding company	British Virgin Islands	October 5, 2007	100	-	100	-
3.2.1	Chembulk Tankers LLC	a)	Investment holding company	Marshall Islands	January 9, 2007	100	-	100	49,071
3.2.1.1	Chembulk Management LLC	a)	Ship management	United States of America	January 9, 2007	100	-	100	71,120
3.2.1.2	Chembulk Management Pte. Ltd.	b)	Ship management	Singapore	March 29, 2007	-	-	100	1,076
3.2.1.3	CBL Tankers Do Brasil Ltda.	a)	Ship management	Brazil	September 16, 2008	97.5	-	97.5	25
3.2.1.4	BLT Chembulk Group Europe A/S	a)	Ship management	Denmark	February 10, 2011	100	-	100	109
3.2.1.5	BLT Chembulk Group Corporation	b)	Operator of vessel	British Virgin Islands	December 2, 2010	-	-	100	2,079
3.2.2	Chembulk Barcelona Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	25,259
3.2.3	Chembulk Gibraltar Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	14,771
3.2.4	Chembulk Hong Kong Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	22,935
3.2.5	Chembulk Houston Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	12,940
3.2.6	Chembulk Kobe Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	15,889
3.2.7	Chembulk New York Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	20,244
3.2.8	Chembulk Savannah Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	18,579
3.2.9	Chembulk Shanghai Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	14,392
3.2.10	Chembulk Ulsan Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	17,816
3.2.11	Chembulk Virgin Gorda Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	26,315
3.2.12	Chembulk Yokohama Pte. Ltd.	b)	Owner and operator of vessel	Singapore	November 2, 2007	-	-	100	17,998
3.2.13	Chembulk New Orleans Pte. Ltd.	b)	Owner and operator of vessel	Singapore	June 22, 2008	-	-	100	23,579
4	PT Brotojoyo Maritime		Owner and operator of vessel	Indonesia	January 20, 2003	100	6,918	100	10
5	PT Cendanawati Maritim		Owner and operator of vessel	Indonesia	April 6, 2016	100	1,060	-	-
6	BLT - Borrelli International Holdings Pte. Ltd.	b)	Investment holding company	Singapore	September 18, 2013	-	-	100	-
7	BLT Buana Holdings Pte. Ltd.	b)	Investment holding company	Singapore	February 27, 2014	-	-	100	-
8	Nevaeh Limited		Investment holding company	Hong Kong	January 18, 2007	51	-	51	-
9	Teekay BLT Corporation		Investment holding company	Marshall Islands	June 29, 2005	30	392,124	30	398,278
10	Thai Petra Transport Co Ltd.		Shipping Agency	Thailand	July 21, 2000	30	673	30	643
11	PT Berlian Limatama		Owner and operator of vessel	Indonesia	June 24, 1996	50	384	50	372

a) Such subsidiaries are considered dormant and have no operations in 2016.
b) Such subsidiaries were closed/sold in 2016 for insignificant considerations.

4. GROUP STRUCTURE (continued)

Boards of Commissioners and Directors, Audit Committee and Employees

The Company's management consisted of the following:

		2016	2015
Board of Commissioners			
President Commissioner	:	Hadi Surya	Hadi Surya
Commissioner	:	Safzen Noerdin	Safzen Noerdin
Independent Commissioner	:	Antonius Joenoes Supit	Antonius Joenoes Supit
Board of Directors			
President Director	:	Siana Anggraeni Surya	Siana Anggraeni Surya
Directors	:	Anthony Budiawan	Cosimo Borrelli
			Jason Aleksander Kardachi
Independent Director	:	Franciscus Xaverius Sulaeman *)	Anthony Budiawan
Audit Committee			
Chairman	:	Antonius Joenoes Supit	Antonius Joenoes Supit
Members	:	Timotius	Timotius
		Denny Susilo	Denny Susilo

*) Franciscus Xaverius Sulaeman has been appointed as an Independent Director of the Company since July 20, 2016.

The Group had a total number of 63 and 87 employees (unaudited) as of December 31, 2016 and 2015, respectively.

5. CASH ON HAND AND IN BANKS

	2016 US$'000	2015 US$'000
Cash on hand	69	240
Cash in banks:		
Rupiah:		
PT Bank Ina Perdana Tbk	1,202	21
Citibank	255	1
PT Bank Negara Indonesia (Persero) Tbk	213	-
Deutsche Bank	-	48
Others	2	3
U.S. dollar:		
Citibank	2,414	173
OCBC Bank	1,086	-
Bank of China	512	745
PT Bank Central Asia Tbk	27	54
Deutsche Bank	-	8,619
ING Bank	-	286
PT Bank Mandiri (Persero) Tbk	-	52
Others	5	12
Other currencies	3	60
TOTAL	**5,788**	**10,314**

Interest income earned from cash on hand and in banks for the year ended December 31, 2016 amounted to US$ 3 thousand and US$ 5 thousand, respectively.

In relation to the transfer of share capital of Chembulk Trading II LLC (CB2), cash on hand and in banks amounting to US$ 5.8 million were derecognized in 2015 (Note 40).

All cash in banks and are placed in third-party banks.

6. TRADE RECEIVABLES - THIRD PARTIES

	2016 US$'000	2015 US$'000
By debtor		
Third parties:		
Owned and chartered vessels	3,723	4,845
Allowance for impairment loss	(1,796)	(2,438)
Net	**1,927**	**2,407**
By currency		
U.S. dollar	2,948	3,491
Rupiah	770	131
Other currencies	5	1,223
Sub-total	**3,723**	**4,845**
Allowance for impairment loss	(1,796)	(2,438)
Net	**1,927**	**2,407**

The aging of trade receivables as of December 31, 2016 and 2015 were as follows:

	2016 US$'000	2015 US$'000
Neither past due nor impaired	1,112	113
Overdue:		
1 - 60 days	293	1,058
61 - 120 days	161	214
121 - 180 days	118	79
More than 180 days	2,039	3,381
Sub-total	**3,723**	**4,845**
Allowance for impairment losses	(1,796)	(2,438)
Net	**1,927**	**2,407**

In relation to the transfer of share capital of CB2, trade receivables amounting to US$ 11.2 million were derecognized in 2015 (Note 40).

6. TRADE RECEIVABLES - THIRD PARTIES (continued)

The allowance for impairment of trade receivables is based on management's specific identification of uncollectible accounts. There was no allowance for impairment of receivables based on management's collective assessment of uncollectible accounts. The movement of the allowance for impairment of trade receivables is as follows:

	2016 US$'000	2015 US$'000
Beginning balance	2,438	5,685
Reversal of impairment of trade receivables (Note 28)	(1,122)	-
Impairment of trade receivables (Note 28)	623	85
Receivables written off	(143)	(3,332)
Ending balance	**1,796**	**2,438**

Based on review of the status of the individual trade receivables at the end of the year, the Group's management believes that the allowance for impairment of trade receivables is sufficient to cover the losses that may arise from uncollectible trade receivables in the future.

7. OTHER RECEIVABLES - THIRD PARTIES

	2016 US$'000	2015 US$'000
Third parties:		
Commission receivable	645	836
Receivable from employees	41	28
Preferred redeemable equity interest	-	4,950
Others	382	1,239
Ending balance	**1,068**	**7,053**

Pursuant to the PKPU Amendment Plan, as consideration to the Group for the transfer of CB2 shares, vessels and other designated assets transferred pursuant to the Singapore schemes, the consensual foreclosure and consummation of the designated accounts enforcement, the Group received from MLA preferred redeemable equity interest in Chembulk Investment Co LLC amounting to US$ 10.0 million which will be redeemed by Chembulk Investment Co LLC over a five (5) year period in equal annual installment equal to one-fifth of the total amount.

Chembulk Investment Co LLC is the newly formed entity whose equity interests are held by the MLA Lenders and their affiliates in proportion to their participation in the MLA Facility Agreement at the time of closing.

The Group purchased a vessel in 2015 and 2 vessels in 2016 using the purchase option agreement included in the MLA Restructuring. Accordingly, as of December 31, 2016, the preferred redeemable equity interest of the Group has been fully utilized as payment for the purchase of the vessels (Note 12).

Based on review of the status of the individual other receivables at the end of the year, the Group's management believes that no allowance for impairment of other receivables is necessary.

8. ADVANCES

Advances are given to agents in relation to port processing expenses.

9. DERIVATIVE FINANCIAL ASSET

Pursuant to the PKPU Amendment Plan, MLA Lenders shall issue Chembulk Investment Co LLC's warrants to purchase up to 10% of equity in Chembulk Investment Co LLC which are subject to dilution by a market-based management incentive program and any future issuance of equity securities. The warrants are exercisable in whole or in part over a period of five years.

As of December 31, 2016 and 2015, the management determined the fair value of warrants using market approach technique of comparable company valuation multiples and the Black-Scholes model. Based on management's valuation, the fair value of warrants amounted to US$ 13.0 million and US$ 23.4 million, respectively. An unrealized loss on change in fair value amounting to US$ 10.4 million was charged to profit or loss in 2016.

The key assumptions used by management in determining the fair value of warrants are as follows:

	2016	2015
Multiplier EV/EBITDA *)	11.85	14.82
Discount on lack of marketability	30%	30%
Exercise price of warrant	US$ 42.30 million	US$ 42.30 million
Period of warrants's expiration	3.92 years	4.92 years
Risk-free rate	1.93%	1.76%
Standard deviation of log returns	3.08%	2.89%

**) Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization*

Had the multiplier increased or decreased by 0.50, with all other variables held constant, the fair value of warrants would have increased or decreased by US$ 2.8 million.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 US$'000	2015 US$'000
Swank Ventures Limited (SVL)	15,321	10,511
Nevaeh Limited (NL)	6,608	7,548
Total	**21,929**	**18,059**

The Group's investments in Swank Ventures Limited (SVL) and Nevaeh Limited (NL) are unquoted equity shares and accounted for at fair value through other comprehensive income and at cost in 2016, respectively. In 2015, both investments were accounted at cost.

(Expressed in United States dollar, unless otherwise stated)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

The Group considers the investment in SVL as part of the surplus assets of the Group. Pursuant to the Restructuring Plan, surplus assets of the Group are assumed to be sold within 3 to 6 years from the date of the Restructuring Plan.

a. SVL

The Group's investment in SVL was previously classified as non-current asset classified as held-for-sale due to management's plan and commitment to sell the asset. Pursuant to the Restructuring Plan, the investment was reclassified to available for sale (non-current assets) since it no longer qualifies as non-current asset classified as held-for-sale due to the change in the expected timing of disposal which is within 3 to 6 years from the date of the Restructuring Plan.

SVL is incorporated in British Virgin Islands and has a warrants agreement with PT Umine Energy Indonesia (Umine) to exercise 179,611 shares or equal to 15.23% of Umine shares. Umine is a group of coal companies in Indonesia. This warrants agreement may be exercised on or after the Initial Public Offering (IPO) of PT Ucoal Sumberdaya (Ucoal), a subsidiary of Umine, and will expire on February 21, 2017.

On November 28, 2014, SVL entered into an amended and restated warrants agreement with Umine that revised the warrants to be exercisable on or after the IPO of Ucoal or February 21, 2019, whichever date is earlier.

In 2015, management identified indicators of impairment related to the SVL investment due to the prolonged economic downturn in the mining industry. Management performed valuation based on the discounted cash flow of the investment. Based on the results of the valuation, the investment was reduced to US$ 10.5 million as of December 31, 2015, resulting in impairment of US$ 1.1 million recognized in profit or loss (Note 30).

In 2016, management determined that its financial forecast projection and discounted cash flow valuation for its investment in SVL are reliable measurement of fair value of its investment in SVL. Accordingly, the Group remeasured its investment in SVL at fair value which resulted to recognition of US$ 4.8 million unrealized gain on change in fair value in other comprehensive income. Had the Group continued to measure its investment in SVL at cost, the carrying amount would remain at US$ 10.5 million.

The management estimated that the discount rates using pre-tax rates reflect current market assessments of the time value of money and the risks specific to the cash-generating unit.

The key assumptions used for fair value and recoverable amount calculation as of December 31, 2016 and 2015 are as follows:

	Coal mining	Mining services
2016:		
Growth rate after 5 years	2% - 3%	-
Post tax discount rate (for fair value calculation)	13.80% - 15.33%	-
2015:		
Growth rate after 5 years	0.29% - 3.0%	0% - 3.0%
Post tax discount rate (for fair value calculation)	17.82% - 19.50%	17.79% - 19.50%

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

a. SVL (continued)

Had the growth rate increased/decreased by 1%, with all other variables held constant, the fair value of investment in SVL would have increased/decreased by US$ 2.6 million/US$ 2.1 million as of December 31, 2016.

Had the post-tax discount rate increased/decreased by 1%, with all other variables held constant, the fair value of investment in SVL would have decreased/increased by US$ 1.3 million/US$ 1.2 million as of December 31, 2016.

b. NL

In 2009, Asean Maritime (AMC), a subsidiary, acquired 100.0% share ownership in NL, an investment company. This acquisition gave the Company an indirect percentage ownership of 45.0% and 21.8% in Brilliant Hero Industrial Limited (BHIL) and Jiangsu Xinrong Shipyard Company Limited (JXSCL), respectively. BHIL is an investment holding company while JXSCL is engaged in ship repair, conversion and construction of steel structure.

On November 1, 2010, AMC sold 49.0% of its ownership in NL to Mitsui & Co. Ltd., a third party. Although AMC has 51.0% ownership in NL after the sale of investment in shares in NL, management assessed that AMC does not have control over the financial decisions nor is it involved in the daily operations of NL, thus, NL is not consolidated in the financial statements. Further, NL is unable to exercise significant influence over BHIL. Therefore, NL classified its investments in BHIL as AFS financial assets since 2010.

JXSCL, which is the main asset of NL through share ownership in BHIL, suffered recurring losses that indicated impairment loss in available-for-sale financial assets of NL.

The Group noted indication of impairment on its available-for-sale investment in NL in 2016 and 2015. Based on the results of management's valuation, the investment was reduced to US$ 6.6 million and US$ 7.5 million as of December 31, 2016 and 2015, resulting in impairment loss of US$ 0.9 million and US$ 2.3 million in 2016 and 2015, recognized in profit or loss (Note 30).

Pursuant to the PKPU Amendment Plan, the economic benefits from the investment in NL will be distributed, on a pro rata basis, to unsecured creditors.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The following entities have been included in the consolidated financial statements using the equity method as of December 31, 2016 and 2015:

	Domicile and Operation	Nature of Business	Percentage of voting rights held (%)
Associates:			
Thai Petra Transport Co. Ltd.	Thailand	Port service (agency)	30
PT Berlian Limatama	Indonesia	Cargo shipping service (sea cargo service)	50
Joint venture:			
Teekay BLT Corporation	Marshall Islands and Indonesia	Cargo shipping service (sea cargo service)	30

The changes in the investments in associates and joint venture under the equity method are as follows:

	2016 US$'000	2015 US$'000
Beginning balance	8,075	2,607
Share in profit for the year	8,107	6,968
Dividends received	(900)	(1,500)
Ending balance	**15,282**	**8,075**

Summarized financial information of the Group's associates and joint venture is as follows:

	2016			
	Teekay BLT Corporation US$'000	Thai Petra Trans. Co. Ltd. US$'000	PT Berlian Limatama US$'000	Total US$'000
Current assets	29,944	345	374	30,663
Non-current assets	362,180	328	10	362,518
Current liabilities	(47,796)	(189)	(99)	(48,084)
Non-current liabilities	(294,286)	(64)	-	(294,350)
Net assets	50,042	420	285	50,747
Group's share in net assets of associates/joint venture	**15,013**	**126**	**143**	**15,282**
Revenues	44,941	126	10	45,077
Operating expenses	(14,530)	(29)	(9)	(14,568)
Gross profit	30,411	97	1	30,509
Administrative expenses	(447)	(96)	(2)	(545)
Finance cost	(2,778)	(2)	-	(2,780)
Other income - net	372	10	-	382
Profit (loss) before tax	27,558	9	(1)	27,566
Tax expense	(540)	-	-	(540)
Profit (loss) for the year	27,018	9	(1)	27,026
Group's share in profit (loss) of associates/joint venture	**8,105**	**3**	**(1)**	**8,107**

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

	2015			
	Teekay BLT Corporation US$'000	Thai Petra Trans. Co. Ltd. US$'000	PT Berlian Limatama US$'000	Total US$'000
Current assets	22,568	311	360	23,239
Non-current assets	375,710	332	12	376,054
Current liabilities	(52,753)	(175)	(82)	(53,010)
Non-current liabilities	(319,501)	(58)	-	(319,559)
Net assets	26,024	410	290	26,724
Group's share in net assets of associates/joint venture	**7,807**	**123**	**145**	**8,075**
Revenues	45,433	104	14	45,551
Operating expenses	(13,425)	(31)	(21)	(13,477)
Gross profit	32,008	73	(7)	32,074
Administrative expenses	(361)	(116)	(51)	(528)
Finance cost	(1,797)	(4)	-	(1,801)
Other income (loss) - net	(4,806)	(212)	28	(4,990)
Profit (loss) before tax	25,044	(259)	(30)	24,755
Tax expense	(1,507)	-	-	(1,507)
Profit (loss) for the year	23,537	(259)	(30)	23,248
Group's share in profit (loss) of associates/joint venture	**7,061**	**(78)**	**(15)**	**6,968**

Teekay BLT Corporation is a joint venture formed in 2005 through the shareholders agreement signed by the Group and Teekay Corporation, the investment in which is accounted for using the equity method. The joint venture was formed to charter the vessels in a consortium project among various international companies related to the extraction of gas reserves from Tangguh gas fields in Papua, Indonesia. The Company holds 30% equity interest in Teekay BLT Corporation through its indirect subsidiary, BLT LNG Tangguh Corporation (BLT LNG).

In connection with the joint venture, Teekay Corporation made a loan facility to the Company secured by a second priority pledge agreement over the shares of BLT LNG, which holds the Group's investment in the joint venture (Note 16).

In 2015, Teekay BLT Corporation declared dividends of which a portion received by BLT LNG Tangguh amounting to US$ 0,8 million was used to pay a portion of the loan plus interest to Teekay Corporation (Note 16). In 2016 and 2015, BLT LNG received dividends amounting to US$ 0.9 million and US$ 1.5 million, respectively.

12. FIXED ASSETS

	2016						
	Beginning Balance US$'000	Additions US$'000	Deductions US$'000	Transfers US$'000	Revaluations US$'000	Reclassification US$'000	Ending Balance US$'000
Cost/Valuation:							
Owned vessels	28,595	10,181	-	(10,733)	11,404	(7,483)	31,964
Transportation equipment	304	-	(103)	-	-	-	201
Office furniture and fixtures	508	-	(152)	-	-	-	356
Office and dormitory equipment	2,096	3	(202)	-	-	-	1,897
Buildings and premises	775	-	-	-	-	-	775
Total	32,278	10,184	(457)	(10,733)	11,404	(7,483)	35,193
Accumulated depreciation and impairment loss:							
Owned vessels	-	3,250	-	(10,733)	7,483	-	-
Transportation equipment	291	9	(103)	-	-	-	197
Office furniture and fixtures	506	1	(152)	-	-	-	355
Office and dormitory equipment	1,864	45	(195)	-	-	-	1,714
Buildings and premises	348	40	-	-	-	-	388
Total	3,009	3,345	(450)	(10,733)	7,483	-	2,654
Net Book Value	**29,269**						**32,539**

	2015						
	Beginning Balance US$'000	Additions US$'000	Deductions US$'000	Deconsolidation US$'000	Transfers US$'000	Revaluations US$'000	Ending Balance US$'000
Cost/Valuation:							
Owned vessels	400,413	8,947	(387,839)	-	(1,317)	8,391	28,595
Leased vessels	188,792	-	-	(188,792)	-	-	-
Transportation equipment	513	-	(209)	-	-	-	304
Office furniture and fixtures	838	13	(343)	-	-	-	508
Office and dormitory equipment	2,727	528	(1,159)	-	-	-	2,096
Buildings and premises	1,426	-	(651)	-	-	-	775
Total	594,709	9,488	(390,201)	(188,792)	(1,317)	8,391	32,278
Accumulated depreciation and impairment loss:							
Owned vessels	-	27,100	(25,783)	-	(1,317)	-	-
Leased vessels	-	9,629	-	(9,629)	-	-	-
Transportation equipment	479	21	(209)	-	-	-	291
Office furniture and fixtures	803	34	(331)	-	-	-	506
Office and dormitory equipment	2,309	169	(614)	-	-	-	1,864
Buildings and premises	738	98	(488)	-	-	-	348
Total	4,329	37,051	(27,425)	(9,629)	(1,317)	-	3,009
Net Book Value	**590,380**						**29,269**

Depreciation expense was allocated as follows:

	2016 US$'000	2015 US$'000
Vessel depreciation	3,250	36,729
Administrative expenses (Note 28)	95	322
Total	**3,345**	**37,051**

12. FIXED ASSETS (continued)

All sales of fixed assets are made with third parties. Loss on disposal of fixed assets is as follows:

	2016 US$'000	2015 US$'000
Cost	457	2,362
Accumulated depreciation	(450)	(1,642)
Net book value	7	720
Net considerations received	7	17
Loss on disposal of fixed assets (Note 30)	**-**	**703**

The management is committed to a plan to sell its vessel, Gas Bangka, held by a subsidiary of the Company. Gas Bangka is a liquefied gas carrier registered in Singapore with a gross tonnage and deadweight tonnage of 3,496 tons and 3,983 tons, respectively.

The plan to sell was approved by the Board of Directors on October 14, 2016. The plan is part of the Group's 2017 business plan of establishing initiatives to close out cash flow shortage and maximize EBITDA per vessel. In 2016, the management has marketed the availability for sale of Gas Bangka with various shipbrokers. Accordingly, the vessel was classified as non-current asset held-for-sale.

On February 17, 2017, the Group entered into a Memorandum of Agreement with third party to sell MT Gas Bangka. MT Gas Bangka was eventually sold and delivered on March 28, 2017.

In relation to the transfer of share capital of CB2, the net carrying value of fixed assets derecognized amounted to US$ 179.2 million in 2015 (Note 40).

Deductions to fixed assets in 2015 include vessels transferred to MLA as part of settlement of MLA loan. The carrying value of those vessels amounted to US$ 387.8 million.

As of December 31, 2016 and 2015, the vessels are stated at their revalued amounts using market approach, based on their fair values in the valuation report dated March 29, 2017 and March 30, 2016, respectively, prepared by an independent appraiser and reviewed by management. The appraisal report was issued by KJPP Budi, Edy, Saptono & Rekan using market data or sales comparison approach method in determining the revaluated amounts.

As of December 31, 2016, the vessels' revalued amount had increased by US$ 11.4 million (Note 23b). As of December 31, 2015, the vessels' revalued amounts had increased by US$ 8.4 million, of which US$ 2.2 million was recorded as reversal of impairment credited to profit or loss (Note 30) and US$ 6.2 million was credited to revaluation reserve (Note 23b).

For the year ended December 31, 2016, the Group specifically identified certain vessels with indications of impairment. The vessels' recoverable amount is considered to be its fair value amount because management believes that the value in use of vessels approximates the appraised value of vessels. Impairment value for these vessels amounted to US$ 7.5 million charged to profit or loss in 2016 (Note 30).

Transfers pertaining to accumulated depreciation as at revaluation date were eliminated against the gross carrying amount of the revalued vessels. Had the Group's vessels been measured on historical cost, the carrying value (cost less accumulated depreciation and impairment loss) would have been US$ 30.2 million and US$ 22.6 million as of December 31, 2016 and 2015, respectively.

Changes in the revaluation reserves are disclosed in Note 23b.

12. FIXED ASSETS (continued)

There were three and one additional vessels in 2016 and 2015, respectively. The additional two vessels in 2016 and one vessel in 2015 were repurchased using the purchase option agreement (Note 7).

The Group's fleet consists of eight owned vessels in 2016 and five owned vessels in 2015.

There were no vessels under construction as of December 31, 2016 and 2015.

The Group's vessels and equipment were insured for hull and machinery damages and war risk, Increased Value and Additional Owners Interest (I.V. & A.O.I) for US$ 77.5 million and US$ 71.0 million with LCH Lockton Pte. Ltd. and LCH Insurance (S) Pte. Ltd. in 2016 and 2015, respectively.

The Group's vessels and equipment were also insured against losses of third parties arising from vessel operations such as environmental pollution caused by accidents (Protection and Indemnity or P&I).

Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

MT Gas Indonesia, MT Gas Kalimantan and MT Indradi are collateralized to various liabilities of the Group (Note 16).

As of December 31, 2016 and 2015, the total acquisition costs of the Group's fully depreciated fixed assets that are still in use and those no longer used amounted to US$ 2.1 million and US$ 2.2 million, respectively (unaudited).

13. TRADE ACCOUNTS PAYABLE

	2016 US$'000	2015 US$'000
By creditor		
Related parties		
Thai Petra Transport Co. Ltd.	119	150
PT Arpeni Pratama Ocean Line Tbk	37	38
PT Garuda Mahakam Pratama	20	26
Pan Union Agencies Pte. Ltd.	11	-
Sub-total	187	214
Third parties		
Suppliers	5,274	9,191
Shipping agents	622	605
Sub-total	5,896	9,796
Total	**6,083**	**10,010**
By currency		
U.S. dollar	3,435	7,529
Rupiah	1,429	151
Singapore dollar	701	622
Other currencies	518	1,708
Total	**6,083**	**10,010**

13. TRADE ACCOUNTS PAYABLE (continued)

The trade accounts payable represent liabilities to shipping companies as agents, to sub-agents and to suppliers for purchases of fuel and spare parts, and vessel equipment.

Pursuant to PKPU Amendment Plan in 2015, trade creditors will retain 50% of their outstanding debt balance and will be paid over a period of five years (Note 35). Total gain on restructuring recognized by the Group amounted to US$ 6.4 million in 2015.

In relation to the transfer of share capital of CB2, trade accounts payable amounting to US$ 5.4 million were deconsolidated in 2015 (Note 40).

All trade accounts payable are non-interest bearing and unsecured.

14. ACCRUED EXPENSES

	2016 US$'000	2015 US$'000
Vessels operation and dry docking	1,692	1,117
Interest	1,100	5,500
Others	721	1,661
Total	**3,513**	**8,278**

In relation to the transfer of share capital of CB2, accrued expenses amounting to US$ 7.6 million were deconsolidated in 2015 (Note 40).

15. TAXATION

Details of prepaid taxes are as follows:

	2016 US$'000	2015 US$'000
Value Added Tax	183	616
Income tax		
Article 21	-	7
Article 23	25	-
Article 26	1	4
Total	**209**	**627**

15. TAXATION (continued)

Details of taxes payable are as follows:

	2016 US$'000	2015 US$'000
Final income tax payable:		
Article 4(2)	17	12
Income taxes:		
Article 21	66	105
Article 23	-	6
Article 26	3	-
Value Added Tax	1	78
Others	2	4
Total	**89**	**205**

Details of income tax benefit (expense) - net are as follows:

	2016 US$'000	2015 US$'000
Deferred income tax:		
The Company	26	16,751
Subsidiaries	2	(312)
Final income tax:		
The Company	(97)	(65)
Subsidiaries	(32)	(1)
Current tax - subsidiaries	(4)	(7)
Income tax benefit (expense) - net	**(105)**	**16,366**

Final income tax

The breakdown of final income tax on revenues related to charter and operation of vessels of the Company is as follows:

	2016 US$'000	2015 US$'000
Final income tax		
The Company	97	65
Subsidiaries	32	1
Payments during the year	(129)	(66)
Final income tax payable	-	-

15. TAXATION (continued)

Current tax

The Company's computation of tax on revenues not subject to final income tax is as follows:

	2016 US$'000	2015 US$'000
Profit (loss) before income tax per consolidated statement of pofit or loss and other comprehensive income	(15,641)	170,853
Loss (income) before income tax of subsidiaries	11,982	(167,123)
Profit (loss) before income tax of the Company	**(3,659)**	**3,730**
Temporary differences:		
Difference in fair value of financial liabilities	284	30,084
Depreciation of fixed assets	-	417
Employee benefits	191	(28)
Permanent differences:		
Expenses net of related income already subjected to final tax	2,286	6,717
Interest income subjected to final tax	(1)	(1)
Non-deductible expenses (income)	1	(37,555)
Others	(9)	(1,024)
Taxable income (loss) of the Company	**(907)**	**2,340**
Uncompensated prior year tax losses:		
2013	(3,869)	(3,869)
2012	(31,384)	(31,384)
2011	-	(17,035)
Accumulated tax losses	**(36,160)**	**(49,948)**

The Company reported its calculation of 2015 income tax on June 24, 2016. The reported taxable income of the Company in 2015 is the same taxable income reported in its Annual Tax Return.

15. TAXATION (continued)

Deferred tax

The details and movements of the Group's deferred tax assets (liabilities) are as follows:

	January 1, 2016	Credited (charged) to profit or loss	Credited (charged) to equity	Adjustment to deferred tax	December 31, 2016
	US$'000	US$'000	US$'000	US$'000	US$'000
The Company and subsidiaries					
Deferred tax asset (liability)					
Fixed assets	(534)	-	627	(93)	-
Provision for post-employment benefits	307	50	(16)	-	341
Difference in fair value of financial liabilities	(409)	71	-	-	(338)
Net	**(636)**	**121**	**611**	**(93)**	**3**

	January 1, 2015	Credited (charged) to profit or loss	Credited (charged) to equity	Adjustment to deferred tax	December 31, 2015
	US$'000	US$'000	US$'000	US$'000	US$'000
Deferred tax asset - subsidiary					
Fixed assets	(37)	37	-	-	-
Tax loss carry-forward	349	(349)	-	-	-
Net	**312**	**(312)**	**-**	**-**	**-**
Deferred tax liability - the Company					
Fixed assets	(138)	104	(500)	-	(534)
Provision for post-employment benefits	370	(7)	(56)	-	307
Difference in fair value of financial liabilities	(17,063)	7,521	-	9,133	(409)
Net	**(16,831)**	**7,618**	**(556)**	**9,133**	**(636)**

Deferred tax assets are recognized in the consolidated financial statements if sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Group has unrecognized deferred tax asset on tax losses carry-forward amounting to US$ 9.1 million and US$ 19.3 million as of December 31, 2016 and 2015, respectively, since the Group does not have sufficient basis to determine the future tax benefit on such deferred tax assets.

The tax losses carry-forward can be utilized against the taxable income for a period of five years subsequent to the year the tax loss was incurred.

15. TAXATION (continued)

Reconciliation between the income tax benefit and the amount computed by applying the effective tax rate to the profit (loss) before income tax is as follows:

	2016 US$'000	2015 US$'000
Profit (loss) before income tax per consolidated statement of income and other comprehensive income	(15,641)	170,853
Income (expenses) net of related expense (income), already subjected to final tax	(2,286)	6,717
Taxable income (loss)	(13,355)	177,570
Income tax benefit (expense) at prevailing tax rate (25%)	3,339	(44,392)
Effects of:		
Profit (loss) before income tax of subsidiaries	(2,995)	41,780
Unrecognized deferred tax from tax losses carry-forward	(227)	-
Final tax	(129)	(66)
Deferred tax from utilized tax losses carry-forward	-	585
Current tax of foreign subsidiaries	(4)	(7)
Deferred tax of subsidiaries	2	(312)
Non-deductible income and expenses	2	9,645
Adjustment to deferred tax	(93)	9,133
Income tax benefit (expense) - net	**(105)**	**16,366**

16. LOANS PAYABLE

	2016 US$'000	2015 US$'000
Bank loans:		
PT Bank Mandiri (Persero) Tbk	11,205	12,248
PT Bank Central Asia Tbk	3,794	4,401
Related party loans:		
PT Bagusnusa Samudra Gemilang (Note 33)	1,828	1,726
Teekay Corporation	-	661
Others:		
Amicorp Trustees (Singapore) Limited	12,606	12,322
Total	**29,433**	**31,358**
Current	3,967	2,124
Non-current	25,466	29,234
Total	**29,433**	**31,358**
By currency:		
US dollar	16,400	17,384
Rupiah	13,033	13,974
Total	**29,433**	**31,358**

16. LOANS PAYABLE (continued)

(i) Bank loans

Following the events of default, the bank loan creditors of the Group submitted their respective claims under the PKPU. Pursuant to the Restructuring Plan, the bank loan creditors fall under the class of secured creditors.

Considering the effects of the restructuring plan, the Group discounted the forecasted cash flows related to the following restructured bank loans using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The respective restructured terms of the bank loan creditors under the Restructuring Plan are binding and set out as follows (Note 35):

a. PT Bank Mandiri (Persero) Tbk ("Mandiri")

- Principal of Rp 249.0 billion.

- Forgive all outstanding and unpaid interest prior to July 1, 2012.

- Principal amortization over a repayment period commencing from April 1, 2013 to the 10th anniversary of the Restructuring Plan, the maturity date of any loan extended by any unsecured creditor (apart from the trade creditors), or March 31, 2023, whichever is the earliest to occur ("Maturity Date") with equal quarterly installments commencing in Year 3 with the first installment starting on June 30, 2015.

- Interest (3-month JIBOR + 7.5 %) capitalized from July 1, 2012 until March 31, 2014, then quarterly cash payments from June 30, 2014, provided that there is sufficient cash in Year 2 to (i) build up the US$ 25.0 million minimum cash buffer; (ii) pay cash interest on the Working Capital Facility; (iii) pay principal on the Working Capital Facility, and if any of these conditions are not met for any quarter in year 2, such payments of interest in year 2 will be capitalized and added to principal pursuant to the cash waterfall principles set out in the Restructuring Plan.

- The rights of Mandiri to call an event of default in respect of this Plan are as follows: if Mandiri still holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 2; or if Mandiri no longer holds security over any vessel owned or operated by BLT, an event of default can be called for non-payment of interest and principal after Year 4.

- Accelerated repayment from cash sweep.

- The Company and PT Buana Listya Tama Tbk ("BULL"), a former subsidiary of the Company until it was deconsolidated in 2013, agreed that they will sell 6 vessels which are secured to Mandiri at a sales price agreed and acceptable to Mandiri, provided that Mandiri gives reasonable notice in providing its request and that the sale of the vessels is conducted at an arm's length commercial transaction and that the sales price is at the vessels' market value. In particular, BULL will provide Mandiri with a written agreement within 3 months from the date the Restructuring Plan was ratified by the Jakarta Court that it will agree to sell the vessels secured to Mandiri.

- 90.0% of the sales price of the two vessels shall be paid to Mandiri and 95.0% of the sales price of the remaining four vessels referred to above will be applied to reduce the outstanding principal due to Mandiri.

16. LOANS PAYABLE (continued)

(i) Bank loans (continued)

a. PT Bank Mandiri (Persero) Tbk ("Mandiri") (continued)

- In the event that the vessels are sold, the proceeds of such sale will be used to offset/pay the last principal installment (i.e., first payment for amortization in Year 10 followed by Year 9 and thereafter) that is due to Mandiri and the maturity date of the amortized principal payments to Mandiri will be reduced accordingly.

- The Restructuring Plan shall not compromise any rights that Mandiri has with respect of the security in all secured vessels and the Company shall not object or hinder any attempts by Mandiri to sell these vessels, whether pursuant to its security or otherwise. The Company and BULL shall not object to any request by Mandiri to sell a vessel and will not object or hinder Mandiri's attempts to enforce or sell these vessels.

In 2014, the Company sold three vessels secured to Mandiri. The total proceeds from the sale of these 3 vessels amounted to US$ 6.4 million which was applied towards the prepayment of Mandiri loan in accordance with the Restructuring Plan (Note 35).

Pursuant to PKPU Amendment Plan and letter from Mandiri dated September 30, 2015, the terms of credit facility with Mandiri are amended as follows:

- Outstanding principal is Rp 111.9 billion and capitalized interest from July 1, 2012 up to March 31, 2015 is Rp 79.4 billion.
- Outstanding principal amortization over a repayment period, commencing from June 30, 2017 to September 30, 2021, with 18 equal quarterly installments with the first installment starting on June 30, 2017.
- Interest from April 1, 2015 shall be calculated based on an interest rate of 3-month JIBOR + 0.5% per annum based on 365 days per annum and shall be paid quarterly starting from June 30, 2015.
- The sale of MT Kunti ("Kunti Sale") will be completed by April 1, 2016 or on a later date to be agreed by Mandiri with value of Rp 7.0 billion. Net proceeds from the Kunti Sale will be used to repay the last principal installment due.
- Any quarterly payments to be made in each year will be made on the last business day of each quarter of such year. All payments to be made will be made free of any rights to off-set, deduct or withhold.
- No accelerated repayment from cash sweep.

In 2016, Kunti Sale had been completed. Net proceeds amounting to Rp 6.6 billion was used to repay principal installment in accordance with the Restructuring Plan (Note 35).

The carrying value of the restructured loan from Mandiri as of December 31, 2016 and 2015 amounted to US$ 11.2 million and US$ 12.2 million, respectively. The annual effective interest rates of the loan are 7.6% and 8.5% in 2016 and 2015, respectively. Interest expense charged to profit or loss in 2016 and 2015 amounted to US$ 578 thousand and US$ 747 thousand, respectively.

The Company recognized gain on restructuring amounting to US$ 1.1 million in 2015.

16. LOANS PAYABLE (continued)

(i) Bank loans (continued)

b. PT Bank Central Asia Tbk ("BCA")

- Principal of Rp 44.4 billion equivalent to US$ 4.7 million.

- Forgive all outstanding and unpaid interest prior to July 1, 2012.

- Principal amortization over a repayment period commencing from April 1, 2013 to the maturity date which is (i) the 10th anniversary from the date the Restructuring Plan is ratified by the Jakarta Court, (ii) the earliest maturity date of any loan extended by any unsecured creditor (apart from trade creditors), or (iii) March 31, 2017, whichever is the earliest to occur with 32 equal quarterly installments commencing the 3rd year with the first installment starting June 30, 2015.

- Interest (JIBOR + 5.25%) capitalized from July 1, 2012 until March 31, 2014, then quarterly cash payments from June 30, 2014, provided that there is sufficient cash in Year 2 to (i) build up the US$ 25.0 million minimum cash buffer, (ii) pay cash interest on the Working Capital Facility, (iii) pay principal on the Working Capital Facility, and if any of these conditions is not met for any quarter in Year 2, such payments of interest in Year 2 will be capitalized and added to principal pursuant to the cash waterfall principles set out in the Restructuring Plan.

- The rights of BCA to call an event of default in respect of the Restructuring Plan are as follows: if BCA still holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of principal and interest after Year 2; or if BCA no longer holds security over any vessel owned or operated by the Company, an event of default can be called for non-payment of interest and principal after Year 4.

- Accelerated repayment from cash sweep.

- The Company agrees that it will sell the secured vessels by mutual consent of BCA at a sales price agreed and acceptable to BCA, provided that BCA gives reasonable notice in providing its request and that the sale of a vessel is conducted as an arm's length commercial transaction and the sales price is at the vessel's market value.

- Payment to BCA of 95.0% of the sales price of 2 vessels will be applied to reduce outstanding principal due to BCA.

- In the event that the vessel(s) are sold, the proceeds of such sale(s) will be used to offset/pay the last principal installment that is due to BCA and the maturity date of the amortized principal payments to BCA will be reduced accordingly.

- This Restructuring Plan shall not compromise any rights that BCA has in respect of the security in all secured vessel(s) and the Company shall not object or hinder any attempts by BCA to sell these vessel(s), whether pursuant to its security or otherwise.

In 2014, the Group had finalized an agreement with BCA to fix the amount of loan into US$ currency and all other terms pursuant to the Restructuring Plan.

16. LOANS PAYABLE (continued)

(i) Bank loans (continued)

b. PT Bank Central Asia Tbk ("BCA") (continued)

Pursuant to PKPU Amendment Plan in 2015, the terms of credit facility with BCA are amended as follows:

- If there is remaining cash in the Earnings Account (after the payment of interest, taxes and other costs that may be incurred outside the Principal Amount), the remaining cash can be used for amortization of the outstanding principal amount which will be paid on every interest payment date effective from the date of approval of the PKPU Amendment Plan until March 31, 2017;

- Repayment of the principal amount shall be paid by way of 32 equal quarterly installments with the first installment commencing on June 30, 2017;

- Where there is insufficient cash to pay a quarterly installment of principal amount, with the written consent of BCA, the Company may add the amount of that installment to the next quarterly installment.

- No accelerated repayment from cash sweep.

As of December 31, 2016 and 2015, the carrying amount of the loan from BCA amounted to US$ 3.8 million and US$ 4.4 million, respectively. The annual effective interest rate of the loan is 6.0% in 2016 and 2015. Interest expense charged to profit or loss in 2016 and 2015 amounted to US$ 254 thousand and US$ 292 thousand, respectively.

(ii) Related party loans

a. PT Bagusnusa Samudra Gemilang ("Bagusnusa")

The loan from Bagusnusa was restructured in accordance with the provisions of the Restructuring Plan for intercompany claims.

Considering the effects of the Restructuring Plan, the Group discounted the forecasted cash flows related to the following restructured related party loan using appropriate interest rates determined by management at current prevailing interest rates applicable to the Group. The restructured terms under the Restructuring Plan for intercompany creditors are binding and set out as follows (Note 35):

- Total claims of US$ 13.7 million.

- No payments or satisfaction will be made until all existing secured and unsecured creditors are repaid in full.

- No voting rights in the PKPU or otherwise assert or make any claims upon the Group.

16. LOANS PAYABLE (continued)

(ii) Related party loans (continued)

a. PT Bagusnusa Samudra Gemilang ("Bagusnusa") (continued)

Pursuant to PKPU Amendment Plan in 2015, no payments will be made to Bagusnusa until (i) all existing secured creditors are repaid in full, (ii) the aggregate value of the PKPU shareholders (including their successors and nominees) (based on a 3-month weighted average share price) exceeds the total outstanding claims of US$ 1.1 billion, and (iii) the Group's payable to BULL has been paid.

Based on management's discounted cash flow forecast analysis, using compound annual growth rate of 20.86% and discount rate of 12.28% in 2015, the Company will only be able to settle its loan from Bagusnusa by Year 2070. Consequently, the difference between the nominal amount of the loan and its fair value amounting to US$ 7.9 million is presented under Other Capital Reserves. There were no changes in assumptions as of December 31, 2016.

The Company recognized loss on restructuring amounting to US$ 2.6 million in 2015.

The carrying value of the restructured loan from Bagusnusa as of December 31, 2016 and 2015 amounted to US$ 1.8 million and US$ 1.7 million, respectively. In 2016 and 2015, the annual effective interest rate of the loan is 3.14%. Interest expense charged to profit or loss in 2016 and 2015 amounted to US$ 56 thousand and US$ 242 thousand, respectively.

b. Teekay BLT Corporation and Teekay Corporation

Due to the Group's financial position in 2011, the Company defaulted on its payment obligation under the loan facility in November 2011. Teekay Corporation issued a notice of demand and declared the full amount of the loan immediately due and payable. The Board of Directors of Teekay Corporation subsequently took steps to enforce its security over the loan facility by replacing the officers of BLT LNG with its nominees and commencing proceedings in the Commercial Court of England against the Company (Debt Proceedings).

On February 1, 2014, the Company along with Diamond Pacific International Corporation (DPIC), BLT LNG Tangguh Corporation and Teekay BLT Corporation entered into a Settlement Agreement with Teekay Corporation, Teekay LNG Partners L.P. and Teekay Tangguh Holding Corporations with the following conditions:

a. The Company shall pay Teekay Corporation the amount of US$ 0.5 million on June 30, 2014 and December 31, 2014 as payments against sums due pursuant to the court order.

b. The Company shall pay Teekay Tangguh Holdings Corporation the amount of US$ 0.5 million in satisfaction of the Company's Guarantee Fees due at the date of the agreement.

c. Gandari Maritime Pte. Ltd., a subsidiary of the Company, irrevocably waives and releases BLT LNG Tangguh Corporation from all claims whatsoever with respect to the loan amounting to US$ 24.7 million.

16. LOANS PAYABLE (continued)

(ii) Related party loans (continued)

b. Teekay BLT Corporation and Teekay Corporation (continued)

d. Teekay BLT Corporation shall declare and pay dividend in the amount of US$ 21.5 million as soon as reasonably practicable.

e. Teekay BLT Corporation, BLT LNG Tangguh Corporation and the Company agreed that the part of the Promissory Note Debt owed by the Company to Teekay BLT Corporation with principal amount of US$ 3.6 million plus interest will be novated by the Company through transfer of debt owed by the Company to its subsidiary, BLT LNG Tangguh Corporation effective immediately.

f. DPIC shall be entitled through a shareholders' resolution to remove all directors from the board of BLT LNG Tangguh Corporation and replace those directors with its nominees.

As of December 31, 2015, the loan from Teekay Corporation amounted to US$ 0.7 million, which comprise of US$ 121 thousand principal loan and US$ 539 thousand deferred interest. The annual effective interest rate of the loan is 8%.

As of December 31, 2016, loan and deferred interest from Teekay Corporation were fully paid.

(iii) Others

Amicorp Trustees (Singapore) Limited ("Amicorp")

On December 23, 2015, Mizuho entered into an assignment agreement with Amicorp Trustees (Singapore) Limited, as trustee of the Fortuna Growth Fund (Sub-Fund A), where Mizuho sold, transferred and assigned its rights, titles and interests, with respect to the Restructuring Agreement, to Amicorp.

Upon the receipt of full consideration agreed by Mizuho and Amicorp, Mizuho shall automatically withdraw its position as a creditor to the Company pursuant of the Restructuring Agreement and release and discharge the collateral security and deliver it to Amicorp. Amicorp will have the rights of Mizuho as secured creditor in the PKPU Amendment Plan.

The carrying value of the restructured loan from Amicorp as of December 31, 2016 and 2015 amounted to US$ 12.6 million and US$ 12.3 million, respectively. The annual effective interest rate of the loan is 4.30% in 2016 and 2015. Interest expense charged to profit or loss in 2016 and 2015 amounted to US$ 585 thousand and US$ 393 thousand, respectively.

17. OTHER PAYABLES

	2016 US$'000	2015 US$'000
Payable to BULL	7,882	7,296
Claims for vessel repairs and fuel purchases	3,743	5,046
Total	**11,625**	**12,342**
Current	1,735	1,585
Non-current	9,890	10,757
Total	**11,625**	**12,342**

a. Payable to BULL

On March 20, 2015, the Group and BULL signed Statement of Confirmation whereby both parties agreed that net balance of due to BULL amounted to US$ 61.6 million, after the subrogated claim from the transfers of investment in BULL.

Pursuant to PKPU Amendment Plan in 2015, no payments will be made to BULL until (i) all existing secured creditors are repaid in full, and (ii) the aggregate value of the 48% equity interest held by the PKPU Shareholder (including successors and nominees) (based on a 3-month weighted average share price) exceeds the total outstanding claims of US$ 1.1 billion.

Based on management's discounted cash flow forecast analysis, using compound annual growth rate of 20.86% and discount rate of 12.28% in 2015, the Group will only be able to settle its payable to BULL by Year 2070. Accordingly, the Group recomputed the present value of cash flows related to payable to BULL using appropriate interest rate applicable to the Group. Gain on restructuring recognized by the Group amounted to US$ 35.3 million in 2015. There were no changes in assumptions as of December 31, 2016.

The net carrying amount of the restructured payable to BULL as of December 31, 2016 and 2015 amounted to US$ 7.9 million and US$ 7.3 million, respectively. The effective interest rate for this liability is 3.93% in 2016 and 2015. Interest expense charged to profit or loss in 2016 and 2015 amounted to US$ 291 thousand and US$ 1.2 million, respectively.

As part of BULL's successful restructuring process, PT Danatama Perkasa (DP), a third party investor, will transfer back 3,142 million shares (equivalent to 17.8% of the total issued shares) in BULL to the Company after the completion of the enforcement of BULL's security. Until December 31, 2016, no shares have been received yet by the Company.

b. Claims for vessels repairs and fuel purchases

In 2012, the Group defaulted on payments of various trade creditors related to repairs and maintenance of vessels and purchase of fuel. These payables were reclassified to other payables while the Group is under negotiation with the creditors.

In 2013, the Group entered into settlement agreements with its respective creditors regarding these liabilities. The terms of repayment schedules follow the provision in the Restructuring Plan on settlement of payments over a 5-year term.

17. OTHER PAYABLES (continued)

b. Claims for vessels repairs and fuel purchases(continued)

Pursuant to PKPU Amendment Plan in 2015, the total restructured trade debt being 50% of the total trade debts shall be repaid in equal monthly installments over a period of five years (Note 35). Accordingly, gain on restructuring recognized from claims for vessel repairs and fuel purchases by the Group amounted to US$ 0.3 million.

The carrying amount of the restructured liabilities arising from vessel repairs and fuel purchases as of December 31, 2016 and 2015 amounted to US$ 3.7 million and US$ 5.0 million, respectively.

18. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Group provides post-employment benefits for its qualified employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits is 54 in 2016 and 47 in 2015. Net expense recognized in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2016	2015
	US$'000	US$'000
Current service cost	86	132
Interest cost	110	108
Curtailment/settlement	(20)	(102)
Employment benefits expense - net (Note 28)	**176**	**138**

Movements in the present value of the unfunded obligations for post-employment benefits are as follows:

	2016	2015
	US$'000	US$'000
Beginning balance	1,231	1,481
Current service cost	86	132
Interest cost	110	108
Benefits paid	(10)	(24)
Curtailment/settlement	(20)	(102)
Past service cost	1	-
Remeasurements		
Effects of experience adjustments	(134)	(117)
Effects of changes in financial assumptions	72	(106)
Effect of changes in foreign exchange rates	32	(141)
Ending balance	**1,368**	**1,231**
Current (presented under “Accrued expenses”)	13	14
Non-current	1,355	1,217
Total	**1,368**	**1,231**

18. PROVISION FOR POST-EMPLOYMENT BENEFITS (continued)

The cost of providing post-employment benefits is calculated by an independent actuary, PT Padma Radya Aktuaria. The actuarial valuation was carried out using the following key assumptions:

	2016	2015
Discount rate per annum	8.25%	9%
Salary increment rate per annum	10%	10%
Mortality rate/table	100.0%/TMI3	100.0%/TMI3
Resignation rate	10% per annum until age 36 then decreasing linearly to 0% at age 56	10% per annum until age 36 then decreasing linearly to 0% at age 56

The quantitative sensitivity analysis for significant assumptions as of December 31, 2016 and 2015 is as follows:

	Discount rates		Future salary increases	
	Percentage	Effect on present value of benefits obligation US$'000	Percentage	Effect on present value of benefits obligation US$'000
2016				
Increase	1%	(92)	1%	105
Decrease	-1%	102	-1%	(97)
2015				
Increase	1%	(93)	1%	107
Decrease	-1%	103	-1%	(97)

The maturity of provision for post-employment benefits as of December 31, 2016 and 2015 is as follows:

	2016 US$'000	2015 US$'000
Within the next 12 months	13	14
Between 2 to 5 years	451	223
Beyond 5 years	3,931	1,809
Total	**4,395**	**2,046**

The average duration of the provision for post-employment benefits is 9.13 and 10.11 as of December 31, 2016 and 2015, respectively.

19. SHARE CAPITAL

The composition of shareholders is as follows:

	2016 and 2015		
Name of shareholders	Number of shares	Percentage of ownership (%)	Total paid-up capital
			US$'000
PT Tunggaladhi Baskara	4,383,489,018	18.67%	41,583
Citibank Singapore S/A CBSG-CDP-			
Indonesia C/O. Citibank, N.A	1,752,838,893	7.46%	16,628
Bina Surya Group Employees Cooperative	2,422,056	0.01%	23
Siana Anggraeni Surya	62,400	0.00%	1
Public (below 5.0%)	5,412,019,103	23.05%	51,340
Debt to equity swap			
Holders of notes payable	4,517,659,093	19.24%	20,468
Rupiah bondholder	1,156,691,987	4.93%	5,241
Guaranteed convertible bondholder			
and guaranteed bondholder	2,223,442,869	9.47%	10,074
Lease creditors	2,623,612,978	11.17%	11,887
Derivative creditors	1,111,874,087	4.73%	5,037
Others	299,205,054	1.27%	1,354
Total	**23,483,317,538**	**100.00%**	**163,636**

Based on notarial deed No. 16 dated November 23, 2015 of Firdhonal, SH, notary in Jakarta, the Shareholders resolved and approved the increase of authorized capital from 14,676,480,000 shares to 44,237,830,228 series A shares and 2,456,869,565 series B shares or equivalent to Rp 2,887,707,867,500 and the issued and paid up capital of 11,550,831,470 series A shares to 23,483,317,538 series A shares or equivalent to Rp 1,467,707,346,125 and the issuance of new series A shares amounting to 11,932,486,068 shares. This change was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0947364.AH.01.02 Year 2015 dated December 6, 2015.

The Company distributed the shares certificates to unsecured creditors in 2016. As of December 31, 2016, share certificates already taken by the unsecured creditors had total number of shares amounting to 5,428,613,852.

Pursuant to PKPU Amendment Plan in 2015, PT Tunggaladhi Baskara committed to transfer the 2% of the total ordinary shares in the Company held by Surya Family to unsecured creditors to be distributed on a pro rata basis among based on the principal debt outstanding (Note 35). Until the issuance date of this report, no transfer of shares has been made yet.

20. ADDITIONAL PAID-IN CAPITAL

	2016 US$'000	2015 US$'000
Paid-in capital	1,188,317	1,188,317
Equity component of convertible bonds	177	177
Difference in capital on treasury shares transaction	(72,856)	(72,856)
Exercise of convertible bonds	(6)	(6)
Net	**1,115,632**	**1,115,632**

Pursuant to PKPU Amendment Plan in 2015, the Company issued 11,932,486,068 series A shares in exchange for the settlement of principal debts amounting to US$ 1,033.5 million with the unsecured creditors. As a result, an amount of US$ 979.5 million is recognized as Additional Paid-in Capital.

21. TREASURY SHARES

At the Extraordinary General Meeting of Shareholders, as stated in notarial deed No. 47 dated May 31, 2006 of Amrul Partomuan Pohan, S.H., LL.M., notary in Jakarta, the shareholders approved to repurchase a maximum of 10.0% of the issued and paid-up shares, at the purchase price of Rp 2,750 per share until May 31, 2007.

In August 2010, the Company entered into a standby facility agreement of US$ 7.5 million. This facility was drawn down in September 2011 in the amount of US$ 7.3 million which was secured by treasury shares with market value on that date amounting to Rp 97.2 billion or equivalent to US$ 11.3 million. The Company did not fulfill its obligations on the maturity date on November 14, 2011; hence an event of default was declared on November 21, 2011 of which the treasury shares were exercised to cover the repayment of the facility. The difference between the carrying amounts of loan and interest and the acquisition cost of such treasury share amounting to US$ 72.9 million was recorded as difference in capital on treasury share transaction, a component of Additional Paid-in Capital.

The total number of treasury shares amounted to 31,027,111 shares or 0.13% of total issued shares.

22. DIFFERENCE ARISING FROM CHANGES IN EQUITY OF SUBSIDIARIES AND EFFECT OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

This account consists of the following transactions:

	2016 US$'000	2015 US$'000
Initial public offering of BULL shares	22,669	22,669
Execution of pledged BULL shares	(8,289)	(8,289)
Exchangeable notes recognized as additional investment in BULL	(4,154)	(4,154)
Others	(2,439)	(2,439)
Net	**7,787**	**7,787**

BULL was a former subsidiary of the Company until it was deconsolidated in 2013. The above transactions were the result of changes in the equity ownership of the Company in BULL that were recognized directly in equity.

23. RESERVES

	2016 US$'000	2015 US$'000
General reserves	5,898	5,898
Revaluation reserves	16,959	6,029
Financial statements translation	(121)	(121)
Net	**22,736**	**11,806**

a. General reserves

Based on Limited Liability Company Law No. 40 Year 2007, the Company shall appropriate certain amounts of its profit in each year to general reserves if there are funds available, until the general reserves reach at least 20.0% of the issued and fully paid share capital.

The Company allocated general reserves totaling US$ 5.9 million. Such general reserves were approved in prior years' Annual Shareholders' Meetings.

b. Revaluation reserves

	2016 US$'000	2015 US$'000
Beginning balance	6,029	11,457
Net revaluation increase (Note 12)	11,404	6,149
Deferred income tax	627	(500)
Transfers to deficit (Note 24)	(1,101)	(11,077)
Ending balance	**16,959**	**6,029**

The revaluation reserves arose from the revaluation of vessels, net of deferred tax, as applicable. Where revalued vessels are sold, the portion of the revaluation reserves that relates to that vessel, is effectively realized, and is transferred directly to deficit.

c. Financial statements translation

This reserve consists of foreign exchange differences from translation to US$ of subsidiaries' and associates' financial statements with functional currency other than US$.

24. DEFICIT

	2016 US$'000	2015 US$'000
Beginning balance	(1,263,466)	(1,461,929)
Profit (loss) for the year	(15,746)	187,219
Transfers from revaluation reserves (Note 23b)	1,101	11,077
Remeasurement on post-employment benefits	46	167
Ending balance	**(1,278,065)**	**(1,263,466)**

25. OPERATING REVENUES

	2016 US$'000	2015 US$'000
Operating revenues from:		
Chemical vessels	10,932	237,453
Gas vessels	9,097	15,186
Others	224	552
Total	**20,253**	**253,191**

In 2016, operating revenues exceeding 10.0% of total operating revenues are derived from PT Chandra Asri Petrochemical Tbk, Apex Energy and PT Shell Indonesia which are approximately US$ 9.1 million or 44.5% of total operating revenues.

In 2015, there were no revenues from a customer that exceeded 10.0% of total operating revenues.

26. VOYAGE EXPENSES

	2016 US$'000	2015 US$'000
Fuel	2,823	49,165
Port charges	2,008	34,739
Total	**4,831**	**83,904**

7.84% and 0.03% of the above voyage expenses were from related parties in 2016 and 2015, respectively (Note 33).

There were no expenses from a specific party that exceeded 10.0% of the total voyage expenses.

27. SHIP OPERATING EXPENSES

	2016 US$'000	2015 US$'000
Vessel crew salaries	4,463	24,156
Lubricant	428	2,670
Insurance	427	5,246
Spare parts	390	4,295
Vessel crew meal allowances	362	1,719
Processing of documents	318	1,766
Repairs and maintenance	240	3,894
Transportation	213	2,107
Supplies	208	1,321
Management fee	37	3,337
Others	440	6,748
Total	**7,526**	**57,259**

28. ADMINISTRATIVE EXPENSES

	2016 US$'000	2015 US$'000
Professional fees	3,213	25,080
Salaries	3,006	9,174
Office expenses	917	1,980
Telecommunication	186	419
Employee benefits expense (Note 18)	176	138
Transportation	112	774
Depreciation (Note 12)	95	322
Bank charges	58	242
Representation	50	626
Marketing	37	82
Training and education	6	52
Provision for (reversal of) impairment loss on receivables (Note 6)	(499)	85
Others	660	1,275
Total	**8,017**	**40,249**

29. FINANCE COST

	2016 US$'000	2015 US$'000
Borrowings	1,895	71,010
Obligations under finance lease	-	16,673
Total	**1,895**	**87,683**

30. OTHER LOSSES - NET

	2016 US$'000	2015 US$'000
Reversal (allowance) of impairment of vessels (Note 12)	(7,483)	2,242
Impairment loss on available-for-sale financial assets (Note 10)	(940)	(3,400)
Loss on disposal of fixed assets (Note 12)	-	(703)
Others	360	(537)
Net	**(8,063)**	**(2,398)**

31. EARNINGS (LOSS) PER SHARE

The Group's computation for basic earnings (loss) per share for 2016 and 2015 is as follows:

	2016 US$'000	2015 US$'000
Net profit (loss) attributable to owners of the Company	(15,746)	187,219
Weighted average number of outstanding shares	23,452,290,427	11,519,804,359
Basic earnings (loss) per share (in full amount)	**(0.0007)**	**0.0162**
Net profit (loss) attributable to owners of the Company	(15,746)	187,219
Weighted average number of outstanding shares	23,452,290,427	11,519,804,359
Effect of dilution:		
Shares to be issued to PT Megah Elang Inti	2,456,869,565	2,456,869,565
Weighted average number of outstanding shares adjusted for the effect of dilution	25,909,159,992	13,976,673,924
Diluted earnings (loss) per share (in full amount)	**(0.0006)**	**0.0134**

Diluted earnings (loss) per share amounts are calculated by dividing the net profit (loss) attributable to owners of the Company by the weighted average number of outstanding shares during the year plus the weighted average of shares to be issued to PT Megah Elang Inti under the PKPU Amendment Plan (Note 36).

32. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on type of products or services delivered or provided. The Group's reportable segments are, based on type of vessels chartered: chemical tankers and gas tankers; and others revenues.

The following summary describes the operations in each of the reportable segments:

a. Chemical tankers provide maritime transportation of liquid chemical (organic and non-organic) and vegetable oil and animal fats.

b. Gas tankers provide maritime transportation of liquefied gas, which includes, LPG, propylene, propane and LNG.

c. Others include manning and ship management.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 to the consolidated financial statements. Segment profit represents the profit earned by each segment without allocation of administrative expenses, finance cost, investment income, and share in profit (loss) of associates, and other gains and losses. This is the measure reported to the directors as the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance.

32. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following tables show the analysis of the Group's reportable segments:

	2016 US$'000	2015 US$'000
Segment assets		
Chemical	31,455	9,912
Gas	18,274	35,740
Others	1,465	7,643
Total	51,194	53,295
Unallocated assets	50,179	47,811
Consolidated	**101,373**	**101,106**
Segment liabilities		
Chemical	1,579	1,383
Gas	4,126	6,858
Others	5,290	13,782
Total	10,995	22,023
Unallocated liabilities	42,426	42,272
Consolidated	**53,421**	**64,295**

Segment revenues and expenses

	2016			
	Chemical US$'000	Gas US$'000	Others US$'000	Total US$'000
Segment revenue				
External revenue	10,932	9,097	224	20,253
Segment expenses				
Voyage expenses	3,325	1,506	-	4,831
Ship operating expenses	4,596	2,930	-	7,526
Vessel depreciation	1,567	1,683	-	3,250
Total segment expenses	9,488	6,119	-	15,607
Segment gross profit	**1,444**	**2,978**	**224**	**4,646**

32. SEGMENT INFORMATION (continued)

Segment revenues and expenses (continued)

	2016			
	Chemical	Gas	Others	Total
	US$'000	US$'000	US$'000	US$'000
Segment revenue				
External revenue	237,453	15,186	552	253,191
Segment expenses				
Voyage expenses	80,210	3,694	-	83,904
Charter expenses	11,686	-	-	11,686
Ship operating expenses	47,542	9,717	-	57,259
Vessel depreciation	33,186	3,543	-	36,729
Total segment expenses	172,624	16,954	-	189,578
Segment gross profit (loss)	**64,829**	**(1,768)**	**552**	**63,613**

Other segment information

	Depreciation		Capital expenditures	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Chemical	1,567	33,186	9,452	7,535
Gas	1,683	3,543	586	1,412
Oil	-	-	146	541
Consolidated	**3,250**	**36,729**	**10,184**	**9,488**

Geographical segment information

The Group is domiciled in two main geographical areas namely, Malaysia and Indonesia.

	2016			
	Malaysia	Indonesia	Unallocated and Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000
Assets and liabilities				
Total segment assets	33,733	17,461	50,179	101,373
Total segment liabilities	(6,684)	(4,311)	(42,426)	(53,421)
Net assets	**27,049**	**13,150**	**7,753**	**47,952**
Revenues				
External revenues	6,914	13,339	-	20,253
Inter-segment revenues	815	460	(1,275)	-
Total revenues	**7,729**	**13,799**	**(1,275)**	**20,253**

32. SEGMENT INFORMATION (continued)

Geographical segment information (continued)

	2015			
	Malaysia	Indonesia	Unallocated and Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000
Assets and liabilities				
Total segment assets	64,485	18,037	18,584	101,106
Total segment liabilities	(15,671)	(6,353)	(42,271)	(64,295)
Net assets (liabilities)	**48,814**	**11,684**	**(23,687)**	**36,811**
Revenues				
External revenues	249,666	3,525	-	253,191
Inter-segment revenues	1,935	-	(1,935)	-
Total revenues	**251,601**	**3,525**	**(1,935)**	**253,191**

33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Nature of relationship

- PT Bagusnusa Samudra Gemilang is the ultimate parent and controlling party of the Group.
- Thai Petra Transport Co. Ltd. is an associated entity of the Group.
- PT Garuda Mahakam Pratama is a company under common control of PT Bagusnusa Samudra Gemilang.
- PT Arpeni Pratama Ocean Line Tbk is a company owned by close family members of the controlling party of PT Bagusnusa Samudra Gemilang.
- Pan Union Agencies Pte. Ltd. and Pan Union Shipping Pte. Ltd. are companies that are directly or indirectly owned by Ms. Siana Anggraeni Surya, the Company’s President Director.

33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with related parties

The Group, in their regular conduct of its business, has engaged in transactions with related parties. The outstanding balances with related parties are as follows:

	Amount		Percentage to the respective total consolidated liabilities	
	2016	2015	2016	2015
	US$'000	US$'000		
Trade accounts payable:				
Thai Petra Transport Co. Ltd.	119	150	1.96%	1.50%
PT Arpeni Pratama Ocean Line Tbk	37	38	0.61%	0.38%
PT Garuda Mahakam Pratama	20	26	0.33%	0.26%
Pan Union Agencies Pte. Ltd.	11	-	0.18%	0.00%
Loans payable:				
PT Bagunusa Samudra Gemilang	1,828	1,726	6.21%	5.50%
Total	**2,015**	**1,940**	**9.29%**	**7.64%**

Voyage expenses incurred with related parties are as follows:

	Amount		Percentage to total consolidated voyage expenses	
	2016	2015	2016	2015
	US$'000	US$'000		
Voyage expenses:				
Pan Union Agencies Pte. Ltd.	201	-	4.16%	0.00%
Thai Petra Transport Co. Ltd.	170	19	3.52%	0.02%
PT Garuda Mahakam Pratama	8	7	0.16%	0.01%
PT Arpeni Pratama Ocean Line Tbk	-	1	0.00%	0.00%
Total	**379**	**27**	**7.84%**	**0.03%**

Total compensation of the Company's key management (commissioners and directors) during the year is as follows:

	2016	2015
	US$'000	US$'000
Short-term benefits	782	651
Post-employment benefits	444	386
Total	**1,226**	**1,037**

34. LITIGATIONS

On January 26, 2012, following the covenant breach of an agreement covering a loan granted to one of the subsidiaries for which the Company is a guarantor, the Company declared a debt standstill on all of the Group's bank loans, bonds, lease and derivative agreements and other financial obligations, to enable the Group to review its financial position and arrangements. BULL and its creditors are excluded from the debt standstill. Accordingly, several of the Group's creditors declared events of default. On June 14, 2012, Mandiri filed a petition for PKPU proceedings against the Company in the Central Jakarta Commercial Court.

- PKPU proceedings in Indonesia

  On March 14, 2013, the requisite majority of the secured and unsecured creditors of the Company voted to approve a plan put forward by the Company for the restructuring of its debts as part of the PKPU process overseen by the Central Jakarta Commercial Court. The Restructuring Plan was subsequently ratified by the Central Jakarta Commercial Court on March 22, 2013.

  On March 28, 2013, six related Indonesian bondholders filed an appeal to the Supreme Court of the Republic of Indonesia ("Supreme Court") against the decision of the Central Jakarta Commercial Court in ratifying the Restructuring Plan. On July 25, 2013, the Supreme Court dismissed the PKPU appeal of the six Indonesian bondholders.

  On June 16, 2014, the Supreme Court issued a judgment which set out the grounds for its rejection of the PKPU appeal filed by the six Indonesian bondholders.

  On July 18, 2014, the six related Indonesian bondholders filed a civil review against the Supreme Court Decision which was rejected again by the Supreme Court on November 2, 2015.

  Section I paragraph 4 of the Restructuring Plan authorized the Company to amend the PKPU Plan with the approval of at least 50% of the creditors and 66.67% of the amount of claims outstanding from the two classes of creditors (secured and unsecured) attending and voting at a creditor's meeting.

  On July 8, 2015, after the issuance of the PKPU Amendment Plan to the creditors, the same group of Indonesian bondholders filed a lawsuit to nullify the PKPU Amendment Plan.

  The Commercial Court dismissed the lawsuit in its entirety in a hearing on September 7, 2015 and the same group filed an appeal again on September 15, 2015 to the Supreme Court. The Supreme Court has again rejected the plaintiffs' lawsuit on January 27, 2016 with Decision No. 817 K/Pdt.Sus-Pailit/2015/PN Jakarta Pusat.

  On August 26, 2016, the same group challenged the judgment of the Supreme Court through a civil review process.

  As of December 31, 2016, the Group has not yet received a court notification of whether the Supreme Court has rendered its judgment in relation to the group of Indonesian bondholders' civil review challenge.

34. LITIGATIONS (continued)

- Chapter 11 proceedings in the United States

  On December 13, 2012, Gramercy entities (major bondholder of the US$ secured bonds) filed for Chapter 11 Proceedings in the US Bankruptcy Court ("US Court").

  On March 7, 2013, the Company reached an agreement with Gramercy pursuant to which the Chapter 11 proceedings would be indefinitely stayed pending a final order being granted in Chapter 15 proceedings.

  On December 8, 2014, the Company filed a motion with the US Court to dismiss the Chapter 11 proceedings.

  On January 8, 2015, the Chapter 11 Proceedings were dismissed and the case was ordered to be closed.

- Chapter 15 proceedings in the United States

  On March 26, 2013, following the ratification of the Company's Restructuring Plan by the Central Jakarta Commercial Court, the Company filed a petition under Chapter 15 of the United States Bankruptcy Code to recognize the PKPU proceedings as foreign main proceedings.

  On May 21, 2013, the US Court granted recognition of the Indonesian PKPU proceedings as foreign main proceedings. The order for recognition is accompanied by a permanent injunction on all litigation and enforcement proceedings against the Company within the US. The next step in the Chapter 15 process is for the Company to file an application seeking enforcement of the Restructuring Plan in the US.

  On December 8, 2014, the Company filed a motion with the US Court to grant recognition of the Restructuring Plan within the United States.

  On January 8, 2015, the US Court granted recognition of the Indonesian Restructuring Plan including any amendments or modifications and gave the plan full force and effect in US to the same extent that are given effect in Indonesia and each is binding on all Plan Creditors (as defined in the Restructuring Plan) of the Company.

  On August 27, 2015, Chapter 15 Proceedings were closed by order of the US Bankruptcy Court, with the closing order clarifying that any amendments to the Restructuring Plan be given full force and effect with references to the Restructuring Plan in the PKPU Recognition Order including any amendment to the Restructuring Plan.

- Section 210 (10) proceedings in Singapore

  On September 13, 2013, following the ratification of the Company's Restructuring Plan by the Central Jakarta Commercial Court, the Singapore High Court granted certain subsidiaries of the Company ("Relevant Subsidiaries") to convene meetings of the creditors for the purposes of approving a scheme of arrangement between each Relevant Subsidiary and its creditors.

34. LITIGATIONS (continued)

- Section 210 (10) proceedings in Singapore (continued)

  The Relevant Subsidiaries' proposals under their respective schemes of arrangement are part of the implementation of the restructuring initiatives set out in the Restructuring Plan proposed by the Company and approved by the Indonesian courts in the Company's PKPU process. The terms being proposed to each of the Relevant Subsidiaries' creditors under the schemes of arrangement mirror, insofar as possible, the terms proposed to similarly placed creditors of the Company under the Restructuring Plan. The schemes of arrangement do not concern any bank borrowings of the Company or its subsidiaries, which are being restructured separately.

  On February 17, 2014, the Scheme Applicants applied to the High Court of Singapore for their respective schemes of arrangement to be approved by the court. On February 25, 2014, the High Court of Singapore approved each of the schemes of arrangement proposed by the Scheme Applicants.

  On May 25, 2015, the Scheme Applicants apart from Tridonawati Maritime Pte Ltd ("2nd Scheme Applicants") filed applications for leave to call creditors' meetings with a view to proposing another scheme of arrangement between each 2nd Scheme Applicant and its creditors. These schemes of arrangement were intended to facilitate the transactions contemplated in the PKPU Amendment Plan by, among other things, allowing for the transfer of the vessel owned by each 2nd Scheme Applicant to a new company.

  On July 15, 2015 and July 16, 2015, each of the 2nd Scheme Applicants held their respective creditors' meetings in respect of the proposed schemes of arrangement. On July 23, 2015, each of the 2nd Scheme Applicants applied to the High Court of Singapore for their respective schemes of arrangement to be approved by the court.

  On August 17, 2015, the Singapore High Court approved and sanctioned the schemes of arrangement of all the Relevant Subsidiaries.

The Group's management represents that there are no other ongoing legal cases or arbitration insofar as they are aware which are faced by the Group in addition to those disclosed above.

35. OVERVIEW OF THE RESTRUCTURING PLAN

On March 22, 2013, the Company's Restructuring Plan was ratified by the decision of the Central Jakarta Commercial Court under Case No. 27/PKPU/2012/PN. NIAGA. JKT. PST, wherein all parties must abide by and perform the terms of the Restructuring Plan and the Company will be discharged from the PKPU proceedings.

Prior to the ratification of the Restructuring Plan, there were ongoing restructuring steps taken such as business preservation, cash management improvement, fleet restructuring including renegotiation of leases, tonnage allocation, sale of non-profitable vessels, appointment of third party ship management, sales of ethylene vessels, office rationalization, efficiency of general and administration expenses and the management of operational vessels.

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

Further, the Company agreed with the MLA for a working capital facility of a certain amount, part of which will provide the necessary funding other than funding derived from the sales proceeds of vessels to perform necessary restructuring initiatives. In connection with this working capital facility, the MLA Lenders have set out a number of requirements as a condition for providing the funds, the security, addressing the Group's structure, the secured shares, changes in management, sales of certain vessels, monitoring accountant and assessment of tax implications on restructuring.

PKPU creditors under the Restructuring Plan are classified as follows: (1) secured creditors, comprising of Mandiri, BCA, Deutsche Bank, AG., Bank Mizuho and MLOR; and (2) unsecured creditors, comprising of HSBC Bank USA (trustee of notes payable), HSBC Hong Kong Limited (trustee of convertible bonds), PT Bank CIMB Niaga Tbk (trustee of bonds payable), Gramercy Distressed Opportunity Fund (Gramercy) (bondholders), Cowell & Lee Asia Credit Opportunity Fund (bondholders) and others. The majority of secured and unsecured creditors have agreed to the Restructuring Plan. The ratified Restructuring Plan ("the Plan") provides/prescribes, among others:

a. The Plan has been developed in the face of a number of adverse factors such as the following:

   - challenging and persistently poor shipping market conditions;
   - severe working capital crisis and the need to fund for restructuring initiatives from operating cash flows;
   - simultaneous financial restructuring of BULL, application of Chapter 11 petition by Gramercy against the Company in New York;
   - maritime law requirements and processes in different jurisdictions.

b. The Plan is based upon a fundamental analysis of forecast earnings (taking into account current performance and market forecasts) and having regard to each of the creditors' relative positions including security rights, vessel earnings, currency and stipulated requirements.

c. The Plan relies on key assumptions such as the availability of additional working capital, the successful completion of restructuring initiatives, market growth assumption, future sale of assets, renewal of aging chemical tankers and increasing fleet size by time chartering.

d. The key drivers of improved performance on the forecast are changing better than expected freight rates and/or lower bunker prices.

e. On the basis that the improved Earnings Before Interests Tax Depreciation and Amortization ("EBITDA") is achieved, a proposal for sharing of the surplus cash among the creditors (to amortize debt), while retaining sufficient cash for important capital expenditure initiatives (fleet replenishment) had been developed. A cash flow waterfall will be implemented based upon the payments to be made as stated in the Restructuring Plan.

f. A cash sweep shall be implemented semi-annually with respect to surplus cash after payments on the cash flow waterfall are made and the working capital facility is fully paid. The cash sweep enables additional principal repayments to be applied to the outstanding balance (in reverse order) with respect to outstanding secured and unsecured creditors and allocation to a capital expenditures reserve on a pro-rata basis as stated in the Restructuring Plan.

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

g. Key observations from such assumptions and analysis include; (i) secured creditors will be paid substantially quicker by Year 6; (ii) liabilities to unsecured creditors are amortized substantially over the 10-year period commencing Year 3; (iii) the capital expenditure reserve is expected to build up to allow fleet replenishment primarily from cash reserves; and (iv) no capital expenditure requirements in Years 1 to 5.

h. The key principles underpinning the restructuring of the Group's debt are set out as follows:

- Secured creditors will retain 100.0% of their principal debt which will all be denominated in US$ or Rp (as the case may be except for the MLA Lenders whose debt shall at all times remain denominated in US$) with repayments extended up to 10 years in line with the earnings of their vessels;

- Interest rate margins will remain in accordance with original debt facilities but will reflect US$ or Rp cost of the funds;

- The Company and any of the secured creditors may, by mutual consent, convert the currency of their principal debt at any time;

- Unsecured creditors will retain 100.0% of their principal debt, with a bullet repayment in Year 10;

- Interest rates are increased over time in line with forecasts and available funds with interest rates for both Rp and US$ denominated debt reflecting an appropriate currency differential;

- Trade suppliers will receive payments up to 80.0% of the outstanding amounts over five years; and

- Fund-raising of a certain amount during the 10-year period.

i. The outstanding amount to each of the secured and unsecured creditors voted on the Plan (the Plan Creditors) for the purposes of the PKPU is determined by reference to the List of Fixed Receivables (PKPU Creditor List) confirmed by the Supervisory Judge on December 5, 2012 or any subsequent, amended or revised List of Fixed Receivables confirmed by the Supervisory Judge (except for certain lease creditors who have agreed or will agree with the Company to have the value of their claim determined by an independent adjudicator). Where there is insufficient cash to pay a quarterly installment of interest or principal owing to a secured creditor, that secured creditor may, in its discretion, by notice in writing to the Company, agree to add the amount of that installment to the next quarterly installment rather than demand immediate payment.

j. A summary of the revised proposed terms for unsecured creditors are as follows:

- Interest payments are subject to a maximum LTV (Loan To Value) of 100.0% on the MLA Lenders' loan facility whereby (Loan To Value) LTV is determined based on the value of the collateralized vessels mortgaged to the MLA Lenders ("LTV Test"); and

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

j. A summary of the revised proposed terms for unsecured creditors are as follows (continued):

- Unsecured creditors shall not be entitled to call an event of default for any nonpayment of interest occurring at the earlier of April 1, 2017, or until such time as the LTV on the MLA Lenders' facility is 70.0% or less, whichever is earlier.

- New equity in the Company will be issued and distributed pro-rata among all unsecured creditors. The total new equity available to unsecured creditors will be 25.0% of the enlarged share capital of the Company with estimated fair value of US$ 23.3 million or 3,955,764,202 shares.

- Equity in the Company equivalent to a total of 316,461,136 shares or estimated value of US$ 1.9 million will be issued to the holders of the US$ 48.9 million Guaranteed Convertible Bonds and US$ 125 million 12.0% Guaranteed Convertible Bonds for the conversion rights to be given up by the bond holders.

k. Upon approval of the Restructuring Plan by the Court, the Company will obtain recognition of the Restructuring Plan and the PKPU process under Chapter 15 of the United States Bankruptcy Code. The subsidiaries of the Company which have taken out applications under Section 210 (10) of the Companies Act intend to present schemes of arrangement to give effect to the principal and relevant terms of this Restructuring Plan in respect of that particular subsidiary, provided that the MLA Lenders support this course of action. Where necessary, the Relevant Subsidiaries of the Company which successfully put in place schemes of arrangement under Section 210 of the Companies Act intend to obtain recognition of those schemes under Chapter 15 of the United States Bankruptcy Code.

l. The Company and the Plan Creditors agree to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents as may be required by law or as may be necessary to implement and/or give effect to the Restructuring Plan and the transactions contemplated thereby. For the avoidance of doubt, the MLA Lenders are not considered to be the Restructuring Plan Creditors. They will enter into a separate term sheet and definitive restructuring documentation with the borrower and guarantors of the MLA facility with terms and provisions that are consistent with the provisions of this Plan.

   ING Bank N.V. is also not considered to be a Plan Creditor. It will enter into a separate term sheet and definitive restructuring documentation with obligors of SBLC with terms and provisions that are consistent with the provisions of this Plan while MLOR, which is a creditor of the Company, will not receive any payments under the Restructuring Plan without the completion of a separate transaction pursuant to BULL'S restructuring to deal with its claims and security. For as long as the Company's obligations under this Restructuring Plan remain outstanding, the Company undertakes that it shall not do certain things as stipulated in the Restructuring Plan.

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

m. Without prejudice to the foregoing, the Company and the Plan Creditors (except the Lease creditors, Other unsecured creditors, trade creditors and intercompany creditors, as those terms are used) may agree to execute and deliver (or procure the execution and delivery of) such documentation as may be necessary under relevant law to record, amend and/or restate the terms and conditions governing each of the debts owed by the Company and/or its subsidiaries to the relevant Plan Creditor such that those terms and conditions are consistent and do not conflict with any of the terms of the Plan and the transactions contemplated hereby, including without limitation one or more voluntary consent solicitations or mandatory exchange offers in accordance with applicable law, including, without limitation, the US$ Bonds term sheet and the documentation contemplated thereunder (the “Definitive Documentation”). An event of default may only arise under the Restructuring Plan and/or Definitive Documentation as a result of a breach of the express terms of the Restructuring Plan itself and not additional terms set out in any Definitive Documentation (excluding for the purposes of this provision, any and all Definitive Documentation relating to the US$ Bonds).

   The Company, its relevant subsidiaries and the US$ Bondholders are in the process of entering into a term sheet with respect to the US$ Bonds, setting out certain terms on which the Company, its relevant subsidiaries and the US$ Bondholders expect to restructure the terms of the indebtedness owed (actually or contingently) by the Company and its relevant subsidiaries to the US$ Bondholders under the US$ Bonds outside of the PKPU proceedings pursuant to the separate documents implementing the restructuring of the actual and contingent indebtedness of the Company and its relevant subsidiaries to the US$ Bondholders. The terms and provisions of the US$ Bonds term sheet will be consistent with the provisions of this Restructuring Plan and the Company undertakes to enter into the US$ Bonds term sheet and any and all other documentation contemplated thereunder and to take all steps reasonably necessary to make such documentation effective as soon as practicable following the approval of this Restructuring Plan. The Restructuring Plan also governs requirements adhered to in the Definitive Documentation.

n. The Company and/or its subsidiaries shall be required to fulfill its obligations under this Agreement only insofar as such approvals and consents as may be necessary have been obtained (and have not been withdrawn or amended) from such regulatory or supervisory authorities as may be necessary, including without limitation, the SGX, IDX, OJK or the shareholders of the Company or of BULL, subsequent to the Plan being approved by the Jakarta Court.

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

o. Upon the approval of the Restructuring Plan by the Plan Creditors and the Jakarta Court, any further amendment to the Restructuring Plan will be subject to approval by at least 50.0% in number and 66.7% in value of the aggregate outstanding debt of two classes (secured and unsecured) of Plan Creditors, at such time as such secured and unsecured Plan Creditors vote, provided, however, that:

- Any amendment purporting to include the MLA Lenders and ING Bank N.V. as a Plan Creditor (except by reason of the MLA Lenders and ING Bank N.V.) shall require the written consent of the MLA Lenders or ING Bank N.V.;

- For so long as any amount of indebtedness remains owing to the MLA Lenders, any amendment to certain sections in the Plan shall require the written consent of the MLA Lenders;

- An amendment or waiver to certain sections in the Plan to the rights or obligations of the SBLC Bank, the earnings account of “Gas Bangka”, the earnings of “Gas Bangka” or of any security held by ING Bank N.V. to secure the SBLC Facility may not, so long as any actual or contingent liability remains under the SBLC Facility, be effected without the consent of ING Bank N.V.; and

- No amendment shall be made to the terms described in relation to the US$ Bondholders or to any other term which would affect any such other agreements and documents as agreed between the Company and the US$ Bondholders without the specific written consent of the US$ Bondholders.

Despite the Company’s efforts and commitment to fully implement the aforementioned debt restructuring, a number of events had impeded a successful implementation of the Restructuring Plan, including:

- a delayed market recovery in the shipping market as compared to the forecast set out in the Restructuring Plan;

- a lack of bank financing and investor appetite available for the industry resulting in difficulty in obtaining the fundraising envisaged under the Restructuring Plan;

- inability to obtain approval from the relevant regulatory authorities in Indonesia for the issuance of new shares set out in the Restructuring Plan; and

- the risk of delisting by the IDX due to the Company’s substantial capital deficiency.

In view of the various factors above, the Company had to undertake a further restructuring of the Group’s obligations under the MLA Facility and the Restructuring Plan.

On April 22, 2015, the Company negotiated a consensual arrangement with the MLA Lenders relating to the restructuring of the MLA Facility (“MLA Restructuring”), and signed a binding term sheet and a restructuring support agreement (“RSA”) with, among others, the MLA Lenders. The MLA Restructuring avoided enforcement over all assets which were then secured in favor of the MLA Lenders and retained as much value as possible for the Company and its stakeholders.

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

The amendments to the Restructuring Plan ("PKPU Amendment Plan") was proposed and approved by the requisite majority creditors of both secured and unsecured creditors of the Group on August 14, 2015. The PKPU Amendment Plan received unanimous approval from the Company's secured creditors and the approval of a majority representing 64.67% in number and 86.64% in value of the Group's unsecured creditors.

The key principles underpinning the Proposed Restructuring under PKPU Amendment Plan are set out below:

a) The agreed terms under MLA Restructring, which include:

- The Group shall transfer the MLA Assets to Chembulk Investment Co LLC ("NewCo") in return for forgiveness of all debts outstanding under that MLA Facility.

- The MLA Lenders shall release or procure the release of the following assets to the Group: (i) Teekay JV and Buana which are secured to MLA Lenders under the MLA Facility Documents; (ii) US$ 9.2 million cash collateral and Gas Bangka, which are posted as security under the ING Standby Letter of Credit Facility; and (iii) cash refund of up to 50% of the fees and expenses incurred by the MLA Lenders pursuant to this Proposed Restructuring.

- The MLA Lenders shall issue the following assets to the Group: (i) NewCo Warrants to purchase up to 10% equity in NewCo which are subject to dilution by a market-based management incentive program and any future issuance of equity securities by NewCo; and (ii) NewCo Preferred Equity Interest amounting to US$ 10.0 million to be received in equal annual installments over five years;

b) The Surya family has committed to procure a cash injection of US$ 10.0 million into the Group for working capital or business development purposes in exchange for additional share capital in the Company (Note 36).

One of the key components of the PKPU Amendment Plan is the issuance by the Company of up to 11,673,084,196 new Shares ("New BLT Shares") (equivalent to approximately 45% of the enlarged share capital of the Company after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion) for distribution on a pro rata basis to the unsecured creditors and up to 259,401,872 new Shares ("New CB Shares") (equivalent to approximately 1% of the enlarged share capital of the Company after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion) for distribution to the Convertible Bondholders, subject to the necessary corporate and regulatory approvals being obtained ("Proposed Debt-Equity Swap Share Issuance"). The commercial terms of the Proposed Debt-Equity Swap Share Issuance were arrived at after arm's length negotiations with the unsecured creditors.

Under the IDX listing rules, within twelve (12) months of the date of the listing of the New BLT Shares and the New CB Shares on the IDX, the unsecured creditors shall be subject to a mandatory lock-up period, and accordingly, shall not sell or dispose of any of the New BLT Shares or New CB Shares.

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

Under the PKPU Amendment Plan, the Plan creditors agreed to the following:

a) Secured creditors

- principal amortization from the date of approval of the PKPU Amendment Plan to March 31, 2017 is subject to the cash available in the respective secured creditor's earnings account;
- mandatory principal amortization shall commence from April 1, 2017 onwards with 32 equal quarterly installments in accordance with the Restructuring Plan;
- interest shall be accrued and paid on a quarterly basis commencing April 1, 2015 in accordance with Restructuring Plan; and
- no accelerated repayment from cash sweep

b) Unsecured creditors

- Full debt for equity swap of principal debt. Unsecured Creditors will collectively receive and hold 47% new equity of the enlarged share capital of the Company (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion), comprising:
  - The issuance of new shares consisting of up to 11,673,084,196 shares equivalent to 45% of the enlarged share capital of the Company (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion); and
  - A transfer of 2% of the total shares held by Surya family (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion).

  In each case, distributed on a pro rata basis among the Unsecured Creditors based on the principal debt outstanding.
- The HY Bondholders retains security over the Teekay JV and Buana for their interest payments for the period April 1, 2015 to March 31, 2017 of up to US$ 8.6 million ("HY Interest"). The Group will pay the HY Interest to the HY Bondholders as follows:
  - US$ 1.0 million within five (5) business days of the closing of the PKPU Amendment Plan; and
  - the balance of the HY Interest in accordance with the Restructuring Plan.

  Subject to an acceleration of payments in reduction of outstanding HY Interest by way of an allocation of 50% of all dividends received from Teekay JV.
- In addition to their allocation of the New BLT Shares and the transfer of 2% shared held by Surya Family, the Convertible Bondholders will, in aggregate, also be given an additional 1% equity stake in the enlarged share capital of BLT (after both the Proposed Debt-Equity Swap Share Issuance and the MCS Conversion), consisting of up to 259,401,872 shares, which is consistent with the Restructuring Plan as consideration for their forfeiture of their conversion rights.
- The Unsecured Creditors to hold, on a pro rata basis, an interest in Buana and Nevaeh through a structure that would deliver the economic benefit of those assets to the Unsecured Creditors.
- Waiver of all interest capitalized.

35. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

c) Trade creditors

- Trade creditors will retain 50% of their outstanding debt balance and will be paid over five years.

d) Intercompany Creditors

- No payments to any Intercompany Creditor, as defined in the Restructuring Plan, or satisfaction of any intercompany claim with any Intercompany Creditors until (i) all existing secured creditors are repaid in full, and (ii) the aggregate value of the 48% equity interest held by the Unsecured Creditors, including their successors and nominees, exceeds the total outstanding claims of US$ 1.1 billion.

- Intercompany Creditors will not exercise their voting rights in the PKPU Amendment Plan or otherwise assert or make any claims upon Company in any manner whatsoever; and

- Intercompany claims owned by BULL and/or BULL Subsidiaries, as defined in the Restructuring Plan, shall be paid in priority to other intercompany claims.

Based on Extraordinary General Meeting of Shareholders notarized under deed No. 5 dated November 17, 2015 of Firdhonal, SH, notary in Jakarta, the Company obtained approval from the existing Shareholders for the Proposed Debt-Equity Swap Share Issuance and Proposed Issuance of MCS.

On December 1, 2015, MLA Restructuring has been successfully completed.

In connection with the capital increase arising from the conversion of debt-equity (debt to equity), the Company has amended the articles of association to increase the authorized capital, issued and fully paid as stated in the deed No. 16 dated November 23, 2015 of Firdhonal, S,H., Notary in Jakarta. This amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its letter No. AHU-0947364.AH.01.02 Year 2015 dated December 6, 2015.

The Company announced the implementation of the proposed debt-to-equity conversion on December 15, 2015 and effectively applied on December 31, 2015.

The MLA Restructuring and debt-to-equity swap resulted to recognition of gain on extinguishment of debt - net amounting to US$ 172.8 million in 2015. The restructured terms of trade payable creditors and intercompany creditors resulted to gain on restructuring of US$ 40.6 million in 2015.

36. MANDATORY CONVERTIBLE SECURITIES

Pursuant to PKPU Amendment Plan, the Surya family has committed to procure a cash injection of US$ 10.0 million into the Group for working capital or business development purposes in exchange for additional share capital in the Company.

On October 9, 2015, the Group entered into MCS subscription agreement with PT Elang Megah Inti, a third party investor, for the proposed allocation and issuance of MCS to PT Elang Megah Inti for a consideration of US$ 10.0 million.

Pursuant to the agreement, the aggregate number of conversion shares shall not exceed 2,456,869,565 shares (“Proposed Issuance of MCS”). The Proposed Issuance of MCS will result in PT Elang Megah Inti holding approximately up to 9.5% of the enlarged share capital of the Company after both the Proposed Debt-Equity Swap Share Issuance and the MCS conversion.

Based on Extraordinary General Meeting of Shareholders notarized under deed No. 5 dated November 17, 2015 of Firdhonal, SH, notary in Jakarta, the Company obtained approval from the existing Shareholders for the Proposed Debt-Equity Swap Share Issuance and Proposed Issuance of MCS.

In 2016, the Group received the US$ 10.0 million and recorded it as part of equity. Conversion to the Company’s shares will be made on any date after the expiry of one month from the resumption of trading of shares in IDX and/or SGX, provided always that the shares have been traded for at least 25 trading days prior to conversion date and the New BLT Shares and New CB Shares arising from the Proposed debt-to-equity swap have been distributed to certain unsecured creditors of the Group.

37. FINANCIAL INSTRUMENTS

a. Capital risk management

Since the ratification of the Restructuring Plan, the primary objective of the Group’s capital risk management has been to ensure the availability of the Group’s working capital to run its operations and restructuring initiatives in accordance with the Restructuring Plan.

The Group manages its capital structure and makes adjustments to it, to cope with the changes in economic conditions. Currently, the Group manages its capital by regularly monitoring its working capital requirements in accordance with the PKPU Amendment Plan. As of December 31, 2016 and 2015, the Group is in deficit position. As such, the Group will continuously apply cost-cutting and restructuring initiatives to review and monitor its capital expenditure.

37. FINANCIAL INSTRUMENTS (continued)

b. Categories of financial instruments

Financial assets

	2016	2015
	US$'000	US$'000
Cash on hand and in banks	5,788	10,314
Trade receivables - third parties	1,927	2,407
Other receivables - third parties *)	1,068	2,103
Derivative financial asset	12,965	23,392
AFS financial assets	21,929	18,059
Other non-current assets	4	85
Total	**43,681**	**56,360**

**) excluding preferred redeemable equity interest*

Financial liabilities

	2016	2015
	US$'000	US$'000
Trade accounts payable	6,083	10,010
Accrued expenses	3,513	8,278
Loans payable	29,433	31,358
Other payables	11,625	12,342
Other current liabilities	1,323	249
Total	**51,977**	**62,237**

c. Financial risk management policies

The Group’s financial risk management policies seek to ensure that adequate financial resources are available for the operation and development of its business while managing its exposure to foreign exchange risk, interest rate risk, credit risk, fuel risk and liquidity risk. The Group’s financial risk management policies are as follows:

Foreign exchange (non-functional currency) risk management

The entities in the Group conduct their respective businesses in currencies other than their functional currencies primarily in rupiah, Singapore dollar, Japanese yen, Chinese renminbi and euro. Foreign currency exposures and fluctuations have material impact on the Group‘s consolidated financial statements.

The entities in the Group have the policy to manage foreign exchange risks so as to maximize profits. The Group has practices that include the periodic review of the impact of movements in foreign exchange rates on profitability so that the Group can take action to mitigate these risks.

37. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Foreign exchange (non-functional currency) risk management (continued)

The significant financial monetary assets and liabilities in foreign currencies of the Group are as follows:

		2016		2015	
	Currency	Foreign currencies	Equivalent to US$	Foreign currencies	Equivalent to US$
		'000	US$'000	'000	US$'000
Assets					
Cash on hand and in banks	Rp	22,962,124	1,709	3,600,495	261
	EUR	4	4	9	13
	SGD	1	1	20	14
	JPY	-	-	361	3
Trade receivables	Rp	10,345,720	770	1,807,145	131
	SGD	7	5	7	5
Total			**2,489**		**427**
Liabilities					
Trade accounts payable	Rp	19,193,184	1,429	2,083,045	151
	SGD	1,016	701	877	622
	JPY	702	6	2,891	24
	EUR	441	465	1,109	1,644
Loans payable	Rp	175,111,053	13,033	192,772,212	13,974
Total			**15,634**		**16,415**

The summary of the carrying amounts of the Group's significant financial monetary assets and monetary liabilities denominated in currencies other than US$ as at reporting date is as follows:

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000
Rupiah	2,479	14,462	392	14,125
Singapore dollar	6	701	19	622
Euro	4	465	13	1,644
Yen	-	6	3	24
Total	**2,489**	**15,634**	**427**	**16,415**

37. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

The following table details the Group's sensitivity analysis to changes in US$ against the above currencies. The sensitivity rates below are used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for the change in foreign currency exchange rates. A positive number below indicates an increase in profit and equity where the above currencies strengthen at certain percentage against the US$. For the same percentage of weakening of the above currencies against the US$, there would be an equal and opposite impact on profit and equity.

	2016		2015	
	Sensitivity rate	Effect on profit or loss and equity US$'000	Sensitivity rate	Effect on profit or loss and equity US$'000
Rupiah	2%	(235)	7%	(898)
Singapore dollar	2%	(44)	2%	(39)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

Interest rate risks management

The Group is also exposed to interest rate risk as it also borrows funds in rupiah and US$ at floating interest rates.

The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to interest rate changes as at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

As of December 31, 2016, the Group's significant exposure to the risk of changes in market interest rates relates primarily to secured creditors. The following table summarizes the impact on income before income tax of reasonable movement in interest rates:

	2016		2015	
	Basis point	Effect on net profit before tax US$'000	Basis point	Effect on net profit before tax US$'000
Increase	100	(257)	100	(272)
Decrease	(100)	257	(100)	272

37. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instrument classified as fixed rate is fixed until the maturity of the instrument and is therefore not subject to interest rate risk.

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rate while enabling benefits to be enjoyed if interest rates fall.

Credit risk management

The Group's exposure to credit risk is primarily attributable to cash in banks, trade receivables, other receivables, other non-current assets, derivative financial asset and AFS financial assets.

In determining the credit terms for customers, the management considers the following factors: (i) the financial strength of the customer, (ii) the customer's historical payment record, (iii) the length of the relationship with the customer and (iv) the distance or duration of a specific voyage. Based on these factors, the Group's credit terms may vary. The credit terms may also be modified based on negotiations with each customer. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to a minimal credit risk. Cash in banks are placed only in credit worthy financial institutions.

The carrying amounts of the above-mentioned financial assets recorded in the consolidated financial statements represent the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Credit quality of financial assets

The credit quality of financial assets is managed by the Group using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.

The credit quality of the Group's financial assets follows:

	2016				
	Neither past due nor impaired		Past due		
	High quality	Standard quality	but not impaired	Impaired	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks	5,719	-	-	-	5,719
Trade receivables - third parties	1,112	-	815	1,796	3,723
Other receivables - third parties	-	1,068	-	-	1,068
Derivative financial asset	-	12,965	-	-	12,965
AFS financial assets	-	21,929	-	-	21,929
Other non-current assets	-	4	-	-	4
Total	**6,831**	**35,966**	**815**	**1,796**	**45,408**

37. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

The credit quality of the Group's financial assets follows (continued):

	2015				
	Neither past due nor impaired		Past due		
	High quality	Standard quality	but not impaired	Impaired	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks	10,074	-	-	-	10,074
Trade receivables - third parties	113	-	2,294	2,438	4,845
Other receivables - third parties *)	-	2,103	-	-	2,103
Derivative financial asset	-	23,392	-	-	23,392
AFS financial assets	-	18,059	-	-	18,059
Other non-current assets	-	85	-	-	85
Total	**10,187**	**43,639**	**2,294**	**2,438**	**58,558**

**) excluding preferred redeemable equity interest*

Fuel risk management

The Group's earnings are affected by changes in the price of bunker fuel. The strategy for managing the risk on fuel price aims to provide its protection against sudden and significant increase in bunker fuel prices. In meeting these objectives, the fuel management program allows for the prudent use of approved instruments such as bunker swaps with approved counterparties and within approved credit limits.

The Group consistently monitors bunker consumption with ship managers and implement bunker savings controls such as bunker management software to track bunker consumption.

The Group manages this risk by monitoring the bunker prices and entering into forward contracts to hedge against fluctuations in bunker price, if considered appropriate.

Liquidity risk management

The Group's liquidity requirements mainly come from repayments of principal and interest on its loans and long-term other payables. The liquidity problems faced by the Group arose from its failure to fulfill contractual obligations to make timely repayments of such debts.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date of which the Group can be required to pay. The table includes both interest and principal cash flows.

37. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Liquidity risk management (continued)

Financial liabilities

	2016				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Trade accounts payable	6,083	-	-	-	6,083
Accrued expenses	3,513	-	-	-	3,513
Loans payable	628	4,382	20,784	16,564	42,358
Other payables	546	1,188	2,172	63,133	67,039
Other current liabilities	1,323	-	-	-	1,323
Total	**12,093**	**5,570**	**22,956**	**79,697**	**120,316**

	2015				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Trade accounts payable	10,010	-	-	-	10,010
Accrued expenses	8,278	-	-	-	8,278
Loans payable	776	2,497	21,579	20,768	45,620
Other payables	396	1,189	3,757	62,838	68,180
Other current liabilities	249	-	-	-	249
Total	**19,709**	**3,686**	**25,336**	**83,606**	**132,337**

The Group manages liquidity risk by maintaining reserves, banking facilities, and equity financing; by continuously monitoring forecast and actual cash flows; and by matching the maturity profiles of its financial assets and liabilities.

On January 26, 2012, the Company decided to temporarily cease repayment of all the Company's bank loans, bonds payable, payment on ship leases and on similar obligations of its subsidiaries, except for BULL, to enable the Group to review its financial position and arrangements.

In March 2013, the Group's Restructuring Plan was ratified by the Court. The Restructuring Plan sets out the restructuring term sheet and repayment plans to respective creditors to finance and repay the debts. The repayment schedule of significant liabilities of the Group was restructured over a 10-year period.

In August 2015, the Group's restructuring plan was further amended through the required voting standard set in the restructuring plan. The repayment schedule of secured creditors and trade creditors of the Group was restructured over a 10-year period and a 5-year period, respectively.

37. FINANCIAL INSTRUMENTS (continued)

d. Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities approximate their fair values.

	2016	2015
	US$'000	US$'000
Financial Assets		
Cash on hand and in banks	5,788	10,314
Trade receivables - third parties	1,927	2,407
Other receivables - third parties *)	1,068	2,103
Derivative financial asset	12,965	23,392
AFS financial assets	21,929	18,059
Other non-current assets	4	85
Total	**43,681**	**56,360**

**) excluding preferred redeemable equity interest*

	2016	2015
Financial Liabilities		
Trade accounts payable	6,083	10,010
Accrued expenses	3,513	8,278
Loans payable	29,433	31,358
Other payables	11,625	12,342
Other current liabilities	1,323	249
Total	**51,977**	**62,237**

As of December 31, 2016 and 2015, the following table presents the Group's financial assets that are measured at fair value.

	2016			
	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Derivative financial asset	-	12,965	-	12,965
AFS financial assets - SVL	-	-	15,321	15,321
Total	**-**	**12,965**	**15,321**	**28,286**

	2015			
	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Financial asset				
Derivative financial asset	-	23,392	-	23,392

37. FINANCIAL INSTRUMENTS (continued)

d. Fair value of financial instruments (continued)

The carrying values of cash on hand and in banks, trade receivables, other receivables, other non-current assets, trade accounts payable, accrued expenses, and other current liabilities approximate their fair values because of their short-term nature. Derivative financial asset is carried at fair value based on the significant observable data. Available for sale financial asset - SVL is carried at fair value based on discounted cash flow in 2016 and at book value in 2015. Available for sale financial asset - NL is carried at book value since fair value cannot be readily determined based on observable market data. The carrying value of loans payable and other payables are discounted using prevailing market interest rates with similar terms to these financial liabilities.

The following table provides valuation analysis methods of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

In 2016, there were no transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.

Reconciliation of fair value measurement for financial assets:

	2016		
	Derivative financial asset	SVL	Total
	US$'000	US$'000	US$'000
Beginning balance	23,392	**10,511**	**33,903**
Unrealized gain (loss) on changes in fair value	(10,427)	4,810	(5,617)
Ending balance	**12,965**	**15,321**	**28,286**

	2015
	Derivative financial asset
	US$'000
Beginning balance	**-**
Addition	23,392
Ending balance	**23,392**

38. NON-CASH TRANSACTIONS

The Group entered into non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows, with details as follows:

- In 2016, the Group purchased two vessels using the purchase option agreement which thereafter, the preferred redeemable equity interest has been fully utilized.
- In 2016, the Group recognized an unrealized loss on change in fair value of derivative financial asset amounting to US$ 10.4 million.
- In 2016, impairment loss on vessel revaluation was charged to profit or loss amounting to US$ 7.5 million.
- In 2016, the Group recognized an unrealized gain on change on fair value of its AFS financial asset credited to other comprehensive income amounting to US$ 4.8 million.
- In 2016 and 2015, the Group recognized an impairment loss on its AFS financial asset amounting to US$ 0.9 million and US$ 3.4 million, respectively.
- In 2016 and 2015, the Group recognized share on profit from its investments in associates and JV amounting to US$ 8.1 million and US$ 7.0 million, respectively.
- In 2016 and 2015, the Group recognized provision for employee benefits expense amounting to US$ 176 thousand and US$ 138 thousand, respectively.
- In 2015, the Group's restructuring plan was amended. Significant liabilities of the Group were settled through transfer of assets, conversion into shares and remodification of the terms of the loans. As a result, the Group recognized gain amounting to US$ 213.4 million.
- In 2015, the Group had written-off the value of equity assigned to the creditor pursuant to the 2013 Restructuring Plan amounting to US$ 25.2 million.
- In 2015, Teekay BLT Corporation declared a dividend, of which portion of dividends received by BLT LNG Tangguh amounting to US$ 0.8 million were applied as payment for the Group's loans from Teekay Corporation (Note 11).

39. GOING CONCERN

The Company's debt restructuring that began in 2012 has been completed in November 2015. During post-restructuring in 2016, the Group has gradually increased the number of its vessels to eight, where three vessels were purchased using preferred redeemable equity interest earned from MLA Restructuring. The Group's performance has increased in the last quarter of 2016, as a result of additional vessels and cost efficiency, especially administrative expenses. The Group will continue optimizing its profitable assets and efficiency in 2017 and the following years to continuously increase the Group's performance.

The Group's equity has also increased from US$ 36.8 million as of December 31, 2015 to US$ 48.0 million as of December 31, 2016. Nevertheless, the Group continued to have deficit due to the significant recurring losses over the years.

39. GOING CONCERN (continued)

Management recognizes that the Group's continuation as a going concern is dependent upon its ability to generate sufficient cash flows to meet its obligations on a timely basis, to comply with the terms and conditions of the PKPU Amendment Plan and to attain successful operations to improve the position of the Group's deficit. As part of the Group's continuing efforts to respond to and manage any possibility for adverse effects arising from the above-mentioned economic and business conditions, the Group is undertaking and is continuously implementing the following measures, among others:

a. Continues implementation of the approved PKPU Amendment Plan.

b. Recalibrate business strategy and fleet composition by focusing to operate in South East Asia where the Group is well-positioned to take advantage of the anticipated improvements and thriving Indonesian cabotage market with our strong history as an international ship owner operator, good relationship with the various oil majors and expertise in the chemical and gas industry.

c. Increase the number of vessels by two to three in 2017 through purchase using proceeds from sale of MT Gas Bangka and banking loan facilities. The first two vessels will be mortgaged to obtain banking loan facilities.

d. Negotiate for medium-term charter contract with prospective customers to increase and stabilize revenue from operations.

e. Remain focused on maintaining an efficient cost structure by continuous review of its capital expenditure, working closely with all ship managers to ensure the maintenance of fleet is carried out efficiently and having a lean and effective workforce.

Despite the current uncertain economic outlook, management believes that the Group will be able to fulfill its obligations under the PKPU Amendment Plan, execute its strategies and manage its business and financial risks successfully. The Group's management also believes that the Group has adequate resources to continue its operational existence in the foreseeable future. Accordingly, the Group continues to adopt the going concern assumption in preparing the consolidated financial statements.

The consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainty disclosed above.

40. DECONSOLIDATION OF CB2

Effective December 1, 2015, the Company deconsolidated all the assets and liabilities of CB2. The audited balances of CB2 on the date of transfer to MLA were as follows:

	US$'000
ASSETS	
CURRENT ASSETS	
Cash on hand and in banks	5,819
Trade receivables - third parties	11,167
Other receivables - third parties	28
Inventories	4,547
Advances	5,782
Prepaid expenses and taxes	1,113
TOTAL CURRENT ASSETS	**28,456**
NON-CURRENT ASSET	
Fixed assets	179,163
TOTAL ASSETS	**207,619**
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Trade accounts payable	5,403
Due to related parties	4,027
Accrued expenses	7,592
Obligations under finance lease	160,463
TOTAL LIABILITIES	**177,485**
EQUITY	
Revaluation reserve	23,938
Retained earnings	6,196
TOTAL EQUITY	**30,134**

40. DECONSOLIDATION OF CB2 (continued)

The Group has consolidated the results of operations of CB2 for the eleven-month period ended November 30, 2015. CB2's results before elimination are as follows:

	US$'000
OPERATING REVENUES	134,702
VOYAGE EXPENSES	(70,748)
OPERATING REVENUES AFTER VOYAGE EXPENSES	**63,954**
Vessel depreciation	(9,629)
Ship operating expenses	(2,493)
Charter expense	(11,686)
GROSS PROFIT	**40,146**
Administrative expenses	(371)
Foreign exchange gain - net	3,842
Other losses - net	(278,908)
LOSS BEFORE INTEREST AND TAX	**(235,291)**
Finance cost	(16,673)
LOSS BEFORE INCOME TAX	(251,964)
Income tax expense	-
NET LOSS	**(251,964)**

41. EVENTS AFTER THE FINANCIAL REPORTING PERIOD

On February 6, 2017, the Group received dividend from Teekay BLT Corporation amounting to US$ 600 thousand.

On February 17, 2017, the Group entered into a Memorandum of Agreement with third party to sell MT Gas Bangka. MT Gas Bangka was eventually sold and delivered on March 28, 2017.

42. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed and authorized for issue on April 3, 2017.