

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019 AND
FOR THE NINE-MONTH PERIOD THEN ENDED
(UNAUDITED)**

**PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019 AND
AND FOR THE NINE-MONTH PERIOD THEN ENDED
(UNAUDITED)**

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



**BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR
THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF
PT BERLIAN LAJU TANKER TBK AND ITS SUBSIDIARIES
AS OF SEPTEMBER 30, 2019 AND FOR THE NINE-MONTH PERIOD THEN ENDED
(UNAUDITED)**

We, the undersigned:

1. Name : Siana Anggraeni Surya
Office address : Wisma BSG 10th Floor
Jalan Abdul Muis No. 40
Jakarta 10160, Indonesia
Residential address : Jalan Patra Kuningan VII/17
RT 005 RW 004
Kuningan Timur, Setiabudi
Jakarta Selatan, Indonesia
Telephone : +62-21-30060300
Title : President Director
2. Name : Benny Rachmat
Office address : Wisma BSG 10th Floor
Jalan Abdul Muis No. 40
Jakarta 10160, Indonesia
Residential address : Jalan Bendi XI No. 12A
RT 008 RW 010
Kebayoran Lama Utara, Kebayoran Lama
Jakarta Selatan, Indonesia
Telephone : +62-21-30060300
Title : Independent Director

declare that:

1. We are responsible for the preparation and presentation of PT Berlian Laju Tanker Tbk and its subsidiaries' interim consolidated financial statements;
2. PT Berlian Laju Tanker Tbk and its subsidiaries' interim consolidated financial statements have been prepared and presented in accordance with International Financial Accounting Standards;
3. a. All information contained in PT Berlian Laju Tanker Tbk and its subsidiaries' interim consolidated financial statements has been disclosed in a complete and truthful manner;
b. PT Berlian Laju Tanker Tbk and its subsidiaries' interim consolidated financial statements do not contain any incorrect information or material facts, nor do they omit information or material facts;
4. We are responsible for PT Berlian Laju Tanker Tbk and its subsidiaries' internal control system.

This statement is made in all truth.

For and on behalf of the Board of Directors


Siana Anggraeni Surya
President Director


Benny Rachmat
Independent Director

Jakarta, October 31, 2019

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**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2019 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	<u>Notes</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	2e,4,33	1,759,558	3,174,557
Trade receivables - third parties - net	2e,2g,5,33	1,359,724	2,195,704
Contract assets	2e,2h,5,33	231,195	227,835
Other receivables - third parties - net	2e,6,33	505,768	573,455
Inventories	2i	1,002,730	652,646
Advances	2j,7	1,042,989	429,948
Prepaid expenses	2j	646,902	440,724
Prepaid taxes	2s,13	275,995	215,370
Total Current Assets		<u>6,824,861</u>	<u>7,910,239</u>
NON-CURRENT ASSETS			
Non-current financial assets	2e,2q,8,33	10,644,449	10,865,753
Investments in associates and joint venture	2k,2n,9	29,125,250	26,304,534
Fixed assets - net	2l,2n,10	23,976,145	25,944,717
Deferred tax assets - net	2s,13	323,290	323,290
Total Non-current Assets		<u>64,069,134</u>	<u>63,438,294</u>
TOTAL ASSETS		<u>70,893,995</u>	<u>71,348,533</u>

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2019 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	<u>Notes</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
LIABILITIES AND NET EQUITY			
CURRENT LIABILITIES			
Trade payables	2e,11,33		
Related parties	2c,30	92,094	129,918
Third parties		5,179,284	4,839,422
Accrued expenses	2e,12,33	1,844,040	1,097,459
Taxes payable	2s,13	85,487	100,045
Current maturities of long-term liabilities	2e,32,33		
Loans payable	14	2,921,080	4,553,273
Other payables	15	999,554	829,694
Other current liabilities	2e,33	1,367,097	1,283,907
Total Current Liabilities		<u>12,488,636</u>	<u>12,833,718</u>
NON-CURRENT LIABILITIES			
Long-term liabilities - net of current maturities	2e,32,33		
Loans payable	14	18,920,460	19,511,220
Other payables	15	8,741,766	8,649,151
Provision for employee benefits	2o,16	1,277,064	1,386,608
Total Non-current Liabilities		<u>28,939,290</u>	<u>29,546,979</u>
TOTAL LIABILITIES		<u>41,427,926</u>	<u>42,380,697</u>
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 shares series A and 2,456,869,565 shares series B on September 30, 2019 and 23,483,317,538 shares series A on December 31, 2018	2t,17	172,176,151	163,636,458
Additional paid-in capital	2q,2t,18	1,117,092,142	1,115,631,835
Other capital reserves	2q,30,31,32	7,931,594	17,931,594
Treasury shares	2t,19	(6,515,636)	(6,515,636)
Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interest	20	7,787,469	7,787,469
Reserves	2d,2e,2l,21	(12,438,863)	(41,216,559)
Deficit		(1,256,566,788)	(1,228,287,325)
Net Equity		<u>29,466,069</u>	<u>28,967,836</u>
TOTAL LIABILITIES AND NET EQUITY		<u>70,893,995</u>	<u>71,348,533</u>

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For The Nine-Month Period Ended September 30, 2019 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	2019	Notes	2018
OPERATING REVENUES	15,540,270	2m,2r,22	18,140,747
VOYAGE EXPENSES	(3,631,519)	2c,2r,23,30	(4,328,088)
OPERATING REVENUES AFTER VOYAGE EXPENSES	11,908,751		13,812,659
Vessel depreciation and ship operating expenses:		2r	
Ship operating expenses	(6,497,955)	24	(6,613,507)
Vessel depreciation	(3,586,136)	2l,10	(3,884,150)
Charter expenses	-	2m	(1,046,382)
GROSS PROFIT	1,824,660		2,268,620
Administrative expenses	(2,910,243)	2r,25	(3,103,972)
Share in profits of associates and joint venture	2,820,716	2k,9	6,062,154
Other income (losses) - net	155,235	2d,2r,27	1,395,873
PROFIT BEFORE INTEREST AND TAX	1,890,368		6,622,675
Finance cost	(1,265,801)	2e,2r,14,15,26	(1,281,833)
Interest income	6,946	2r,4	9,870
PROFIT BEFORE INCOME TAX	631,513		5,350,712
INCOME TAX EXPENSE - NET	(133,280)	2s,13	(169,309)
NET PROFIT FOR THE YEAR	498,233		5,181,403
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent period:			
Fair value through other comprehensive income	-	2e,8,33	(7,915,176)
Remeasurements on post-employment benefits	-	2o,16	201,248
Deferred income tax related to remeasurements	-	2s,13	(46,164)
Net	-		(7,760,092)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	498,233		(2,578,689)
Net profit for the period attributable to:			
Owners of the Company	498,233		5,181,403
Non-controlling interest	-		-
Total	498,233		5,181,403
Total comprehensive income for the period attributable to:			
Owners of the Company	498,233		(2,578,689)
Non-controlling interest	-		-
Total	498,233		(2,578,689)
BASIC EARNINGS PER SHARE	0.00002	2u,28	0.00022
DILUTED EARNINGS PER SHARE	0.00002	2u,28	0.00020

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these consolidated financial statements.

**PT BERLIAN LAJU TANKER TBK
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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Nine-Month Period Ended September 30, 2019 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	Share capital (Note 17)	Additional paid-in capital (Note 18)	Other capital reserves (Notes 30, 31, and 32)	Treasury shares (Note 19)	Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interests (Note 20)	Reserves (Note 21)				Deficit	Net equity
						Revaluation reserves	General reserves	Fair value reserves	Financial statements translation		
Balance per January 1, 2018	163,636,458	1,115,631,835	17,931,594	(6,515,636)	7,787,469	7,998,937	5,898,328	(42,473,386)	(120,331)	(1,236,934,821)	32,840,447
Net profit for the year	-	-	-	-	-	-	-	-	-	5,181,403	5,181,403
Other comprehensive income (loss) - net	-	-	-	-	-	-	-	(7,915,176)	-	155,084	(7,760,092)
Transfers to deficit	-	-	-	-	-	(2,126,781)	-	-	-	2,126,781	-
Balance per September 30, 2018	163,636,458	1,115,631,835	17,931,594	(6,515,636)	7,787,469	5,872,156	5,898,328	(50,388,562)	(120,331)	(1,229,471,553)	30,261,758
Balance per January 1, 2019	163,636,458	1,115,631,835	17,931,594	(6,515,636)	7,787,469	4,920,596	5,898,328	(51,915,152)	(120,331)	(1,228,287,325)	28,967,836
Mandatory Convertible Securities (MCS) Conversion	8,539,693	1,460,307	(10,000,000)	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	-	498,233	498,233
Transfer to deficit	-	-	-	-	-	-	-	28,777,696	-	(28,777,696)	-
Balance per September 30, 2019	172,176,151	1,117,092,142	7,931,594	(6,515,636)	7,787,469	4,920,596	5,898,328	(23,137,456)	(120,331)	(1,256,566,788)	29,466,069

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For The Nine-Month Period Ended September 30, 2019 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	2019	Notes	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	16,372,890		17,535,553
Cash paid to suppliers and employees	(12,821,977)		(15,902,991)
Cash generated from operations	3,550,913		1,632,562
Finance cost paid	(959,946)		(852,185)
Income tax paid	(133,280)	13	(128,555)
Interest received	6,946		9,870
Net cash provided by operating activities	2,464,633		661,692
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	(1,672,710)	10	(1,175,363)
Net proceeds from sale of fixed assets	10,395		669
Proceeds of sale of financial assets	222,000		-
Dividends received	-	9	1,200,000
Net cash provided by (used in) investing activities	(1,440,315)		25,306
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of loans and other payables	(2,439,317)	34	(3,122,596)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	(1,414,999)		(2,435,598)
CASH ON HAND AND IN BANKS AT THE BEGINNING OF THE PERIOD	3,174,557	4	4,578,586
CASH ON HAND AND IN BANKS AT THE END OF THE PERIOD	1,759,558	4	2,142,988

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2019 and
For the Nine-Month Period Then Ended (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

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.

**PT BERLIAN LAJU TANKER TBK
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As of September 30, 2019 and
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(Expressed in United States dollar, unless otherwise stated)**

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 (Note 32).

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 32).

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.

On March 28, 2019, IDX decided to revoke suspension of trading of the Company's securities and the Company's shares can be traded on IDX on March 29, 2019.

On May 13, 2019, IDX under letter no. S-2573/BEI/PP1/05-2019, approved the listing of additional 2,456,869,565 shares serie B with nominal value Rp 50 per shares from additional capital without pre-emptive rights.

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.

**PT BERLIAN LAJU TANKER TBK
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2019 and
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(Expressed in United States dollar, unless otherwise stated)**

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 totaling 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.

c. The Group's structure

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are hereafter referred to as the "Group".

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.

**PT BERLIAN LAJU TANKER TBK
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in United States dollar, unless otherwise stated)

1. GENERAL (continued)

c. The Group's structure (continued)

The 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 (%) September 30, 2019	Total Assets Before Elimination September 30, 2019	Percentage of Ownership (%) December 31, 2018	Total Assets Before Elimination December 31, 2018
1	Indigo Pacific Corporation	Investment holding company	Labuan, Malaysia	December 24, 1997	100	666,898,118	100	666,897,849
1.1	Indigo Pacific Corporation	Investment holding company	British Virgin Islands	February 9, 1993	100	90,249	100	111,162
1.1.1	BLT Finance B.V.	Investment holding company	The Netherlands	April 26, 2007	100	28,334	100	28,334
1.1.2	Tridonawati Maritime Pte. Ltd.	Owner and operator of vessel	Singapore	June 6, 2007	100	12,603,820	100	12,520,971
1.1.3	BLT Maritime Corporation	Investment holding company	British Virgin Islands	April 8, 2011	100	-	100	221,304
1.1.3.1	Swank Ventures Ltd.	b) Investment holding company	Marshall Islands	December 31, 2010	-	-	60	-
2	Diamond Pacific International Corporation	Investment holding company	Labuan, Malaysia	November 24, 1997	100	274,226,996	100	274,229,026
2.1	Berlian Laju Tanker Corporation (formerly Diamond Pacific International Corporation)	Investment holding company	British Virgin Islands	February 9, 1993	100	41,400,086	100	41,667,959
2.2	BLT LNG Tangguh Corporation	Operator of vessel	Marshall Islands	July 8, 2005	100	48,806,828	100	46,105,973
3	Asean Maritime Corporation	Investment holding company	Labuan, Malaysia	September 16, 1997	100	203,598,834	100	203,603,281
3.1	Gold Bridge Shipping Corporation	Investment holding company	British Virgin Islands	November 20, 1996	100	4,719,868	100	5,151,567
3.1.1	Gold Bridge Shipping Ltd.	Shipping agency	Hong Kong	April 27, 1990	100	21,697,321	100	21,695,004
3.1.2	Hopeway Marine Inc.	Owner and operator of vessel	Panama	November 22, 1984	100	4,196,083	100	4,441,412
3.1.3	Quimera Maritime S.A.	Owner and operator of vessel	Panama	December 3, 1993	100	2,775,543	100	3,400,277
3.1.4	Freesia Navigation S.A.	Owner and operator of vessel	Panama	November 15, 2002	100	9,033,754	100	9,034,093
3.1.5	Iris Maritime International S.A.	Owner and operator of vessel	Panama	June 5, 2008	100	17,132,367	100	16,994,815
3.1.6	Amber Pacific Corporation	a) Investment company	British Virgin Islands	December 15, 2015	100	45,275	100	46,065
3.1.7	Fast Marine Trading Limited	Investment company	Republic of Seychelles	September 20, 2017	100	10,954	100	353,567
3.2	BLT Chembulk Corporation	a) Investment holding company	British Virgin Islands	October 5, 2007	100	-	100	-
3.2.1	Chembulk Tankers LLC	b) Investment holding company	Marshall Islands	January 9, 2007	-	-	100	-
3.2.1.1	BLT Chembulk Group Europe A/S	b) Ship management	Denmark	February 10, 2011	-	-	100	-
4	PT Brotojoyo Maritime ("BRM")	Owner and operator of vessel	Indonesia	January 20, 2003	100	16,172,174	100	17,286,946
5	PT Cendanawati Maritim	Owner and operator of vessel	Indonesia	April 6, 2016	100	907,164	100	907,192
6	Nevaeh Limited	Investment holding company	Hong Kong	January 18, 2007	51	-	51	-
7	PT Dewi Sri Maritim	a) Owner and operator of vessel	Indonesia	October 18, 2017	100	496,002	100	432,719
8	PT Niaga Global Modern Indonesia	a) Trading company	Indonesia	February 19, 2019	100	537,837	-	-
9	Teekay BLT Corporation	Investment holding company	Marshall Islands	June 29, 2005	30	378,592,758	30	380,080,216
10	Thai Petra Transport Co Ltd.	Shipping Agency	Thailand	July 21, 2000	30	892,632	30	724,633
11	PT Berlian Limatama	Owner and operator of vessel	Indonesia	June 24, 1996	50	392,727	50	356,826

a) Such subsidiaries are considered dormant and have no operations in 2019.

b) Such subsidiary was closed/sold in 2019.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in United States dollar, unless otherwise stated)**

1. GENERAL (continued)

d. Boards of Commissioners and Directors, and Audit Committee

The Company's management consisted of the following:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
<u>Board of Commissioners</u>		
President Commissioner	: Hadi Surya	Hadi Surya
Commissioner	: Safzen Noerdin	Safzen Noerdin
Independent Commissioner	: Antonius Joenoes Supit	Antonius Joenoes Supit
<u>Board of Directors</u>		
President Director	: Siana Anggraeni Surya	Siana Anggraeni Surya
Director	: Yulian Hery Ernanto *)	Anthony Budiawan
Independent Director	: Benny Rachmat	Benny Rachmat
<u>Audit Committee</u>		
Chairman	: Antonius Joenoes Supit	Antonius Joenoes Supit
Members	: Timotius	Timotius
	: Denny Susilo	Denny Susilo

*) appointed on May 10, 2019.

The Group had a total number of 68 employees as of September 30, 2019 and December 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of consolidated financial statements

The Group's consolidated financial statements 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 issues separate consolidated financial statements prepared under Indonesian Financial Accounting Standards (SAK). There are no significant differences between IFRS and SAK. The Group has early adopted certain standards in SAK to be aligned with IFRS.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of the reporting period. 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 Group'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 a 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. 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.

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 (NCI) account having a deficit balance. NCI represents the portion of the profit or loss and net assets of the subsidiary not attributable directly or indirectly to the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the owner of the parent entity.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation (continued)

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. Transactions with NCI that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in 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.

c. 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 Group.

(b) An entity is related to the Group 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 Company.

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.

d. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign currencies (continued)

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.

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:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Rupiah (Rp'000)	0.0706	0.0691
Singapore dollar (SGD)	0.7237	0.7322
Euro (EUR)	1.0938	1.1436

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.

e. Financial instruments

Classification

i. Financial assets

Financial assets within the scope of IFRS 9 are classified as (i) at amortized cost, (ii) fair value through other comprehensive income (FVOCI), or (iii) fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Classification (continued)

i. Financial assets (continued)

The Group's financial assets consist of trade receivables - third parties, contract assets, other receivables - third parties, contract assets, other receivables - third parties, security deposits recorded under non-current financial assets classified as financial assets measured at amortized cost, investments in equity instruments classified at FVOCI, and derivative financial asset classified at FVPL.

The Group's investments in equity instruments are its investments in shares in Swank Venture Limited and Nevaeh Limited.

ii. Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as (i) financial liabilities at fair value through profit or loss, (ii) financial liabilities measured at amortized cost, or (iii) as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities consist of trade payables, accrued expenses, loans payables, other payables, and other current liabilities classified as financial liabilities measured at amortized cost.

Recognition and measurement

i. Financial assets

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification.

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 assets.

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

- Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flow; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measures using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, modified, as well as through the amortization process.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Recognition and measurement (continued)

i. Financial assets (continued)

- Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI).

The Group elected to classify irrevocably its non-listed equity investments under this category.

- Financial assets at FVPL

Financial assets at FVPL includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative assets are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL. Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

ii. Financial liabilities

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

Financial liabilities measured at amortized cost are measured, subsequent to initial recognition, at amortized cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognized within "Finance costs" in profit or loss. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized as well as through the amortization process.

Offsetting of financial instruments

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. 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 on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized costs. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss allowance equivalent to the lifetime expected credit losses is provided if there is significant increase in credit risk since initial recognition. Otherwise, at an amount equal to twelve-month expected credit losses.

For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group has established provision rates that are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

The amount of expected credit losses or reversal is recognized as impairment loss or gain in profit or loss and presented separately from others, if material.

Equity instruments designated at FVOCI are not subject to impairment assessment.

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 contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay them 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 of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the assets recognized 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 that the Group could be required to repay.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial assets (continued)

Derecognition (continued)

i. Financial assets (continued)

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, including any new asset obtained less any new liability assumed; and any cumulative gain or loss that has been recognized directly 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, the obligation specified in the contract is 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.

f. Fair value measurement

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Fair value measurement (continued)

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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

g. Trade receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (Note 2h).

h. Contract assets and liabilities

A contract asset is recognized when the Group recognizes revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are reclassified to receivables when the right to the consideration has become unconditional (Note 2g).

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue, in such cases, a corresponding receivable would also be recognized.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

In the comparative period, contract assets were included in trade receivables while contract liabilities were included in unearned revenue.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. 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.

j. 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.

k. 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.

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 and joint venture 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Investments in associates and joint venture (continued)

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.

l. Fixed assets

Vessels

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 losses. 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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:

	<u>Years</u>
Buildings and premises	20
Vehicles	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.

m. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. 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.

o. Employment benefits

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Employment benefits (continued)

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.

Other long-term employee benefits

The Group provides other long-term employee benefits in the form of long service leave and allowance on long service leave for employee attaining certain number of service years. The cost of providing this benefit is determined using the Projected-Unit-Credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Other long-term employee benefit expense includes current service cost, interest cost, past service costs and recognition of actuarial gains and losses. The actuarial gains and losses and past service costs are recognized immediately in the current year's profit or loss.

p. 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.

q. 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 on treasury stock transaction" under additional paid-in capital in equity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. 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:

Revenues from freight operations

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

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.

s. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Taxation (continued)

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.

Underpayment or overpayment of corporate income tax is presented as part of current income tax expense in profit or loss.

Amendments to tax obligations are recorded when a tax assessment letter is received. If the Group files an appeal, the Group considers whether it is probable that a taxation authority will accept the appeal and reflect its effect on the Group's tax obligations.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Taxation (continued)

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.

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.

Deferred tax is not recognized for the difference between the carrying amounts of assets and liabilities and their respective tax bases if the related revenue is subject to final tax.

t. Share capital

Share capital is stated at its par value. 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.

u. Earnings/loss per share

Basic earnings/loss per share is computed by dividing net profit/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 net 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. 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.

w. 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.

x. 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.

y. 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 is 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.

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts herein and the related disclosures, at the end of the reporting period. 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

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Classification of financial instruments

The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in IFRS 9. 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 whereas the Group acts as lessor and lessee 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 its owned vessels and no significant risks and rewards of ownership are transferred from the leased assets. The Group accounts for these 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.

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

a. Judgments (continued)

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 recognized 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 13.

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 Group 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 currency of each 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 its services. The functional currency of each entity in the Group are determined based on management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices. When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that faithfully represents the economic effects of the underlying transactions, events and conditions.

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 described 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.

Management believes that the chosen valuation techniques and assumptions used are appropriate in the determination of the fair value of vessels (Note 10).

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

b. Estimates and assumptions (continued)

Valuation of financial instruments

The Group carries certain financial assets and liabilities at fair values, which requires the use of accounting estimates (Note 33). While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Group utilized different valuation methodology. Any changes in fair values of these financial assets would affect directly the Group's profit or loss and/or other comprehensive income.

Allowance for impairment losses on financial assets as amortized cost

The general approach is used by the Group for its cash on hand and in banks and other financial assets that fall within the scope of application for impairment under IFRS 9. Due to the short-term nature and high credit rating of the banks involved, the Group determined that the expected credit losses are low and are therefore not recognized. In case of other financial assets, the Group recognizes a percentage of allowance for impairment losses for over 180 days past due accounts, adjusted by specific evaluation of debtor's profile.

For trade receivables and contract assets, the Group recognizes the expected credit loss based on historical observed default rates and losses per revenue sources and customer's profile. The Group identified that expected credit losses from its charter and freight transactions are low as receivables are fully collected from those transactions with average collection period of within 60 days, while a 20% loss is expected from all demurrage receivables at initial recognition, adjusted by specific evaluation of the debtor's profile. The carrying amounts of trade receivables and contract assets are disclosed in Note 5.

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.

The vessels' recoverable amount is considered to be its revalued amount because management believes that the value in use of vessels approximates the appraised value of vessels (Note 10).

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 Group's past and estimated future results of operations.

The carrying amount of deferred tax assets is disclosed in Note 13.

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

b. Estimates and assumptions (continued)

Estimate of provision for employee benefits

The determination of the Group's employee benefits liability is dependent on its selection of certain assumptions used by the independent actuary 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 other comprehensive income 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 liability for employee benefits and net employee benefits expense.

The assumptions used in determination of employee benefits liability are disclosed in Note 16.

Estimate of useful lives and residual values of fixed assets

The useful lives of each of the item of the Group's fixed assets which are estimated based on 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.

Estimate of useful lives and residual values of fixed assets (continued)

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 assets would affect the recorded depreciation expense and the carrying value of such asset (Note 10).

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4. CASH ON HAND AND IN BANKS

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Cash on hand	86,195	81,491
Cash in banks		
Rupiah		
PT Bank Negara Indonesia (Persero) Tbk	299,678	135,035
PT Bank Ina Perdana Tbk	33,951	234,091
Citibank N.A.	17,684	239,778
PT Bank Central Asia Tbk	3,035	7,372
PT Bank Mandiri (Persero) Tbk	953	723
PT Bank CIMB Niaga Tbk	6	691
US dollar		
PT Bank Central Asia Tbk	634,640	33,721
Citibank N.A.	331,028	397,983
PT Bank Negara Indonesia (Persero) Tbk	262,294	82,233
OCBC Bank	55,050	1,654,252
Bank of China (Hongkong) Limited	30,058	301,819
Others	2,216	2,460
Other currencies	2,770	2,908
Total	<u>1,759,558</u>	<u>3,174,557</u>

Interest income earned from cash in banks in 2019 and amounted to US\$ 6.9 thousand and US\$ 9.9 thousand, respectively.

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

5. TRADE RECEIVABLES AND CONTRACT ASSETS

a. Trade Receivables - third parties

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
PT Pertamina International Shipping	462,103	27,625
PT USDA Seroja Jaya	192,447	509,145
PT LDC Indonesia	126,292	-
PTT International Trading Pte Ltd	77,027	44,222
PT Pertamina (Persero)	54,349	1,330,720
Tricon Energy Inc.	-	53,815
PT Chandra Asri Petrochemical Tbk	-	34,477
Lain-lain (dibawah AS\$ 100.000)	516,881	325,878
Sub-total	1,429,099	2,325,882
Allowance for impairment	(69,375)	(130,178)
Net	<u>1,359,724</u>	<u>2,195,704</u>

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5. TRADE RECEIVABLES AND CONTRACT ASSETS (continued)

b. Contract Assets

Contract assets mainly include receivables from voyages not yet completed as of reporting date.

The details of trade receivables and contract assets by currency are as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
US dollar	1,146,837	1,981,134
Rupiah	<u>513,457</u>	<u>572,583</u>
Sub-total	1,660,294	2,553,717
Allowance for impairment	<u>(69,375)</u>	<u>(130,178)</u>
Net	<u>1,590,919</u>	<u>2,423,539</u>

The aging of trade receivables and contract assets were as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Not yet due	1,002,862	1,912,442
Overdue:		
1 - 60 days	347,981	274,105
61 - 120 days	7,937	154,077
121 - 180 days	168,897	94,769
> 180 days	<u>132,617</u>	<u>118,324</u>
Sub-total	1,660,294	2,553,717
Allowance for impairment	<u>(69,375)</u>	<u>(130,178)</u>
Net	<u>1,590,919</u>	<u>2,423,539</u>

The changes in allowance for impairment loss are as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	130,178	-
Impairment of trade receivables (Note 25)	<u>(60,803)</u>	<u>130,178</u>
Ending balance	<u>69,375</u>	<u>130,178</u>

Based on review of the status of trade receivables, the Group's management believes that the above allowance for impairment of trade receivables is sufficient to cover the expected credit losses that may arise from uncollectible trade receivables in the future. The Group's management assessed that all receivables are collectible.

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6. OTHER RECEIVABLES - THIRD PARTIES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Commission receivable	648,668	647,670
Bunker swap receivables	139,745	156,416
Others	453,749	504,966
Subtotal	1,242,162	1,309,052
Allowance for impairment	(736,394)	(735,597)
Total	<u>505,768</u>	<u>573,455</u>

The changes in allowance for impairment loss are as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	735,597	723,334
Impairment of other receivables (Note 25)	797	12,263
Ending balance	<u>736,394</u>	<u>735,597</u>

Management believes that the allowance for impairment loss account is adequate to cover expected credit losses from uncollectible accounts.

7. ADVANCES

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

8. NON-CURRENT FINANCIAL ASSETS

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Financial assets fair value through other comprehensive income:		
Nevaeh Limited	10,640,532	10,640,532
Swank Ventures Limited	-	221,304
Financial assets at amortized cost:		
Security deposits	3,917	3,917
Total	<u>10,644,449</u>	<u>10,865,753</u>

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8. NON-CURRENT FINANCIAL ASSETS (continued)

The Group's investments in Swank Ventures Limited ("SVL") and Nevaeh Limited ("NL") are unquoted equity shares.

a. Nevaeh Limited

In 2009, Asean Maritime Corporation (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 financial assets since 2010.

In 2018, management calculated the fair value of its investment in NL using the discounted cash flows.

The key assumptions used for fair value calculation of NL as of December 31, 2018 is as follows:

Growth rate	4.42%
Post tax discount rate (for fair value calculation)	7.69%

As of September 30, 2019, management has not identified any indication of impairment on its investment in NL.

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.

b. Swank Ventures Limited

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 the 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 the subsidiary of Umine or February 21, 2019, whichever date is earlier.

In 2018, the Group determined the fair value of its investment in SVL using discounted cash flow valuation as well as its selling price in the subsequent period.

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 calculation of SVL as of December 31, 2018 is as follows:

Coal price/mt	19.89 - 31.76
Post tax discount rate (for fair value calculation)	13.68% - 15.24%

In January 2019, the Group entered into shares sale and purchase agreement with third party in relation to the sale of the Group's entire shares in SVL.

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9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The following entities have been included in the consolidated financial statements using the equity method:

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

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

	2019	2018
Beginning balance	26,304,534	21,983,994
Share in profit for the year	2,820,716	7,020,540
Dividend	-	(2,700,000)
Ending balance	29,125,250	26,304,534

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

	September 30, 2019			
	Teekay BLT Corporation	Thai Petra Transport Co. Ltd.	PT Berlian Limatama	Total
Current assets	30,340,199	711,093	392,686	31,443,978
Non-current assets	348,252,559	181,539	41	348,434,139
Current liabilities	(44,857,552)	(378,819)	(92,865)	(45,329,236)
Non-current liabilities	(237,561,396)	-	-	(237,561,396)
Net assets	96,173,810	513,813	299,862	96,987,485
Group's share in net assets of associates/ joint venture	28,852,143	136,682	136,425	29,125,250
	2019			
Revenues	32,692,005	122,066	-	32,814,071
Operating expenses	(10,520,024)	(28,218)	-	(10,548,242)
Gross profit	22,171,981	93,848	-	22,265,829
Administrative expenses	(81,905)	(89,067)	(351)	(171,323)
Finance cost	(5,044,855)	(2,841)	-	(5,047,696)
Other income - net	(5,698,886)	(3,333)	(2)	(5,702,221)
Profit before tax	11,346,335	(1,393)	(353)	11,344,589
Tax expense	(1,940,302)	(1,665)	-	(1,941,967)
Profit for the year	9,406,033	(3,058)	(353)	9,402,622
Group's share in profit of associates/ joint venture	2,821,810	(917)	(177)	2,820,716

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9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

	December 31, 2018			
	Teekay BLT Corporation	Thai Petra Transport Co. Ltd.	PT Berlian Limatama	Total
Current assets	24,978,621	383,925	356,657	25,719,203
Non-current assets	355,101,595	340,708	169	355,442,472
Current liabilities	(44,052,994)	(190,921)	(83,622)	(44,327,537)
Non-current liabilities	(249,259,445)	(75,049)	-	(249,334,494)
Net assets	86,767,777	458,663	273,204	87,499,644
Group's share in net assets of associates/ joint venture	26,030,333	137,599	136,602	26,304,534
	2018			
Revenues	34,268,661	108,093	356	34,377,110
Operating expenses	(11,077,574)	(20,614)	(56)	(11,098,244)
Gross profit	23,191,087	87,479	300	23,278,866
Administrative expenses	(726,821)	(86,844)	-	(813,665)
Finance cost	(4,416,524)	(682)	-	(4,417,206)
Other income - net	4,446,752	2,427	1,828	4,451,007
Profit before tax	22,494,494	2,380	2,128	22,499,002
Tax expense	(2,293,241)	-	-	(2,293,241)
Profit for the year	20,201,253	2,380	2,128	20,205,761
Group's share in profit of associates/ joint venture	6,060,376	714	1,064	6,062,154

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).

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10. FIXED ASSETS

	January 1 - September 30, 2019					Ending balance
	Beginning balance	Additions	Deductions	Transfers	Revaluations	
Cost/valuation						
Owned vessels	25,522,354	1,669,114	-	-	-	27,191,468
Buildings and premises	773,560	-	-	-	-	773,560
Office and dormitory equipment	195,061	-	(74,372)	-	-	120,689
Office furniture and fixtures	215,564	3,595	(90,902)	-	-	128,257
Vehicles	1,026,834	-	(561,077)	-	-	465,757
Total	27,733,373	1,672,709	(726,351)	-	-	28,679,731
Accumulated depreciation and impairment loss						
Owned vessels	-	3,586,136	-	-	-	3,586,136
Buildings and premises	462,479	23,742	-	-	-	486,221
Office and dormitory equipment	191,967	2,438	(74,372)	-	-	120,033
Office furniture and fixtures	215,530	32	(90,902)	-	-	124,660
Vehicles	918,680	28,933	(561,077)	-	-	386,536
Total	1,788,656	3,641,281	(726,351)	-	-	4,703,586
Net book value	25,944,717					23,976,145

	January 1 - December 31, 2018					Ending balance
	Beginning balance	Additions	Deductions	Transfers	Revaluations	
Cost/valuation						
Owned vessels	29,577,629	1,463,032	-	(5,518,307)	-	25,522,354
Buildings and premises	773,560	-	-	-	-	773,560
Office and dormitory equipment	1,902,990	1,126	(2,439)	-	-	1,901,677
Office furniture and fixtures	355,261	-	(139,697)	-	-	215,564
Vehicles	196,374	1,000	(877,156)	-	-	(679,782)
Total	32,805,814	1,465,158	(1,019,292)	(5,518,307)	-	27,733,373
Accumulated depreciation and impairment loss						
Owned vessels	-	5,518,307	-	(5,518,307)	-	-
Buildings and premises	427,376	35,103	-	-	-	462,479
Office and dormitory equipment	1,754,853	4,712	(2,439)	-	-	1,757,126
Office furniture and fixtures	354,986	241	(139,697)	-	-	215,530
Vehicles	189,694	40,983	(877,156)	-	-	(646,479)
Total	2,726,909	5,599,346	(1,019,292)	(5,518,307)	-	1,788,656
Net book value	30,078,905					25,944,717

Depreciation expense was allocated as follows:

	2019	2018
Vessel depreciation	3,586,136	3,884,150
Administrative expenses (Note 25)	55,145	61,070
Total	3,641,281	3,945,220

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

	2019	2018
Cost	726,351	1,019,292
Accumulated depreciation	(726,351)	(1,019,292)
Net book value	-	-
Net consideration received	10,395	669
Gain on disposal of fixed assets (Note 27)	10,395	669

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10. FIXED ASSETS (continued)

As of September 30, 2019 and December 31, 2018, management has not identified any indication of impairment on its fixed assets.

Additions to vessels in 2019 and 2018 pertain to dry docking.

The Group's fleet consists of eight (8) owned vessels as of September 30, 2019 and December 31, 2018.

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) with LCH Lockton Pte. Ltd.

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 14).

As of September 30, 2019 and December 31, 2018, 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\$ 2.2 million, respectively.

In September 2019, Group entered memorandum of agreement with third party to sell one of its vessel.

11. TRADE PAYABLES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
By creditors		
Related parties (Note 30)	92,094	129,918
Third parties	5,179,284	4,839,422
Total	<u>5,271,378</u>	<u>4,969,340</u>
By currency		
US dollar	2,227,733	2,498,957
Rupiah	1,531,462	1,247,357
Singapore dollar	1,444,418	1,029,850
Euro	32,040	134,135
Other currencies	35,725	59,041
Total	<u>5,271,378</u>	<u>4,969,340</u>

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

All trade payables are non-interest bearing and unsecured.

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12. ACCRUED EXPENSES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Vessels operating and dry docking	1,565,022	743,314
Others	279,018	354,145
Total	<u>1,844,040</u>	<u>1,097,459</u>

13. TAXATION

Details of prepaid taxes are as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Value-added tax	275,516	214,891
Income tax		
Article 23	479	479
Total	<u>275,995</u>	<u>215,370</u>

Details of taxes payable are as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Income taxes:		
Article 4 (2)	4,482	4,778
Article 15	3,154	-
Article 21	62,811	72,385
Article 23	846	597
Article 26	3,600	3,291
Value-added tax	10,594	18,994
Total	<u>85,487</u>	<u>100,045</u>

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

	<u>2019</u>	<u>2018</u>
Deferred tax:		
The Company	-	(40,754)
Final tax:		
The Company	(39,868)	(45,154)
Subsidiaries	(93,412)	(83,401)
Income tax benefit (expense) - net	<u>(133,280)</u>	<u>(169,309)</u>

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13. TAXATION (continued)

Final income tax

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

	<u>2019</u>	<u>2018</u>
The Company	39,868	45,154
Subsidiaries	93,412	83,401
Payments during the year	<u>(133,280)</u>	<u>(128,555)</u>
Final income tax payable	<u><u>-</u></u>	<u><u>-</u></u>

Deferred tax

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

	<u>January 1, 2019</u>	<u>Charged to profit or loss</u>	<u>Charged to other comprehensive income</u>	<u>Adjustment to deferred tax</u>	<u>September 30, 2019</u>
The Company					
Provision for employee benefits	<u>323,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,290</u>
	<u>January 1, 2018</u>	<u>Charged to profit or loss</u>	<u>Charged to other comprehensive income</u>	<u>Adjustment to deferred tax</u>	<u>December 31, 2018</u>
The Company					
Provision for employee benefits	<u>387,836</u>	<u>(21,650)</u>	<u>(42,896)</u>	<u>-</u>	<u>323,290</u>

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. Deferred taxes on the Company and BRM's vessels revaluation and the related difference on depreciation between commercial and fiscal are not recognized as the companies are subject to final tax.

The Group has unrecognized deferred tax asset on impairment of receivables, difference in fair value of financial liabilities and tax losses carry-forward, since the Group does not have sufficient basis to determine the future tax benefit on such deferred tax assets.

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14. LOANS PAYABLE

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Bank loans:		
PT Bank Mandiri (Persero) Tbk	4,628,021	6,228,623
PT Bank Central Asia Tbk	2,124,742	2,580,043
Related party loan:		
PT Bagusnusa Samudra Gemilang (Note 30)	1,888,777	1,805,827
Other:		
Amicorp Trustees (Singapore) Limited	13,200,000	13,450,000
Total	<u>21,841,540</u>	<u>24,064,493</u>
Current	2,921,080	4,553,273
Non-current	18,920,460	19,511,220
Total	<u>21,841,540</u>	<u>24,064,493</u>
By currency:		
US dollar	15,324,742	16,030,043
Rupiah	6,516,798	8,034,450
Total	<u>21,841,540</u>	<u>24,064,493</u>

(i) Bank Loans

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

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 MT 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.

The average annual effective interest rates of the loan is 7.8% and 6.5% in 2019 and 2018, respectively. Interest expense charged to profit or loss in 2019 and 2018 amounted to US\$ 218.9 thousand and US\$ 249.9 thousand, respectively (Note 26).

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14. LOANS PAYABLE (continued)

(i) Bank Loans (continued)

b) PT Bank Central Asia Tbk (“BCA”)

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.

The annual effective interest rate of the loan is 6.0% in 2019 and 2018. Finance cost charged to profit or loss in 2019 and 2018 amounted to US\$ 110.4 thousand and US\$ 138.2 thousand (Note 26).

(ii) Related Party Loan

PT Bagusnusa Samudra Gemilang (“Bagusnusa”)

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 18.42% and discount rate of 10.58%, the Company will only be able to settle its loan from Bagusnusa by Year 2070. In 2015, the difference between the nominal amount of the loan and its fair value amounting to US\$ 7,931,594 is presented under Other Capital Reserves (Note 30). There was no change in estimated term as of December 31, 2018.

In 2019 and 2018, the annual effective interest rate of the loan is 3.14%. Interest expense charged to profit or loss in 2019 and 2018 amounted to US\$ 43.8 and US\$ 44.9 thousand, respectively (Note 26).

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14. LOANS PAYABLE (continued)

(iii) Other

Amicorp Trustees (Singapore) Limited

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.

On March 3, 2017, the Company and Amicorp agreed to amend the terms of the loan as follows:

- US\$ 250.0 thousand upfront payment as the principal payment for the two years period from April 1, 2017 to March 31, 2019 to be paid before June 30, 2017.
- 1% additional margin interest during the period of delayed principal payment.
- The amount of quarterly principal payment, which starts from April 1, 2019 will be US\$ 560.4 thousand and paid in arrears, instead of US\$ 428.1 thousand.

In 2019, the Company and Amicorp agreed to amend the terms of the loan as follows:

- Margin interest 2.5% during the deferral period April 1, 2019 upto December 31, 2021;
- The amount of quarterly principal payment, which starts from January 1, 2022 will be US\$ 560.4 thousand and paid in arrears.
- Margin interest 1.75% from January 1, 2022 until maturity;
- Principal payment of US\$ 250.0 thousand by June 30, 2019.

The average annual effective interest rate of the loan is 5% in 2019 and 4.6% in 2018. Interest expense charged to profit or loss in 2019 and 2018 amounted to US\$ 507.3 thousand and US\$ 464.3 thousand, respectively (Note 26).

15. OTHER PAYABLES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Third parties:		
Payables to BULL	8,741,766	8,497,273
Claims for vessel repairs and fuel purchases	999,554	981,572
Total	<u>9,741,320</u>	<u>9,478,845</u>
Current	999,554	829,694
Non-current	8,741,766	8,649,151
Total	<u>9,741,320</u>	<u>9,478,845</u>

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15. OTHER PAYABLES (continued)

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 18.42% and discount rate of 10.58%, the Group will only be able to settle its payable to BULL by year 2070. In 2015, the Group recomputed the present value of cash flows related to payable to BULL using appropriate interest rate applicable to the Group. There was no change in estimated term IN 2019.

The effective interest rate for this liability is 3.93% in 2019 and 2018. Interest expense charged to profit or loss in 2019 and 2018 amounted to US\$ 244.5 thousand and US\$ 235.1 thousand, 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 the date of the interim consolidated financial statements, no shares have been received yet by the Company.

b. Claims for vessel 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.

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 32).

16. PROVISION FOR EMPLOYEE BENEFITS

As of December 31, 2018, the Group provides post-employment benefits for its qualified employees in accordance with Labor Law No. 13/2003 and other long-term employee benefits in the form of long service leave and allowance on long service leave for employee attaining certain number of service years.

The number of employees covered by employee benefits is as follows:

Post-employment benefits	63
Other long-term employee benefits	51

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16. PROVISION FOR EMPLOYEE BENEFITS (continued)

The total liability recorded in the consolidated statement of financial position is as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Post-employment benefits	1,271,148	1,380,692
Other long-term employee benefits	5,916	5,916
Total	<u>1,277,064</u>	<u>1,386,608</u>

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

Discount rate per annum	: 8.25% - 8.5%
Salary increment rate per annum	: 10%
Mortality rate/table	: 100%/TMI3
Disability rate/table	: 5%/TMI3
Resignation rate	: 10% per annum until age 36 years then decreasing linearly to 0% at age 56 years
Proportion of normal retirement	: 100%
Normal retirement age	: 55

17. SHARE CAPITAL

The composition of shareholders is as follows:

<u>Name of shareholders</u>	<u>September 30, 2019</u>		
	<u>Number of shares</u>	<u>Percentage of ownership (%)</u>	<u>Total paid-up capital US\$</u>
<u>Serie A</u>			
PT Tunggaladhi Baskara	4,383,489,018	16.90	41,583,208
Gramercy Distressed Opportunity Fund Ltd	2,032,246,355	7.83	9,707,689
Citibank Singapore S/A CBSG-CDP-Indonesia c/o. Citibank, N.A	1,738,525,893	6.70	16,628,002
Bina Surya Group Employees Cooperative	2,422,056	0.01	22,976
Siana Anggraeni Surya	62,400	-	592
Public (below 5.0 % each)	15,326,571,816	59.09	95,693,991
<u>Serie B</u>			
PT Elang Megah Inti	2,456,869,565	9.47	8,539,693
Total	<u>25,940,187,103</u>	<u>100.00</u>	<u>172,176,151</u>

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17. SHARE CAPITAL (continued)

Name of shareholders	December 31, 2018		
	Number of shares	Percentage of ownership (%)	Total paid-up capital US\$
<u>Serie A</u>			
PT Tunggaladhi Baskara	4,383,489,018	18.67	41,583,208
Citibank Singapore S/A CBSG-CDP- Indonesia c/o. Citibank, N.A	1,738,525,893	7.40	16,628,002
Bina Surya Group Employees Cooperative	2,422,056	0.01	22,976
Siana Anggraeni Surya	62,400	-	592
Public (below 5.0 % each)	17,358,818,171	73.92	105,401,680
Total	23,483,317,538	100.00	163,636,458

Pursuant to PKPU Amendment Plan in 2015, the Company allocated 11,932,486,068 shares to unsecured creditors as consideration for debt-equity swap share issuance (Note 32).

On May 15, 2019, the Company issued 2,456,869,565 shares serie B from MCS conversion.

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 32). Until the issuance date of this report, no transfer of shares has been made yet.

On July 15, 2019, the Company received letter notification of delisting from SGX. Management had communicated with Otoritas Jasa Keuangan (OJK) and Kustodian Sentral Efek Indonesia (KSEI), and is in the process of discussion with SGX for further step.

18. ADDITIONAL PAID-IN CAPITAL

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Paid-in capital	1,189,776,347	1,188,316,040
Equity component of convertible bonds	177,244	177,244
Difference in capital on treasury stock transaction	(72,854,996)	(72,854,996)
Exercise of convertible bonds	(6,453)	(6,453)
Net	1,117,092,142	1,115,631,835

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19. 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.

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

This account consists of the following transactions:

	September 30, 2019 and December 31, 2018
Initial public offering of BULL shares	22,669,713
Execution of pledged BULL shares	(8,289,433)
Exchangeable notes recognized as addition to investment in shares of BULL	(4,154,029)
Others	(2,438,782)
Net	<u>7,787,469</u>

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.

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21. RESERVES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Fair value reserves	(23,137,456)	(51,915,152)
General reserves	5,898,328	5,898,328
Revaluation reserves	4,920,596	4,920,596
Financial statements translations	(120,331)	(120,331)
Total	<u>(12,438,863)</u>	<u>(41,216,559)</u>

a. Fair value reserves

These arose from changes in fair value of equity investments classified and measured at fair value through other comprehensive income (Note 8).

b. 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.

c. Revaluation reserves

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.

d. 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\$.

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22. OPERATING REVENUES

	<u>2019</u>	<u>2018</u>
Operating revenues from:		
Chemical vessels	12,680,537	15,523,474
Gas vessels	2,791,501	2,568,443
Others	68,232	48,830
Total	<u>15,540,270</u>	<u>18,140,747</u>

In 2019, operating revenues exceeding 10% of total consolidated operating revenues are derived from PT Pertamina (Persero), PT USDA Seroja Jaya, and Energy Platform Sdn Bhd which are approximately US\$ 8.9 million or 57.6% of total consolidated operating revenues.

In 2018, operating revenues exceeding 10% of total consolidated operating revenues are derived from PT Pertamina (Persero) and North Cape Ventures Ltd which are approximately US\$ 8.32 million or 45.85% of total consolidated operating revenues, respectively.

23. VOYAGE EXPENSES

	<u>2019</u>	<u>2018</u>
Fuel	2,299,004	2,873,342
Port charges	1,332,515	1,454,746
Total	<u>3,631,519</u>	<u>4,328,088</u>

In 2019 and 2018, 3.82% and 7.1% of the above voyage expenses were from related parties, respectively (Note 30).

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

24. SHIP OPERATING EXPENSES

	<u>2019</u>	<u>2018</u>
Vessel crew salaries	3,820,466	3,687,549
Spare parts	597,284	782,560
Insurance	439,398	425,530
Repairs and maintenance	392,522	401,553
Lubricant	298,550	410,039
Processing of documents	283,783	291,640
Vessel crew meal allowances	237,806	263,623
Transportation	115,270	111,305
Supplies	28,587	25,982
Others	284,289	213,726
Total	<u>6,497,955</u>	<u>6,613,507</u>

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25. ADMINISTRATIVE EXPENSES

	2019	2018
Salaries	1,463,114	1,344,000
Professional fees	560,176	489,840
Office expenses	503,082	513,687
Transportation	74,057	95,608
Depreciation (Note 10)	55,145	61,070
Representation	48,462	42,703
Telecommunication	46,603	41,742
Bank charges	31,721	56,828
Impairment loss on receivables (Notes 5 and 6)	(60,006)	126,696
Employee benefits expense	-	143,487
Others	187,889	188,311
Total	2,910,243	3,103,972

26. FINANCE COST

	2019	2018
Loans (Note 14)	1,003,746	897,340
Others	262,055	384,493
Total	1,265,801	1,281,833

27. OTHER INCOME (LOSSES) - NET

	2019	2018
Foreign exchange gain - net	(112,436)	1,039,755
Gain on disposal of fixed assets	10,395	669
Others	257,276	355,449
Net	155,235	1,395,873

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28. EARNINGS (LOSS) PER SHARE

The Group's computation of earnings (loss) per share is as follows:

	2019	2018
Net profit (loss) attributable to owners of the Company	498,233	5,181,403
Weighted average number of outstanding shares	25,909,159,992	23,452,290,427
Basic earnings (loss) per share	0.00002	0.00022
Net profit (loss) attributable to owners of the Company	498,233	5,181,403
Weighted average number of outstanding shares	25,909,159,992	23,452,290,427
Effect of dilution:		
Shares to be issued to PT Elang Megah Inti	-	2,456,869,565
Weighted average number of outstanding shares adjusted for the effect of dilution	25,909,159,992	25,909,159,992
Diluted earnings (loss) per share	0.00002	0.00020

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

On May 15, 2019, MCS had been converted to the Company's shares.

29. 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 other 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.

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29. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Segment assets:		
Chemical	21,996,881	24,018,547
Gas	6,840,465	7,033,996
Others	1,963,660	2,806,330
Total	30,801,006	33,858,873
Unallocated assets	40,092,989	37,489,660
Consolidated	70,893,995	71,348,533
Segment liabilities:		
Chemical	2,426,326	1,444,380
Gas	3,782,019	3,662,370
Others	3,636,721	3,730,609
Total	9,845,066	8,837,359
Unallocated liabilities	31,582,860	33,543,338
Consolidated	41,427,926	42,380,697

Segment revenue and expenses

	2019			
	<u>Chemical</u>	<u>Gas</u>	<u>Others</u>	<u>Total</u>
Segment revenue				
External revenue	12,680,537	2,791,501	68,232	15,540,270
Segment expenses				
Voyage expenses	3,582,048	49,471	-	3,631,519
Ship operating expenses	5,211,537	1,286,418	-	6,497,955
Vessel depreciation	2,879,337	706,799	-	3,586,136
Total segment expenses	11,672,922	2,042,688	-	13,715,610
Segment gross profit	1,007,615	748,813	68,232	1,824,660

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29. SEGMENT INFORMATION (continued)

Segment revenues and expenses (continued)

	2018			
	Chemical	Gas	Others	Total
Segment revenue				
External revenue	15,523,474	2,568,443	48,830	18,140,747
Segment expenses				
Voyage expenses	4,252,823	75,265	-	4,328,088
Ship operating expenses	5,281,841	1,331,666	-	6,613,507
Vessel depreciation	3,449,795	434,355	-	3,884,150
Charter expenses	1,046,382	-	-	1,046,382
Total segment expenses	14,030,841	1,841,286	-	15,872,127
Segment gross profit	1,492,633	727,157	48,830	2,268,620

Other segment information

	Depreciation		Capital expenditures	
	2019	2018	2019	2018
Chemical	2,879,337	3,449,795	1,669,114	683,132
Gas	706,799	434,355	-	490,712
Others	-	-	-	-
Total	3,586,136	3,884,150	1,669,114	1,173,844

Geographic segment

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

	September 30, 2019			
	Malaysia	Indonesia	Unallocated	Consolidated
Assets and liabilities				
Total segment assets	6,265,826	24,535,180	40,092,989	70,893,995
Total segment liabilities	(2,979,605)	(6,865,461)	(31,582,860)	(41,427,926)
Net assets	3,286,221	17,669,719	8,510,129	29,466,069
2019				
Revenues				
External revenues	4,527,280	11,012,990	-	15,540,270
Inter-segment revenues	342,000	2,095	(344,095)	-
Total revenues	4,869,280	11,015,085	(344,095)	15,540,270

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29. SEGMENT INFORMATION (continued)

Geographic segment (continued)

	December 31, 2018			
	Malaysia	Indonesia	Unallocated	Consolidated
Assets and liabilities				
Total segment assets	9,418,686	24,440,187	37,489,660	71,348,533
Total segment liabilities	(4,133,198)	(4,704,161)	(33,543,338)	(42,380,697)
Net assets	5,285,488	19,736,026	3,946,322	28,967,836
2018				
Revenues				
External revenues	7,241,319	10,899,428	-	18,140,747
Inter-segment revenues	405,000	-	(405,000)	-
Total revenues	7,646,319	10,899,428	(405,000)	18,140,747

30. 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. is a company that is directly or indirectly owned by Siana Anggraeni Surya, the Company's President Director.

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 total consolidated liabilities	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Trade payables (Note 11):				
Pan Union Agencies Pte. Ltd.	56,371	32,430	0.14%	0.08%
Thai Petra Transport Co. Ltd.	34,414	61,116	0.08%	0.14%
PT Arpeni Pratama Ocean Line Tbk	1,309	9,857	0.00%	0.02%
PT Garuda Mahakam Pratama	-	26,515	0.00%	0.06%
Loans payable (Note 14):				
PT Bagusnusa Samudra Gemilang	1,888,777	1,805,827	4.56%	4.26%
Total	1,980,871	1,935,745	4.78%	4.56%

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30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with related parties (continued)

	Amount		Percentage to total consolidated equity	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Other capital reserves (Note 14):				
PT Bagusnusa Samudra Gemilang	<u>7,931,594</u>	<u>7,931,594</u>	<u>26.92%</u>	<u>27.38%</u>

Voyage expenses incurred with related parties are as follows:

	Amount		Percentage to total consolidated voyage expenses	
	2019	2018	2019	2018
Voyage expenses (Note 23):				
Pan Union Agencies Pte .Ltd.	92,627	212,597	2.55%	4.91%
PT Garuda Mahakam Pratama	38,506	78,064	1.06%	1.80%
PT Arpeni Ocean Line Tbk	6,941	17,075	0.19%	0.39%
Thai Petra Transport Co. Ltd.	637	-	0.02%	0.00%
Total	<u>138,710</u>	<u>307,736</u>	<u>3.82%</u>	<u>7.10%</u>

31. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a Derivative Financial Assets

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.

On December 31, 2018, 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 nil.

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31. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

a. Derivative Financial Assets (continued)

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

Multiplier EV/EBITDA *)	: 12.94
EBITDA	: US\$ 12.7 million
Lack of marketability discount	: 30%
Exercise price of warrant	: US\$ 42.3 million
Period of warrant's expiration	: 1.92 years
Risk-free rate	: 2.48%
Standard deviation of log returns	: 2.68%

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

b. 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, 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.

On May 15, 2019, MCS had been converted to 2,456,869,565 shares serie B.

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32. 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.

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.

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.

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.

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.

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32. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

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 5 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 31).

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.

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.

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32. OVERVIEW OF THE RESTRUCTURING PLAN (continued)

(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.

(c) Trade creditors

Trade creditors will retain 50% of their outstanding debt balance and will be paid over 5 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.

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33. FINANCIAL INSTRUMENTS

a. Capital risk management

Since the ratification of the Restructuring Plan and PKPU Amendment 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 PKPU Amendment 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. Currently, 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.

b. Categories of financial instruments

Financial assets

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
At amortized cost		
Cash on hand and in banks	1,759,558	3,174,557
Trade receivables - third parties	1,359,724	2,195,704
Contract assets	231,195	227,835
Other receivables - third parties	505,768	573,455
Non-current financial assets		
Securiy deposits	3,917	3,917
Fair value through other comprehensive income		
Non-current financial assets	10,640,532	10,861,836
Total	<u>14,500,694</u>	<u>17,037,304</u>

Financial liabilities

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Financial liabilities measured at amortized cost:		
Trade payables	5,271,378	4,969,340
Accrued expenses	1,844,040	1,097,459
Loans payable	21,841,540	24,064,493
Other payables	9,741,320	9,478,845
Other current liabillities	1,367,097	1,283,907
Total	<u>40,065,375</u>	<u>40,894,044</u>

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33. FINANCIAL INSTRUMENTS (continued)

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, 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.

		September 30, 2019		December 31, 2018	
		Foreign Currencies	Equivalent to US\$	Foreign Currencies	Equivalent to US\$
Assets					
Cash on hand and in banks	Rp'000	5,782,453	407,962	9,473,152	654,178
	EUR	2,582	2,824	2,593	2,965
	SGD	1,242	899	19,619	14,365
Trade receivables	Rp'000	7,277,740	513,457	8,291,574	572,583
Total			925,142		1,244,091
Liabilities					
Trade payables	Rp'000	21,706,942	1,531,462	18,062,977	1,247,357
	SGD	1,995,760	1,444,418	1,406,517	1,029,850
	EUR	29,292	32,040	117,297	134,135
Loans payable	Rp'000	92,369,095	6,516,798	116,346,870	8,034,450
Total			9,524,718		10,445,792

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:

		September 30, 2019		December 31, 2018	
		Assets	Liabilities	Assets	Liabilities
Rupiah		921,419	8,048,260	1,226,761	9,281,807
Euro		2,824	32,040	2,965	134,135
Singapore dollar		899	1,444,418	14,365	1,029,850
Total		925,142	9,524,718	1,244,091	10,445,792

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33. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

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

	September 30, 2019		December 31, 2018	
	Sensitivity Rate	Effect on profit or loss and equity	Sensitivity Rate	Effect on profit or loss and equity
Rupiah	3%	(207,578)	3%	(241,651)
Singapore dollar	3%	(42,044)	3%	(30,465)
Euro	3%	(851)	3%	(3,935)

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

Interest rate risk 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.

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 profit before income tax of reasonable movement in interest rates:

	September 30, 2019		December 31, 2018	
	Basis point	Effect on profit before income tax	Basis point	Effect on profit before income tax
Increase	100	(184,375)	100	(202,930)
Decrease	(100)	184,375	(100)	202,930

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33. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Foreign exchange (non-functional currency) risk management (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, contract assets, other receivables, and non-current 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.

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33. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Credit quality of financial assets (continued)

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

	September 30, 2019			
	Not yet due		Past due	Total
	High Quality	Standard Quality		
Cash in banks	1,673,363	-	-	1,673,363
Trade receivables - third parties	771,667	-	657,432	1,429,099
Contract assets	231,195	-	-	231,195
Other receivables - third parties	505,768	-	736,394	1,242,162
Noncurrent financial assets:				
Fair value through				
other comprehensive income	-	10,644,449	-	10,644,449
Security deposits	-	3,917	-	3,917
Total	3,181,993	10,648,366	1,393,826	15,224,185

	December 31, 2018			
	Not yet due		Past due	Total
	High Quality	Standard Quality		
Cash in banks	3,093,066	-	-	3,093,066
Trade receivables - third parties	1,371,373	313,234	641,275	2,325,882
Contract assets	227,835	-	-	227,835
Other receivables - third parties	463,532	109,923	735,597	1,309,052
Non-current financial assets:				
Fair value through				
other comprehensive income	-	10,865,753	-	10,865,753
Security deposits	-	3,917	-	3,917
Total	5,155,806	11,292,827	1,376,872	17,825,505

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.

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33. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

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.

September 30, 2019					
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
Trade payables	5,271,378	-	-	-	5,271,378
Accrued expenses	1,844,040	-	-	-	1,844,040
Loans payable	1,003,344	2,953,520	12,563,830	17,031,223	33,551,917
Other payables	850,000	153,000	-	63,132,957	64,135,957
Other current liabilities	1,367,097	-	-	-	1,367,097
Total	10,335,859	3,106,520	12,563,830	80,164,180	106,170,389

December 31, 2018					
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
Trade payables	4,969,340	-	-	-	4,969,340
Accrued expenses	1,097,459	-	-	-	1,097,459
Loans payable	942,499	4,455,775	16,385,357	12,078,575	33,862,206
Other payables	400,000	450,000	153,000	63,111,688	64,114,688
Other current liabilities	1,283,907	-	-	-	1,283,907
Total	8,693,205	4,905,775	16,538,357	75,190,263	105,327,600

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.

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.

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33. 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.

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Financial assets		
Cash on hand and in banks	1,759,558	3,174,557
Trade receivables - third parties	1,359,724	2,195,704
Contract assets	231,195	227,835
Other receivables - third parties	505,768	573,455
Non-current financial assets	10,644,449	10,865,753
Total	14,500,694	17,037,304
Financial liabilities		
Trade payables	5,271,378	4,969,340
Accrued expenses	1,844,040	1,097,459
Loans payable	21,841,540	24,064,493
Other payables	9,741,320	9,478,845
Other current liabilities	1,367,097	1,283,907
Total	40,065,375	40,894,044

The following table presents the Group's financial assets that are measured at fair value.

	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>Total</u>
September 30, 2019				
Non-current financial assets				
Financial assets at fair value through other comprehensive income	-	-	10,640,532	10,640,532
December 31, 2018				
Non-current financial assets				
Financial assets at fair value through other comprehensive income	-	-	10,861,836	10,861,836

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33. FINANCIAL INSTRUMENTS (continued)

d. Fair value of financial instruments (continued)

The carrying values of cash on hand and in banks, trade receivables, contract assets, other receivables, trade payables, accrued expenses, and other current liabilities approximate their fair values because of their short-term nature. Investments in unquoted equity instruments, recorded under non-current financial assets, are carried at fair value based on discounted cash flow. The carrying value of loans payable and other payables approximates its fair value due to floating interest rate or 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.

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 financial assets at fair value through other comprehensive income:

	SVL		NL	
	2019	2018	2019	2018
Beginning balance	221,304	10,427,675	10,640,532	9,875,927
Unrealized gain (loss) on change in fair value	-	(10,206,371)	-	764,605
Sell of financial asset	(221,304)	-	-	-
Ending balance	-	221,304	10,640,532	10,640,532

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34. SUPPLEMENTARY INFORMATION FOR CASH

Changes in liabilities arising from financing activities are as follows:

	December 31, 2018	Cash flow	Effective interest amortization	Movement of foreign exchange	September 30, 2019
Long-term liabilities					
Loans payable	24,064,493	(2,439,317)	43,800	172,564	21,841,540
Other payables	9,478,845	-	262,475	-	9,741,320
Total	33,543,338	(2,439,317)	306,275	172,564	31,582,860
	December 31, 2017	Cash flow	Effective interest amortization	Movement of foreign exchange	December 31, 2018
Long-term liabilities					
Loans payable	27,572,521	(2,885,950)	70,595	(692,673)	24,064,493
Other payables	10,431,545	(1,319,078)	366,378	-	9,478,845
Total	38,004,066	(4,205,028)	436,973	(692,673)	33,543,338

35. EVENTS AFTER REPORTING PERIODS

- In October 2019, the Company received assessment for 2016 tax year. The Company will file objection for this assessment.
- In October 2019, Group entered memorandum of agreement with third party to sell one of its vessel.

36. 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 October 31, 2019.
