

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

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND
FOR THE YEAR THEN ENDED
AND INDEPENDENT AUDITOR'S REPORT**

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND FOR THE YEAR THEN ENDED
AND INDEPENDENT AUDITOR'S REPORT**

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PT BERLIAN LAJU TANKER Tbk

"Delivers with Safety, Competitiveness and Timeliness"



**BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR THE
CONSOLIDATED FINANCIAL STATEMENTS OF
PT BERLIAN LAJU TANKER TBK AND SUBSIDIARIES
AS OF DECEMBER 31, 2019 AND FOR THE YEAR THEN ENDED**

We, the undersigned:

1. Name : Siana Anggraeni Surya
Office address : Wisma BSG 10th Floor
Jl. Abdul Muis No 40
Jakarta Pusat 10160,
Indonesia
Residential address : Jl. Patra Kuningan VII/17 RT 005 RW 004
Kuningan Timur, Setiabudi
Jakarta Selatan, Indonesia
Telephone : (62 21) 3060300
Title : President Director
2. Name : Drs. Benny Rachmat
Office address : Wisma BSG 10th Floor
Jl. Abdul Muis No 40
Jakarta Pusat 10160,
Indonesia
Residential address : Jl. Bendi XI No 12 A
RT 008 RW 010
Kebayoran Lama Utara, Kebayoran Lama
Jakarta Selatan, Indonesia
Telephone : (62 21) 3060300
Title : Independent Director

declare that:

1. We are responsible for the preparation and presentation of PT Berlian Laju Tanker Tbk and Subsidiaries' consolidated financial statements;
2. PT Berlian Laju Tanker Tbk and Subsidiaries' consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards;
3. a. All information contained in PT Berlian Laju Tanker Tbk and Subsidiaries' consolidated financial statements has been disclosed in a complete and truthful manner;
b. PT Berlian Laju Tanker Tbk and Subsidiaries' 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 Berlian Laju Tanker Tbk and 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
Drs. Benny Rachmat
Independent Director

Jakarta, May 28, 2020

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Independent Auditor's Report

Report No. 00716/2.1051/AU.1/05/0519-2/1/V/2020The Shareholders, Boards of Commissioners and Directors
PT BERLIAN LAJU TANKER TBK**Report on the Audit of Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated financial statements of PT Berlian Laju Tanker Tbk (the "Company") and its subsidiaries (collectively referred as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019, and its consolidated financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

As discussed in Note 38 to the consolidated financial statements, the Group is in negative working capital and deficit position. In addition, the Group has remaining six vessels as two vessels were sold during the year to settle an obligation. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

As described in Note 2aa to the consolidated financial statements, the Group has also adopted IFRS 16, "Leases", using the modified retrospective approach of adoption with the date of initial application of January 1, 2019. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter

How our Audit Addressed the Key Audit Matter

Valuation of Financial Instruments

Note 9, 'Non-Current Financial Assets'

The valuation of the Group's financial instrument was a key area of focus of our audit due to the degree of complexity involved in valuing the instrument and the significance of the judgments and estimates made by management.

The Group has elected to measure its equity investment at fair value through other comprehensive income.

We challenged and evaluated the appropriateness of the valuation methodologies, and the reasonableness of key estimates and assumptions used by management in determining the fair value of the Group's investment in particular those relating to revenue growth rate, discount rate and valuation multiples.

We also evaluated management's sensitivity analysis to assess the impact of reasonable changes in the key assumptions of these investments.

Valuation of Vessels

Refer to Note 11, 'Fixed Assets'

Management has estimated the fair value of the Group's vessels to be US\$ 19.0 million as of December 31, 2019 with a revaluation increase credited to other comprehensive income amounting to US\$ 1.7 million and impairment loss charged to profit or loss amounting to US\$ 622.5 thousand. The management engaged an independent appraiser to revalue its vessels.

We evaluated the independent appraisers' competence, capabilities and objectivity. We also assessed the appropriateness of methodologies used. There were no significant issues noted.

We evaluated the reasonableness of the key estimates and assumptions used in the valuation report and found them to be in line with our expectations.

Tax Assessment

Refer to Note 14, 'Taxation'

The Company received tax assessment letter for underpayment of income tax for fiscal year 2016. In the event of adverse findings, there could be a material cash outflow to the Group.

We have reviewed the progress of the Company's objection, as well as the management and tax advisor's defense on the case. Following this review, we considered the judgment made by management as to disclosure to be reasonable.

The Group's Amended Restructuring Plan (PKPU Amendment Plan)

Refer to Note 34, 'Overview of the Restructuring Plan'

The Group has significant commitments to its plan creditors in relation to the PKPU Amendment Plan. These provisions in the PKPU Amendment Plan shall be implemented until the Group has settle its obligations to its plan creditors.

We discussed with management its significant commitments and the remaining provisions in PKPU Amendment Plan that are yet to be completed.

We validated the continuous implementation of the PKPU Amendment Plan in accordance with the provisions stated therein. Unpaid dues in long-term other payables are presented in current liabilities.

Key Audit Matter**How our Audit Addressed the Key Audit Matter****Going Concern**

Refer to Note 38, 'Going Concern'

The Group has remaining six vessels as it sold its two vessels to settle an obligation. Also, the Group is in negative working capital and deficit position as of December 31, 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

We have discussed with management its future action plans in relation to its going concern assessment, reviewed the feasibility of its plans and the reasonableness of its cash flow forecast, as well as considered the facts and information after the reporting period. Based on the result of our assessment, the use of going concern basis is appropriate.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan



Darmenta Pinem, SE, CPA
Public Accountant License No. AP. 0519

May 28, 2020

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2019
(Expressed in United States dollar,
unless otherwise stated)**

	<u>2019</u>	<u>Notes</u>	<u>2018</u>
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	578,189	2d,2f,4,35,36	3,174,557
Trade receivables - third parties - net	1,936,865	2d,2f,2h,5,35,36	2,195,704
Contract assets	64,920	2f,2i,5,35,36	227,835
Other receivables - third parties - net	749,780	2f,6,35,36	573,455
Inventories	332,662	2j	652,646
Biological Assets	308,296	2k,7	-
Advances	591,512	2l,8	429,948
Prepaid expenses	366,193	2l	440,724
Prepaid taxes	292,276	2u,14	215,370
Total Current Assets	<u>5,220,693</u>		<u>7,910,239</u>
NON-CURRENT ASSETS			
Non-current financial assets	11,143,180	2f,2g,2s,9,35,36	10,865,753
Investments in associates and joint venture	30,786,738	2f,2m,10	26,304,534
Fixed assets - net	20,262,018	2g,2n,2o,2p,11,36	25,944,717
Deferred tax assets - net	-	2u,14	323,290
Total Non-current Assets	<u>62,191,936</u>		<u>63,438,294</u>
TOTAL ASSETS	<u>67,412,629</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
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in United States dollar,
unless otherwise stated)**

	<u>2019</u>	<u>Notes</u>	<u>2018</u>
LIABILITIES AND NET EQUITY			
CURRENT LIABILITIES			
Trade payables		2d,2f,12,35,36	
Related parties	139,488	2c,32	129,918
Third parties	4,057,561		4,839,422
Accrued expenses	1,372,963	2f,13,35,36	1,097,459
Taxes payable	88,033	2u,14	100,045
Short term loan	379,025	2f,15,35,36	-
Current maturities of long-term liabilities		2d,2f,34,35,36	
Loans payable	607,069	2c,16	4,553,273
Other payables	1,001,878	17	829,694
Lease Liabilities	1,026,487	2c,2o,32	-
Other current liabilities		2f,35,36	
Related party	511,031	2c,32	647,950
Third parties	384,507		635,957
Total Current Liabilities	<u>9,568,042</u>		<u>12,833,718</u>
NON-CURRENT LIABILITIES			
Long-term liabilities - net of current maturities		2d,2f,34,35,36	
Loans payable	16,506,907	2c,16,32	19,511,220
Other payables	8,824,872	17	8,649,151
Lease liabilities	530,404	2c,2o,32	-
Provision for employee benefits	1,329,962	2q,18	1,386,608
Total Non-current Liabilities	<u>27,192,145</u>		<u>29,546,979</u>
TOTAL LIABILITIES	<u>36,760,187</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 series A shares			
and 2,456,869,565 series B shares			
in 2019 and 23,483,317,538 series A			
shares in 2018	172,176,150	2v,19	163,636,458
Additional paid-in capital	1,117,092,143	2s,2v,20	1,115,631,835
Other capital reserves	7,931,594	2s,32,33,34	17,931,594
Treasury shares	(6,515,636)	2v,21	(6,515,636)
Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interest	7,787,469	2b,22	7,787,469
Reserves	(12,803,052)	2d,2p,23	(41,216,559)
Deficit	(1,255,016,226)		(1,228,287,325)
Net Equity	<u>30,652,442</u>		<u>28,967,836</u>
TOTAL LIABILITIES AND NET EQUITY	<u><u>67,412,629</u></u>		<u><u>71,348,533</u></u>

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For The Year Ended December 31, 2019
(Expressed in United States dollar,
unless otherwise stated)**

	2019	Notes	2018
OPERATING REVENUES	20,051,894	2o,2t,24	24,934,905
VOYAGE EXPENSES	(4,895,967)	2c,2t,25,32	(5,766,094)
OPERATING REVENUES AFTER VOYAGE EXPENSES	15,155,927		19,168,811
Vessel depreciation and ship operating expenses:		2t	
Ship operating expenses	(8,317,978)	26	(8,533,439)
Vessel depreciation	(4,494,402)	2n,11	(5,518,307)
Charter expenses	-	2o	(1,634,354)
GROSS PROFIT	2,343,547		3,482,711
Administrative expenses	(3,923,288)	2c,2o,2t,27,32	(4,156,624)
Share in profits of associates and joint venture	4,482,234	2m,10	7,020,540
Impairment of vessels	(622,537)	2n,2p,11	-
Other income (losses) - net	(601,344)	2d,2t,29	971,868
PROFIT BEFORE INTEREST AND TAX	1,678,612		7,318,495
Finance cost	(1,626,834)	2c,2f,2o,2t,16,17,28,32	(1,709,211)
Interest income	9,850	2f,2t,4	16,275
PROFIT BEFORE INCOME TAX	61,628		5,625,559
INCOME TAX EXPENSE - NET	(934,031)	2u,14	(199,752)
NET PROFIT (LOSS) FOR THE YEAR	(872,403)		5,425,807
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent period:			
Fair value through other comprehensive income	498,731	2f,2g,9,36	(9,441,766)
Increase in revaluation reserves of vessels	1,657,509	2n,11,23c	-
Remeasurements on post-employment benefits	(42,616)	2q,18	186,244
Deferred income tax related to remeasurements	434,548	2u,14	(42,896)
Financial statements translation	8,837	2d,23d	-
Net	2,557,009		(9,298,418)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	1,684,606		(3,872,611)
Net profit (loss) for the period attributable to:			
Owners of the Company	(872,403)		5,425,807
Non-controlling interest	-		-
Total	(872,403)		5,425,807
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company	1,684,606		(3,872,611)
Non-controlling interest	-		-
Total	1,684,606		(3,872,611)
BASIC EARNINGS (LOSS) PER SHARE	(0.00003)	2w,30	0.00023
DILUTED EARNINGS (LOSS) PER SHARE	(0.00003)	2w,30	0.00021

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Year Ended December 31, 2019
(Expressed in United States dollar,
unless otherwise stated)**

Notes	Share capital (Note 19)	Additional paid-in capital (Note 20)	Other capital reserves (Notes 32, 33 and 34)	Treasury shares (Note 21)	Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interests (Note 22)	Reserves (Note 23)			Financial statements translation	Deficit	Net equity
						Revaluation reserves	General reserves	Fair value reserves			
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	-	-	-	-	-	-	-	-	-	5,425,807	5,425,807
Other comprehensive income (loss) - net	-	-	-	-	-	-	-	(9,441,766)	-	143,348	(9,298,418)
Transfers to deficit	23c	-	-	-	-	(3,078,341)	-	-	-	3,078,341	-
Balance per December 31, 2018	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
Net loss for the year	-	-	-	-	-	-	-	-	-	(872,403)	(872,403)
Other comprehensive income - net	-	-	-	-	-	1,657,509	-	498,731	8,837	391,932	2,557,009
Issuance of Mandatory Convertible Securities	19,20,33	8,539,692	1,460,308	(10,000,000)	-	-	-	-	-	-	-
Transfers to deficit	9a,23c	-	-	-	-	(2,529,265)	-	28,777,695	-	(26,248,430)	-
Balance per December 31, 2019	172,176,150	1,117,092,143	7,931,594	(6,515,636)	7,787,469	4,048,840	5,898,328	(22,638,726)	(111,494)	(1,255,016,226)	30,652,442

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2019
(Expressed in United States dollar,
unless otherwise stated)**

	<u>2019</u>	<u>Notes</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	20,473,646		23,836,079
Cash paid to suppliers and employees	<u>(17,670,466)</u>		<u>(20,836,526)</u>
Cash generated from operations	2,803,180		2,999,553
Finance cost paid	(1,133,355)		(1,272,238)
Income tax paid	(176,016)	14	(178,102)
Interest received	<u>9,850</u>		<u>16,275</u>
Net cash provided by operating activities	<u>1,503,659</u>		<u>1,565,488</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from sale of fixed assets	2,243,511	11	669
Acquisition of fixed assets	(1,334,410)	11,37	(1,465,158)
Net proceeds from sale of non-current financial assets	222,000		-
Dividends received	<u>30</u>	10	<u>2,700,000</u>
Net cash provided by investing activities	<u>1,131,131</u>		<u>1,235,511</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Receipt from short-term loan	379,025	37	-
Payments of loans and other payables	<u>(5,610,183)</u>	37	<u>(4,205,028)</u>
Net cash used in financing activities	<u>(5,231,158)</u>		<u>(4,205,028)</u>
NET DECREASE IN CASH ON HAND AND IN BANKS	<u>(2,596,368)</u>		<u>(1,404,029)</u>
CASH ON HAND AND IN BANKS AT THE BEGINNING OF THE YEAR	<u>3,174,557</u>	4	<u>4,578,586</u>
CASH ON HAND AND IN BANKS AT THE END OF THE YEAR	<u>578,189</u>	4	<u>3,174,557</u>

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and
For the Year Then Ended
(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 statement 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
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and
For the Year Then Ended
(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 Company and its subsidiaries' debts and thereafter worked on a Restructuring Plan, which was approved in March 2013 (Note 34).

In 2015, the Company and its subsidiaries 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 34).

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 has revoked the temporary trading suspension of the Company, with preopening of securities trading on March 29, 2019.

On May 13, 2019, IDX has approved the listing of additional 2,456,869,565 Series B shares at par value of Rp 50 per share through capital increase without pre-emptive rights. These shares were issued for mandatory convertible securities of US\$ 10 million (equivalent to Rp 2,887,707,867,500) based on the Company's PKPU Amendment Plan.

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

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1. GENERAL (continued)

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

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.

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.

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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	Kegiatan Usaha/Principal Activity	Domicile	Start of Commercial Operations	Percentage of Ownership (%)	Total Assets Before Elimination	Percentage of Ownership (%)	Total Assets Before Elimination
					2019	2019	2018	2018
1	Indigo Pacific Corporation	Investment holding company	Labuan, Malaysia	December 24, 1997	100	666,897,849	100	666,897,849
1.1	Indigo Pacific Corporation	Investment holding company	British Virgin Islands	February 9, 1993	100	109,647	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	12,509,683	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.	Investment holding company	Marshall Islands	December 31, 2010	-	-	60	-
2	Diamond Pacific International Corporation	Investment holding company	Labuan, Malaysia	November 24, 1997	100	274,226,725	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	40,733,198	100	41,667,959
2.2	BLT LNG Tangguh Corporation	Operator of vessel	Marshall Islands	July 8, 2005	100	50,409,026	100	46,105,973
3	Asean Maritime Corporation	Investment holding company	Labuan, Malaysia	September 16, 1997	100	204,095,004	100	203,603,281
3.1	Gold Bridge Shipping Corporation	Investment holding company	British Virgin Islands	November 20, 1996	100	5,810,231	100	5,151,567
3.1.1	Gold Bridge Shipping Ltd.	Shipping agency	Hong Kong	April 27, 1990	100	21,676,903	100	21,695,004
3.1.2	Hopeway Marine Inc.	Owner and operator of vessel	Panama	November 22, 1984	100	4,185,953	100	4,441,412
3.1.3	Quimera Maritime S.A.	Owner and operator of vessel	Panama	December 3, 1993	100	3,231,034	100	3,400,277
3.1.4	Freesia Navigation S.A.	Owner and operator of vessel	Panama	November 15, 2002	100	9,033,690	100	9,034,093
3.1.5	Iris Maritime International S.A.	Owner and operator of vessel	Panama	June 5, 2008	100	15,663,689	100	16,994,815
3.1.6	Amber Pacific Corporation	Investment holding company	British Virgin Islands	December 15, 2015	100	45,275	100	46,065
3.1.7	Fast Marine Trading Limited	Investment holding company	Republic of Seychelles	September 20, 2017	100	24,694	100	353,567
3.2	BLT Chembulk Corporation	Investment holding company	British Virgin Islands	October 5, 2007	100	-	100	-
3.2.1	Chembulk Tankers LLC	Investment holding company	Marshall Islands	January 9, 2007	-	-	100	-
3.2.1.1	BLT Chembulk Group Europe A/S	Ship management	Denmark	February 10, 2011	-	-	100	-
4	PT Brotojoyo Maritime ("BRM")	Owner and operator of vessel	Indonesia	January 20, 2003	100	13,647,334	100	17,286,946
5	PT Cendanawati Maritim	Owner and operator of vessel	Indonesia	April 6, 2016	100	907,161	100	907,192
6	Nevaeh Limited	Investment holding company	Hong Kong	January 18, 2007	51	-	51	-
7	PT Dewi Sri Maritim	Owner and operator of vessel	Indonesia	October 18, 2017	100	138,059	100	432,719
8	PT Niaga Global Modern Indonesia	Trading	Indonesia	February 19, 2019	100	394,175	-	-
9	Teekay BLT Corporation	Investment holding company	Marshall Islands	June 29, 2005	30	379,931,175	30	380,080,216
10	Thai Petra Transport Co Ltd.	Shipping Agency	Thailand	July 21, 2000	30	789,933	30	724,633
11	PT Berlian Limatama	Owner and operator of vessel	Indonesia	June 24, 1996	50	400,182	50	356,826

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

b) Such subsidiaries were closed in 2019.

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d. Boards of Commissioners and Directors, and Audit Committee

The Company's management consisted of the following:

	<u>2019</u>	<u>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 Heri 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.

**) Tendered resignation effective on January 25, 2019.

The Group had a total number of 56 and 68 employees (unaudited) as of December 31, 2019 and 2018, respectively.

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 other comprehensive income (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 reporting entity.

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>2019</u>	<u>2018</u>
Rupiah (Rp'000)	0.0719	0.0691
Singapore dollar (SGD)	0.7424	0.7322
Euro (EUR)	1.1214	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. Current and 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:

- i) expected to be realized or intended to be sold or consumed in the normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) expected to be realized within 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Current and non-current classification (continued)

A liability is current when it is:

- i) expected to be settled in the normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) due to be settled within twelve months after the reporting period, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

f. 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.

The Group's financial assets consist of cash on hand and in banks, trade 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, short-term loan, long-term loan payables, other payables, and other current liabilities classified as financial liabilities measured at amortized cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

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 measured 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.

- **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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

Recognition and measurement (continued)

i. Financial assets (continued)

• 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets (continued)

Impairment of financial assets (continued)

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets (continued)

Derecognition (continued)

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.

g. 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Fair value measurement (continued)

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.

h. 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 2i).

i. Contract assets and contract 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 2h).

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.

j. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Biological assets.

Biological assets are measured at fair value less costs to sell. Fair value is determined based on the present value of expected cash flows from the biological assets, the expected net cash flows are estimated market price of the biological asset less costs to sell.

Harvests are transferred to inventory at fair value less costs to sell when harvested. Gains or losses arising from changes in the fair value less costs to sell are recognized in profit or loss.

l. 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.

m. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Investments in associates and joint venture (continued)

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

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

n. 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.

The vessels are depreciated on a straight-line basis for a period of 25 - 30 years. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Fixed assets (continued)

Vessels (continued)

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.

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.

o. Leases

On January 1, 2019, the Group has adopted IFRS 16, Leases, using the modified retrospective approach.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Leases (continued)

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease reflects the Group exercising the option to terminate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, lease payments, or assessment of an option to purchase the underlying asset.

ii) Short-term leases and leases of low-value assets

Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Before January 1, 2019, the Group's accounting policy for operating leases as a lessee is 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. 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.

q. Employment benefits

Post-employment benefits

The Group provides 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Employment benefits (continued)

Post-employment benefits (continued)

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.

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.

r. 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.

s. 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)

t. 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.

u. 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)

u. 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)

u. Taxation (continued)

Deferred tax (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.

v. 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.

w. 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)

x. 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.

y. 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.

z. 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.

aa. New accounting standards

Standards issued and effective in the current year

The accounting policies adopted by the Group are consistent with those of the previous year, except for the adoption of new and amended accounting standards that became effective beginning January 1, 2019. The nature and the impact of each new standard and amendment are described as follows:

- IFRS 16 - Leases. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

Starting January 1, 2019, the Group has also adopted IFRS 16, Leases, using modified retrospective approach. The Group has assessed that the freight services do not contain lease as the charterer does not have the right to direct the use of ship. Rather, those are contracts for the provision of service by the vessel owner/operator while time charter contains lease and service component (operation and maintenance of ship) but the Group chose not to separate services from a lease, instead to account the entire contract as a lease.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. New accounting standards (continued)

Standards issued and effective in the current year (continued)

- IFRS 16 - Leases (continued)

The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset. As of January 1, 2019, right-of-use asset and lease liability amounted to US\$ 1.5 million which arises from office rental agreements at Wisma BSG building, discounted at 7.01% interest rate per annum. The Group chose to apply the practical expedient on expiring contracts in 2019.

- Amendments to IAS 19 - Plan amendment, curtailment or settlement. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and plan assets after that event, and the discount rate used to remeasure the net defined benefit liability (asset). The amendments has no impact on the consolidated financial statements of the Group.
- Amendment to IAS 28 - Long-term interest in associates and joint venture. The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate of joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28. The amendment has no impact on the consolidated financial statements of the Group.
- IFRIC 23 - Uncertainty over income tax treatment. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The interpretation does not have impact on the consolidated financial statements of the Group.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. New accounting standards (continued)

Standards issued and effective in the current year (continued)

Annual improvements (2015 - 2017 Cycle)

- IFRS 11 - Joint arrangements. An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. This improvement has no impact on the consolidated financial statements of the Group.
- IAS 12 - Income taxes. The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events. This improvement has no impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

- Amendments to IFRS 3 - Definition of a Business. The amendments help entities determine whether an acquired set of activities and assets is a business or not. It clarifies the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.
- Amendments to IAS 1 and IAS 8 - Definition of material. The new definition states 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendment to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.
- IFRS 17 - Insurance contracts. IFRS 17 applies to all types of insurance contracts regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. This standard is not applicable to the Group.

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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.

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.

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

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are 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 11).

Valuation of financial instruments

The Group carries certain financial assets and liabilities at fair values, which requires the use of accounting estimates (Note 36). 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 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 certain 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.

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b. Estimates and assumptions (continued)

Impairment of non-financial assets

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 11).

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 14.

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 18.

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.

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.

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b. Estimates and assumptions (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.

4. CASH ON HAND AND IN BANKS

	2019	2018
Cash on hand	92,711	81,491
Cash in banks		
Rupiah		
PT Bank Negara Indonesia (Persero) Tbk	48,360	135,035
PT Bank Ina Perdana Tbk	13,417	234,091
Citibank N.A.	4,685	239,778
PT Bank Central Asia Tbk	1,756	7,372
PT Bank Mandiri (Persero) Tbk	1,034	723
PT Bank CIMB Niaga Tbk	-	691
US dollar		
PT Bank Negara Indonesia (Persero) Tbk	247,366	82,233
OCBC Bank	107,760	1,654,252
Citibank N.A.	38,454	397,983
Bank of China (Hongkong) Limited	12,534	301,819
PT Bank Central Asia Tbk	5,062	33,721
Others	2,216	2,460
Other currencies	2,834	2,908
Total	578,189	3,174,557

Interest income earned from cash in banks in 2019 and 2018 amounted to US\$ 9.9 thousand and US\$ 16.3 thousand, respectively

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

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5. TRADE RECEIVABLES AND CONTRACT ASSETS

a. Trade Receivables - Third Parties

	2019	2018
PT Pertamina (Persero)	731,748	1,330,720
PT Pertamina International Shipping	535,629	28,962
PT Pertamina Patra Niaga	336,042	-
PT Lintas Samudra Borneo Line	194,414	-
PT USDA Seroja Jaya	-	509,145
Others (below US\$ 100,000)	269,336	457,055
Sub-total	2,067,169	2,325,882
Allowance for impairment	(130,304)	(130,178)
Net	1,936,865	2,195,704

b. Contract Assets

Contract assets mainly include receivables from voyages not yet completed as of reporting date. As of December 31, 2019 and 2018, the Group has contract assets amounting to US\$ 64,920 and US\$ 227,835, respectively.

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

	2019	2018
Rupiah	1,130,608	572,583
US dollar	1,001,481	1,981,134
Sub-total	2,132,089	2,553,717
Allowance for impairment	(130,304)	(130,178)
Net	2,001,785	2,423,539

The aging of trade receivables and contract assets as of December 31, 2019 and 2018 were as follows:

	2019	2018
Not yet due	1,077,220	1,912,442
Overdue:		
1 - 60 days	669,445	274,105
61 - 120 days	40,435	154,077
121 - 180 days	-	94,769
> 180 days	344,989	118,324
Sub-total	2,132,089	2,553,717
Allowance for impairment	(130,304)	(130,178)
Net	2,001,785	2,423,539

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5. TRADE RECEIVABLES AND CONTRACT ASSETS (continued)

The changes in allowance for impairment loss are as follows:

	2019	2018
Beginning balance	130,178	-
Addition - net (Note 27)	126	130,178
Ending balance	130,304	130,178

Based on review of the status of trade receivables as of December 31, 2019 and 2018, 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.

6. OTHER RECEIVABLES - THIRD PARTIES - NET

	2019	2018
Commission receivable	650,422	647,670
Insurance claims	182,234	1,665
Bunker swap receivables	111,528	156,416
Others	479,143	503,301
Subtotal	1,423,327	1,309,052
Allowance for impairment	(673,547)	(735,597)
Total	749,780	573,455

The changes in allowance for impairment loss are as follows:

	2019	2018
Beginning balance	735,597	723,334
Addition (Note 27)	20,400	12,263
Write-off	(82,450)	-
Ending balance	673,547	735,597

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

7. Biological Assets

This pertains to garlic plantation of the Company's new subsidiary located in the district of North Tapanuli, Humbang Hasundutan, and Samosir, North Sumatera, Indonesia. As of December 31, 2019, total area planted is 31 ha.

8. ADVANCES

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

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9. NON-CURRENT FINANCIAL ASSETS

	<u>2019</u>	<u>2018</u>
Financial assets fair value through other comprehensive income:		
Nevaeh Limited	11,139,263	10,640,532
Swank Ventures Limited	-	221,304
Financial assets at amortized cost:		
Security deposits	3,917	3,917
Total	<u>11,143,180</u>	<u>10,865,753</u>

The Group's investments in Nevaeh Limited ("NL") and Swank Ventures Limited ("SVL") 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 2019 and 2018, management calculated the fair value of its investment in NL using the discounted cash flows and recognized an unrealized gain on changes in fair value amounting to US\$ 498.8 and US\$ 764.6 thousand, respectively, credited to other comprehensive income.

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.

The key assumptions used for fair value calculation of NL as of December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Growth rate	2.61%	4.42%
Post tax discount rate (for fair value calculation)	8.72%	7.69%

Had the growth rate increased/decreased by 1%, with all other variables held constant, the fair value of investment in NL would have increased/decreased by US\$ 714.6 thousand/US\$ 685.7 thousand as of December 31, 2019.

Had the post-tax discount rate increased/ decreased by 1%, with all other variables held constant, the fair value of investment in NL would have decreased/increased by US\$ 1.8 million/ US\$ 2.4 million as of December 31, 2019.

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9. NON-CURRENT FINANCIAL ASSETS (continued)

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. An unrealized loss on changes in fair value of US\$ 10.2 million was charged to other comprehensive income in 2018.

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 were as follows:

	2018
Coal price/mt	19.89 - 31.76
Post tax discount rate (for fair value calculation)	13.68% - 15.24%

Had the coal price increased/decreased by 1%, with all other variables held constant, the fair value of investment in SVL would have increased/decreased by US\$ 194.8 thousand/US\$ 192.7 thousand as of December 31, 2018.

In January 2019, the Group entered into shares sale and purchase agreement with a third party in relation to the sale of the Group's entire shares in SVL. Losses on changes in fair value recorded under fair value reserve amounting to US\$ 28.8 million was transferred to deficit.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The following entities have been included in the consolidated financial statements using the equity method as of December 31, 2019 and 2018:

	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

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10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

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

	2019	2018
Beginning balance	26,304,534	21,245,260
Change in accounting policy	-	738,734
Beginning balance (As restated - Note 36)	26,304,534	21,983,994
Share in profit for the year	4,482,234	7,020,540
Dividend	(30)	(2,700,000)
Ending balance	30,786,738	26,304,534

In 2019 and 2018, the Group received dividends from Teekay BLT Corporation amounting to US\$ 30 and US\$ 2.7 million, respectively.

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

	2019			
	Teekay BLT Corporation	Thai Petra Transport Co. Ltd.	PT Berlian Limatama	Total
Current assets	34,696,880	437,849	400,164	35,534,893
Non-current assets	345,234,295	352,084	18	345,586,397
Current liabilities	(48,266,812)	(231,968)	(94,689)	(48,593,469)
Non-current liabilities	(230,020,798)	(88,229)	-	(230,109,027)
Net assets	101,643,565	469,736	305,493	102,418,794
Group's share in net assets of associates/ joint venture	30,493,070	140,921	152,747	30,786,738
Revenues	43,302,782	149,959	1,485	43,454,226
Operating expenses	(13,378,528)	(30,817)	-	(13,409,345)
Gross profit	29,924,254	119,142	1,485	30,044,881
Administrative expenses	(1,330,562)	(138,749)	(1,068)	(1,470,379)
Finance cost	(6,450,005)	(846)	(29)	(6,450,880)
Other income (loss) - net	(4,663,474)	33,064	31,901	(4,598,509)
Profit before tax	17,480,213	12,611	32,289	17,525,113
Tax expense	(2,604,324)	(1,539)	-	(2,605,863)
Profit for the year	14,875,889	11,072	32,289	14,919,250
Group's share in profit of associates/ joint venture	4,462,767	3,322	16,145	4,482,234

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10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

	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
Revenues	46,257,251	151,934	210	46,409,395
Operating expenses	(14,456,646)	(29,558)	-	(14,486,204)
Gross profit	31,800,605	122,376	210	31,923,191
Administrative expenses	(1,819,189)	(123,108)	(150)	(1,942,447)
Finance cost	(6,271,645)	(777)	-	(6,272,422)
Other income - net	1,976,357	11,802	-	1,988,159
Profit before tax	25,686,128	10,293	60	25,696,481
Tax expense	(2,294,720)	-	-	(2,294,720)
Profit for the year	23,391,408	10,293	60	23,401,761
Group's share in profit of associates/ joint venture	7,017,422	3,088	30	7,020,540

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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11. FIXED ASSETS

	2019						Ending balance
	Beginning balance	Additions	Deductions	Transfers	Revaluations	Translation	
Cost/valuation							
Owned vessels	25,522,354	1,329,980	(5,102,201)	(3,824,855)	1,034,972	-	18,960,250
Buildings and premises	773,560	-	-	-	-	-	773,560
Office and dormitory equipment	195,061	-	(74,372)	-	-	-	120,689
Office furniture and fixtures	215,564	-	(90,903)	-	-	-	124,661
Vehicles	1,026,834	4,430	(563,113)	-	-	19	468,170
Right-of-use asset							
Building	-	1,410,446	-	-	-	348	1,410,794
Total	27,733,373	2,744,856	(5,830,589)	(3,824,855)	1,034,972	367	21,858,124
Accumulated depreciation and impairment loss							
Owned vessels	-	4,494,402	(669,547)	(3,824,855)	-	-	-
Buildings and premises	462,479	31,520	-	-	-	-	493,999
Vehicles	191,967	2,507	(74,372)	-	-	-	120,102
Office furniture and fixtures	215,530	34	(90,903)	-	-	-	124,661
Office and dormitory equipment	918,680	38,210	(563,113)	-	-	1	393,778
Right-of-use asset							
Building	-	463,553	-	-	-	13	463,566
Total	1,788,656	5,030,226	(1,397,935)	(3,824,855)	-	14	1,596,106
Net book value	25,944,717						20,262,018

	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	1,000	(877,156)	-	-	-	1,026,834
Office furniture and fixtures	355,261	-	(139,697)	-	-	-	215,564
Vehicles	196,374	1,126	(2,439)	-	-	-	195,061
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	40,983	(877,156)	-	-	-	918,680
Office furniture and fixtures	354,986	241	(139,697)	-	-	-	215,530
Vehicles	189,694	4,712	(2,439)	-	-	-	191,967
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	4,494,402	5,518,307
Administrative expenses (Note 27)	535,824	81,039
Total	5,030,226	5,599,346

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11. FIXED ASSETS (continued)

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

	2019	2018
Net consideration received	2,243,511	669
Net book value	4,432,654	-
Gain on sale of fixed assets (Note 29)	(2,189,143)	669

In 2019, the Group sold two (2) vessels namely MT Fatmawati and MT Indradi. Proceeds from sale were used for payment of long-term loan (Note 16).

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

As of December 31, 2019, the vessels are stated at their revalued amounts using market approach, based on their fair values in the valuation report dated March 27, 2020, prepared by an independent appraiser and reviewed by management. The appraisal report was issued by KJPP Yanuar Bey & Rekan using market data or sales comparison approach method in determining the revaluated amounts.

As of December 31, 2019, the vessels' revalued amounts had increased by US\$ 1.0 million of which US\$ 1.7 million was credited to revaluation reserve (Note 23c). The Group specifically identified certain vessels with indications of impairment. The vessels' recoverable amount is considered to be its fair value amount because management believes that the value in use of vessels approximates the appraised value of vessels. Impairment value for these vessels charged to profit or loss amounted to US\$ 622.5 thousand, net of reversal of impairment.

Transfers pertaining to accumulated depreciation as at revaluation date were eliminated against the gross carrying amount of the revalued vessels. Had the Group's vessels been measured on historical cost, the carrying value (cost less accumulated depreciation and impairment loss) would have been US\$ 15.0 million and US\$ 20.6 million as of December 31, 2019 and 2018, respectively.

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

The Group's fleet consists of six (6) and eight (8) owned vessels as of December 31, 2019 and 2018, respectively.

The Group's vessels and equipment were insured for hull and machinery damages and war risk, Increased Value and Additional Owners Interest (I.V. & A.O.I) for US\$ 71.23 million and US\$ 106.0 million with Asuransi Multi Artha Guna and LCH Lockton Pte. Ltd. as of December 31, 2019 and 2018, respectively.

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

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

MT Gas Indonesia and MT Gas Kalimantan are collateralized to the Company's bank loan (Note 16).

As of December 31, 2019 and 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\$ 504.2 thousand and US\$ 2.2 million, respectively (unaudited).

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12. TRADE PAYABLES

	<u>2019</u>	<u>2018</u>
By creditors		
Related parties (Note 32)	139,488	129,918
Third parties	4,057,561	4,839,422
Total	<u>4,197,049</u>	<u>4,969,340</u>
By currency		
US dollar	2,458,311	2,498,957
Singapore dollar	840,628	1,029,850
Rupiah	719,821	1,247,357
Euro	126,255	134,135
Other currencies	52,034	59,041
Total	<u>4,197,049</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.

13. ACCRUED EXPENSES

	<u>2019</u>	<u>2018</u>
Vessels operating and dry docking	1,294,016	743,314
Others	78,947	354,145
Total	<u>1,372,963</u>	<u>1,097,459</u>

14. TAXATION

Details of prepaid taxes are as follows:

	<u>2019</u>	<u>2018</u>
Value-added tax	292,276	214,891
Income tax		
Article 23	-	479
Total	<u>292,276</u>	<u>215,370</u>

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14. TAXATION (continued)

Details of taxes payable are as follows:

	<u>2019</u>	<u>2018</u>
Income taxes:		
Article 4 (2)	4,507	4,778
Article 15	177	-
Article 21	76,557	72,385
Article 23	226	597
Article 26	3,600	3,291
Value-added tax	2,966	18,994
Total	<u>88,033</u>	<u>100,045</u>

Details of income tax expense - net are as follows:

	<u>2019</u>	<u>2018</u>
Deferred tax:		
The Company	757,838	21,650
Final tax:		
The Company	51,571	57,990
Subsidiaries	124,622	120,112
Income tax expense - net	<u>934,031</u>	<u>199,752</u>

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	51,571	57,990
Subsidiaries	124,622	120,112
Payments during the year	(176,016)	(178,102)
Final income tax payable	<u>177</u>	<u>-</u>

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14. TAXATION (continued)

Current tax

The computation of tax on revenues not subject to final tax of the Company is as follows:

	<u>2019</u>	<u>2018</u>
Profit before income tax per consolidated statement of profit or loss and other comprehensive income Consolidated	61,628	5,625,559
Subsidiaries (after elimination)	<u>1,191,355</u>	<u>4,056,102</u>
Profit (loss) before income tax of the Company	(1,129,727)	1,569,457
Temporary differences:		
Employee benefits	-	(86,601)
Difference in fair value of financial liabilities	-	(50,412)
Movement in allowance for impairment of receivables	-	(2,536)
Permanent differences:		
Net expense already subjected to final tax - net	1,149,863	1,571,991
Interest income subjected to final tax	(3,991)	(6,999)
Non-deductible expenses (income)	(16,145)	(3,687,075)
Others	<u>-</u>	<u>(669,652)</u>
Taxable loss of the Company	-	(1,361,827)
Uncompensated prior year tax losses:		
2018	(1,361,827)	-
2017	(1,183,273)	(1,183,273)
2016	<u>(906,877)</u>	<u>(906,877)</u>
Accumulated tax losses	<u>(3,451,977)</u>	<u>(3,451,977)</u>

The Company reported its calculation of 2018 income tax on April 25, 2019. The reported taxable income of the Company in 2018 is the same taxable income reported in Annual Tax Return.

Deferred tax

The details of the Group's deferred tax asset is as follows:

	<u>January 1, 2019</u>	<u>Charged to profit or loss</u>	<u>Credited to other comprehensive income</u>	<u>December 31, 2019</u>
The Company				
Provision for employee benefits	<u>323,290</u>	<u>(757,838)</u>	<u>434,548</u>	<u>-</u>
	<u>January 1, 2018</u>	<u>Charged to profit or loss</u>	<u>Charged to other comprehensive income</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>323,290</u>

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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 tax losses carry-forward with total amounting to US\$ 883.6 thousand and US\$ 863.0 thousand as of December 31, 2019 and 2018, respectively, since the Group does not have sufficient basis to determine the future tax benefit on such deferred tax assets.

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

Reconciliation between the income tax expense and the amount computed by applying the effective tax rate to the profit before income tax is as follows:

	2019	2018
Profit before income tax per consolidated statement of income and other comprehensive income		
Consolidated	61,628	5,625,559
Subsidiaries (after elimination)	1,191,355	4,056,102
Income (expenses) net of related expense (income), already subjected to final tax	<u>(1,145,872)</u>	<u>(1,564,992)</u>
Taxable income	<u>16,145</u>	<u>3,134,449</u>
Income tax expense at prevailing tax rate (25%)	(4,036)	(783,612)
Effect of:		
Reversal of deferred tax	(757,838)	-
Non-deductible income and expenses	4,036	1,089,182
Unrecognized deferred taxes	-	(327,220)
Final income tax	<u>(176,193)</u>	<u>(178,102)</u>
Income tax expense - net	<u>(934,031)</u>	<u>(199,752)</u>

Tax assessment

On October 4, 2019, the Company received tax assessment no. 00020/206/16/054/19 for underpayment of income tax and tax collection letter for penalties on income tax for the fiscal year 2016 amounting to US\$ 6,668,936. The Company did not agree with the tax assessment letter and filed an objection to the assessment letter on December 30, 2019. Until the reporting date, response to objection has not been received yet.

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15. SHORT-TERM LOAN

On September 10, 2019, the Company's subsidiary entered into loan agreement with Poly Resources Pte. Ltd. for an amount of US\$ 700.0 thousand which shall be paid on or before December 31, 2019. If the Company's subsidiary has not paid the full amount on maturity date, the lender shall charge interest on the unpaid balance at 8% per annum.

On November 11, 2019, the Company has assigned its receivables to Poly Resources Pte. Ltd. amounting to US\$ 321.0 thousand. Both parties agreed to realize and settle this receivable by netting off against the loan.

16. LOANS PAYABLE

	2019	2018
Bank loans:		
PT Bank Central Asia Tbk	1,972,974	2,580,043
PT Bank Mandiri (Persero) Tbk	-	6,228,623
Related party loan:		
PT Bagusnusa Samudra Gemilang (Note 32)	1,941,002	1,805,827
Other:		
Amicorp Trustees (Singapore) Limited	13,200,000	13,450,000
Total	17,113,976	24,064,493
Current	607,069	4,553,273
Non-current	16,506,907	19,511,220
Total	17,113,976	24,064,493
By currency:		
US dollar	15,172,974	16,030,043
Rupiah	1,941,002	8,034,450
Total	17,113,976	24,064,493

(i) Bank Loans

a) 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;

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16. LOANS PAYABLE (continued)

(i) Bank Loans (continued)

a) PT Bank Central Asia Tbk (“BCA”) (continued)

- 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, respectively. Finance cost charged to profit or loss in 2019 and 2018 amounted to US\$ 194.2 thousand and US\$ 244.8 thousand, respectively (Note 28).

b) 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 will be made free of any rights to off-set, deduct or withhold.
- No accelerated repayment from cash sweep.

The average annual effective interest rates of the loan are 7.8% and 6.8% in 2019 and 2018, respectively. Interest expense charged to profit or loss in 2019 and 2018 amounted to US\$ 220.0 thousand and US\$ 334.6 thousand, respectively (Note 28).

In 2019, the Company has settled this loan with Bank Mandiri. Portion of principal payment were made through sales of the Group’s vessels (Note 11). Income from written-off interest in arrears amounted to US\$ 1.7 million.

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16. LOANS PAYABLE (continued)

(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 PT Buana Listya Tama Tbk (BULL) has been paid.

Based on management's discounted cash flow forecast analysis, using 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 32). There is no change in estimated term as of December 31, 2019 and 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\$ 44.2 thousand and US\$ 70.6 thousand, respectively (Note 28).

(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.

On February 28, 2019, the Company and Amicorp agreed to amend the terms of the loan as follows:

- Deferring the principal loan payment for 2.5 years from April 1, 2019 to September 30, 2021.
- Interest margin becomes 2.5 % during the deferral period (April 1, 2019 - December 31, 2021).
- The principal loan payment will start on January 1, 2022 for US\$ 560,417 and will be paid at the end of the every quarter.

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16. LOANS PAYABLE (continued)

(iii) Other (continued)

Amicorp Trustees (Singapore) Limited (continued)

- Interest margin at 1.75% from January 1, 2022 until fully paid.
- Upfront principal loan payment for US\$ 250,000 on June 30, 2019.

The average annual effective interest rate of the loan is 5.0 % and 4.7% in 2019 and 2018, respectively. Interest expense charged to profit or loss in 2019 and 2018 amounted to US\$ 659.8 thousand and US\$ 630.4 thousand, respectively (Note 28).

17. OTHER PAYABLES

	<u>2019</u>	<u>2018</u>
Third parties:		
Payables to BULL	8,824,872	8,497,273
Claims for vessel repairs and fuel purchases	1,001,878	981,572
Total	<u>9,826,750</u>	<u>9,478,845</u>
Current	1,001,878	829,694
Non-current	8,824,872	8,649,151
Total	<u>9,826,750</u>	<u>9,478,845</u>

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 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 is no change in estimated term as of December 31, 2019 and 2018.

The effective interest rate for this liability is 3.93% in 2019 and 2018, respectively. Interest expense charged to profit or loss in 2019 and 2018 amounted to US\$ 327.6 thousand and US\$ 315.0 thousand, respectively.

As part of BULL's successful restructuring pro-cess, PT Danatama Perkasa (DP), a third party investor, will transfer back 3,142 million shares (equivalent to 17.8% of the total issued shares) in BULL to the Company after the completion of the enforcement of BULL's security. Until December 31, 2019, no shares have been received yet by the Company.

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17. OTHER PAYABLES (continued)

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 34).

18. PROVISION FOR EMPLOYEE BENEFITS

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 as of December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Post-employment benefits	37	63
Other long-term employee benefits	37	51

The total employee benefits expense (income) recognized in profit or loss is as follows:

	<u>2019</u>	<u>2018</u>
Post-employment benefits	(67,447)	34,164
Other long-term employee benefits	1,496	816
Total (Note 27)	<u>(65,951)</u>	<u>34,980</u>

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

	<u>2019</u>	<u>2018</u>
Post-employment benefits	1,324,722	1,380,692
Other long-term employee benefits	5,240	5,916
Total	<u>1,329,962</u>	<u>1,386,608</u>

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18. PROVISION FOR EMPLOYEE BENEFITS (continued)

Post-employment benefits

Post-employment benefits expense (income) recognized in profit or loss is as follows:

	2019	2018
Current service cost	82,013	94,058
Interest cost	108,663	95,093
Past service cost	(258,123)	(154,987)
Net	(67,447)	34,164

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

	2019	2018
Balance at beginning of year	1,380,692	1,636,639
Employee benefits expense (income)	(67,447)	34,164
Benefits paid	(86,468)	(675)
Remeasurements:		
Effects of experience adjustments	(31,581)	(51,497)
Effects of changes in financial assumptions	74,197	(134,747)
Effect of foreign exchange	55,329	(103,192)
Balance at end of year	1,324,722	1,380,692

Other long-term employee benefits

Movements in the present value of the unfunded obligations for other long-term employee benefits are as follows:

	2019	2018
Balance at beginning of year	5,916	5,943
Current service cost	1,924	2,186
Interest cost	395	341
Benefits paid	(2,404)	(455)
Past service cost	(819)	-
Remeasurements:		
Effects of experience adjustments	(54)	(1,466)
Effects of changes in financial assumptions	50	(245)
Effect of foreign exchange	232	(388)
Net	5,240	5,916

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18. PROVISION FOR EMPLOYEE BENEFITS (continued)

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:

	2019	2018
Discount rate per annum	: 7.25% - 8.25%	8.25% - 8.5%
Salary increment rate per annum	: 10%	10%
Mortality rate/table	: 100%/TMI3	100%/TMI3
Disability rate/table	: 5%/TMI3	5%/TMI3
Resignation rate	: 10% per annum until age 36 years then decreasing linearly to 0% at age 56 years	10% per annum until age 36 years then decreasing linearly to 0% at age 56 years
Proportion of normal retirement	: 100%	100%
Normal retirement age	: 55	55

The quantitative sensitivity analysis for significant assumptions as of December 31, 2019 and 2018 is as follows:

	Discount rates		Future salary increases	
	Percentage	Effect on present value of benefits obligation	Percentage	Effect on present value of benefits obligation
2019				
Increase	1%	(75,501)	1%	86,905
Decrease	-1%	80,384	-1%	(79,873)
2018				
Increase	1%	(79,148)	1%	91,566
Decrease	-1%	87,315	-1%	(84,464)

The maturity of provision for employee benefits as of December 31, 2019 and 2018 is as follows:

	2019	2018
Within the next 12 months	11,783	124,035
Between 2 to 5 years	799,407	826,029
Beyond 5 years	3,097,927	3,435,575
Total	3,909,118	4,385,639

The average duration of the provision for employee benefits is 8.14 to 10.49 years and 8.66 to 12.34 years as of December 31, 2019 and 2018, respectively.

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19. SHARE CAPITAL

The composition of shareholders is as follows:

Name of shareholders	2019		
	Number of shares	Percentage of ownership (%)	Total paid-up capital US\$
Series A			
PT Tunggaladhi Baskara	4,383,489,018	16.90	41,583,208
Citibank Singapore S/A CBSG-CDP-Indonesia c/o. Citibank, N.A	1,738,525,893	6.70	16,628,002
Gramercy Distressed Opportunity Fund Ltd	2,032,246,355	7.83	9,707,689
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	95,693,991
Series B			
PT Elang Megah Inti	2,456,869,565	9.47	8,539,692
Total	25,940,187,103	100.00	172,176,150

Name of shareholders	2018		
	Number of shares	Percentage of ownership (%)	Total paid-up capital US\$
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 34). As of December 31, 2019 and December 31, 2018, share certificates not yet taken by unsecured creditors had total number of 759,044,086 and 2,791,290,441, respectively.

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

On May 13, 2019, IDX has approved the listing of additional 2,456,869,565 Series B shares at par value of Rp 50 per share through capital increase without pre-emptive rights. These shares were issued for mandatory convertible securities of US\$ 10 million (equivalent to Rp 2,887,707,867,500) based on the Company's PKPU Amendment Plan (Note 33).

On July 15, 2019, the Company received letter of 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.

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20. ADDITIONAL PAID-IN CAPITAL

	2019	2018
Paid-in capital	1,189,776,348	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	1,117,092,143	1,115,631,835

21. TREASURY SHARES

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

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

The total number of treasury shares amounted to 31,027,111 shares or 0.12% and 0.13% of total issued shares as of December 31, 2019 and 2018, respectively..

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

This account consists of the following transactions:

	2019 and 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	7,787,469

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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23. RESERVES

	2019	2018
Fair value reserves	(22,638,726)	(51,915,152)
General reserves	5,898,328	5,898,328
Revaluation reserves	4,048,840	4,920,596
Financial statements translations	(111,494)	(120,331)
Total	(12,803,052)	(41,216,559)

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 9).

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

	2019	2018
Beginning balance	4,920,596	7,998,937
Revaluation increase - net (Note 11)	1,657,509	-
Transfers to deficit	(2,529,265)	(3,078,341)
Ending balance	4,048,840	4,920,596

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\$.

24. OPERATING REVENUES

	2019	2018
Operating revenues from:		
Chemical vessels	16,190,075	21,374,913
Gas vessels	3,766,702	3,487,523
Others	95,117	72,469
Total	20,051,894	24,934,905

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24. OPERATING REVENUES (continued)

In 2019, operating revenues exceeding 10% of total consolidated operating revenues are derived from PT Pertamina (Persero) and Energy Platform Sdn Bhd which are approximately US\$ 7.2 million and US\$ 2.1 million or 36% and 10% of total consolidated operating revenues, respectively.

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\$ 8.2 million and US\$ 2.7 million or 32% and 11% of total consolidated operating revenues, respectively.

25. VOYAGE EXPENSES

	2019	2018
Fuel	3,223,393	3,902,862
Port charges	1,672,574	1,863,232
Total	4,895,967	5,766,094

In 2019 and 2018, 2.37% and 8.34% of the above voyage expenses were from related parties, respectively (Note 32).

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

26. SHIP OPERATING EXPENSES

	2019	2018
Vessel crew salaries	5,008,062	4,946,277
Spare parts	691,086	910,147
Insurance	596,351	555,285
Repairs and maintenance	419,687	399,159
Processing of documents	369,824	376,295
Lubricant	367,081	493,961
Vessel crew meal allowances	314,164	340,402
Transportation	145,957	158,007
Supplies	71,638	65,910
Others	334,128	287,996
Total	8,317,978	8,533,439

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27. ADMINISTRATIVE EXPENSES

	2019	2018
Salaries	1,911,849	1,765,613
Professional fees	710,939	761,303
Depreciation (Note 11)	535,824	81,039
Office expenses	139,444	689,690
Transportation	96,293	117,735
Telecommunication	60,043	54,281
Representation	58,467	49,444
Bank charges	46,450	72,605
Marketing	22,283	12,318
Impairment loss receivables (Notes 5 and 6)	20,526	142,441
Training and education	12,173	8,492
Employee benefits expense (Note 18)	(65,951)	34,980
Others	374,948	366,683
Total	3,923,288	4,156,624

28. FINANCE COST

	2019	2018
Loans (Note 16)	1,118,297	1,280,348
Lease liabilities (Note 32)	86,639	-
Others	421,898	428,863
Total	1,626,834	1,709,211

29. OTHER INCOME (LOSSES) - NET

	2019	2018
Gain (loss) on sale of fixed assets (Note 11)	(2,189,143)	669
Gain from loan settlement (Note 16)	1,699,813	-
Foreign exchange gain - net	(444,104)	775,546
Gain from bunker swap	173,836	90,205
Others	158,254	105,448
Net	(601,344)	971,868

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30. EARNINGS (LOSS) PER SHARE

The Group's computation of earnings (loss) per share in 2019 and 2018 is as follows:

	2019	2018
Net profit (loss) attributable to owners of the Company	(872,403)	5,425,807
Weighted average number of outstanding shares	24,987,833,905	23,452,290,427
Basic earnings (loss) per share	(0.00003)	0.00023
Net profit (loss) attributable to owners of the Company	(872,403)	5,425,807
Weighted average number of outstanding shares	24,987,833,905	23,452,290,427
Effect of dilution:		
Shares to be issued to PT Elang Megah Inti (Note 33)	-	2,456,869,565
Weighted average number of outstanding shares adjusted for the effect of dilution	24,987,833,905	25,909,159,992
Diluted earnings (loss) per share	(0.00003)	0.00021

31. 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 and trading.

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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31. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	2019	2018
Segment assets:		
Chemical	16,674,570	24,018,547
Gas	6,776,801	7,033,996
Others	2,035,257	2,806,330
Total	25,486,628	33,858,873
Unallocated assets	41,926,001	37,489,660
Consolidated	67,412,629	71,348,533
Segment liabilities:		
Chemical	2,052,377	1,444,380
Gas	2,642,296	3,662,370
Others	3,567,898	3,730,609
Total	8,262,571	8,837,359
Unallocated liabilities	28,497,616	33,543,338
Consolidated	36,760,187	42,380,697

Segment revenue and expenses

	2019			
	Chemical	Gas	Others	Total
Segment revenue				
External revenue	16,190,075	3,766,702	95,117	20,051,894
Segment expenses				
Voyage expenses	4,833,838	62,129	-	4,895,967
Ship operating expenses	6,636,144	1,681,834	-	8,317,978
Vessel depreciation	3,711,353	783,049	-	4,494,402
Total segment expenses	15,181,335	2,527,012	-	17,708,347
Segment gross profit	1,008,740	1,239,690	95,117	2,343,547

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31. SEGMENT INFORMATION (continued)

Segment revenue and expenses (continued)

	2018			
	Chemical	Gas	Others	Total
Segment revenue				
External revenue	21,374,913	3,487,523	72,469	24,934,905
Segment expenses				
Voyage expenses	5,675,334	90,760	-	5,766,094
Ship operating expenses	6,811,825	1,721,614	-	8,533,439
Vessel depreciation	4,917,984	600,323	-	5,518,307
Charter expenses	1,634,354	-	-	1,634,354
Total segment expenses	19,039,497	2,412,697	-	21,452,194
Segment gross profit	2,335,416	1,074,826	72,469	3,482,711

Other segment information

	Depreciation		Capital expenditures	
	2019	2018	2019	2018
Chemical	3,711,985	4,918,329	1,313,408	827,538
Gas	823,477	649,908	16,572	635,494
Others	494,764	31,109	4,430	2,126
Total	5,030,226	5,599,346	1,334,410	1,465,158

Geographic segment

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

	2019			
	Malaysia	Indonesia	Unallocated	Consolidated
Assets and liabilities				
Total segment assets	4,162,275	21,324,353	41,926,001	67,412,629
Total segment liabilities	(2,411,876)	(5,850,695)	(28,497,616)	(36,760,187)
Net assets	1,750,399	15,473,658	13,428,385	30,652,442
Revenues				
External revenues	5,398,412	14,653,482	-	20,051,894
Inter-segment revenues	721,477	2,095	(723,572)	-
Total revenues	6,119,889	14,655,577	(723,572)	20,051,894

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31. SEGMENT INFORMATION (continued)

Geographic segment (continued)

	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
Revenues				
External revenues	9,736,752	15,198,153	-	24,934,905
Inter-segment revenues	537,516	16,680	(554,196)	-
Total revenues	10,274,268	15,214,833	(554,196)	24,934,905

32. 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 and PT Dwibina Prima are companies 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	
	2019	2018	2019	2018
Trade payables (Note 12):				
Thai Petra Transport Co. Ltd.	23,705	61,116	0.06%	0.14%
PT Arpeni Pratama Ocean Line Tbk	26,667	26,515	0.07%	0.06%
Pan Union Agencies Pte. Ltd.	78,655	32,430	0.21%	0.08%
PT Garuda Mahakam Pratama	10,461	9,857	0.03%	0.02%
Loans payable (Note 16):				
PT Bagusnusa Samudra Gemilang	1,941,002	1,805,827	5.28%	4.26%
Lease liabilities				
PT Dwibina Prima	1,556,891	-	4.24%	-
Other current liabilities				
PT Dwibina Prima	511,031	647,950	1.39%	1.53%
Total	4,148,412	2,583,695	11.28%	6.09%

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32. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with related parties (continued)

The Group entered into lease agreements with PT Dwibina Prima for office space lease at 10th floor and 12th floor of Wisma BSG Building for a term of three years. IFRS 16 has been applied to account for these lease agreements. In 2019, the average effective interest rate on lease liabilities is 7.01%.

	Amount		Percentage to total consolidated equity	
	2019	2018	2019	2018
Other capital reserves (Note 16):				
PT Bagusnusa Samudra Gemilang	<u>7,931,594</u>	<u>7,931,594</u>	<u>25.88%</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 25):				
Thai Petra Transport Co. Ltd.	75,645	279,313	1.55%	5.71%
Pan Union Agencies Pte .Ltd.	31,973	91,038	0.65%	1.86%
PT Garuda Mahakam Pratama	7,936	20,810	0.16%	0.43%
PT Arpeni Ocean Line Tbk	637	16,404	0.01%	0.34%
Total	<u>116,191</u>	<u>407,565</u>	<u>2.37%</u>	<u>8.34%</u>

Administrative expenses incurred from transactions with related party are as follows:

	Amount		Percentage to administrative expenses	
	2019	2018	2019	2018
Office expenses (Note 27):				
PT Dwibina Prima	<u>8,973</u>	<u>569,103</u>	<u>0.23%</u>	<u>13.69%</u>

Interest expense incurred from lease liabilities is as follows:

	Amount		Percentage to finance cost	
	2019	2018	2019	2018
Finance cost (Note 28):				
PT Dwibina Prima	<u>86,639</u>	<u>-</u>	<u>5.33%</u>	<u>-</u>

Total compensation paid to the Group's key management (commissioners and directors) during the year is as follows:

	2019	2018
Short-term benefits	<u>499,768</u>	<u>591,673</u>

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33. 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 starting 2015.

As of December 31, 2019 and 2018, the fair value of warrants is nil.

b Mandatory Convertible Securities (MCS)

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 pro-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 13, 2019, the Company received approval from IDX on conversion and listing of MCS (Note 1).

c Lawsuit

As continuation of the Group's vessel being detained at Ranong Port in Thailand from January 2019 to June 2019, the Group has filed a lawsuit in London Court on September 18, 2019 to claim the Group's losses caused by the detention of the vessel to the charterer and cargo owner. As of to date, the judicial process is still ongoing.

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34. 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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34. 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 Restructuring, 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 BULL 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 33).

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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34. 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 BULL 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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35. 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. As of December 31, 2019 and 2018, 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

	2019	2018
At amortized cost		
Cash on hand and in banks	578,189	3,174,557
Trade receivables - third parties	1,936,865	2,195,704
Contract assets	64,920	227,835
Other receivables - third parties	749,780	573,455
Non-current financial assets		
Securiy deposits	3,917	3,917
Fair value through other comprehensive income		
Non-current financial assets	11,139,263	10,861,836
Total	14,472,934	17,037,304

Financial liabilities

	2019	2018
Financial liabilities measured at amortized cost:		
Trade payables	4,197,049	4,969,340
Accrued expenses	1,372,963	1,097,459
Short-term loan	379,025	-
Long-term loan	17,113,976	24,064,493
Other payables	9,826,750	9,478,845
Lease Liabilities	1,556,891	-
Other current liabilities	895,538	1,283,907
Total	35,342,192	40,894,044

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35. 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.

			2019		2018	
			Foreign Currencies	Equivalent to US\$	Foreign Currencies	Equivalent to US\$
Assets						
Cash on hand and in banks	Rp'000	1,891,246		136,051	9,473,152	654,178
	SGD	967		718	19,619	14,365
	EUR	2,588		2,902	2,593	2,965
Trade receivables	Rp'000	15,716,587		1,130,608	8,291,574	572,583
Total				1,270,279		1,244,091
Liabilities						
Trade payables	Rp'000	10,006,235		719,821	18,062,977	1,247,357
	SGD	1,132,242		840,628	1,406,517	1,029,850
	EUR	112,587		126,255	117,297	134,135
Loans payable	Rp'000	26,981,879		1,941,002	116,346,870	8,034,450
Total				3,627,706		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:

			2019		2018	
			Assets	Liabilities	Assets	Liabilities
Rupiah			1,266,659	2,660,823	1,226,761	9,281,807
Singapore dollar			718	840,628	14,365	1,029,850
Euro			2,902	126,255	2,965	134,135
Total			1,270,279	3,627,706	1,244,091	10,445,792

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35. 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.

	2019		2018	
	Sensitivity Rate	Effect on profit or loss and equity	Sensitivity Rate	Effect on profit or loss and equity
Rupiah	6%	(78,915)	3%	(241,651)
Singapore dollar	6%	(47,418)	3%	(30,465)
Euro	6%	(7,106)	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.

As of December 31, 2019 and 2018, the Group's significant exposure to the risk of changes in market interest rates relates primarily to secured creditors. The following table summarizes the impact on income before income tax of reasonable movement in interest rates:

	2019		2018	
	Basis point	Effect on profit before income tax	Basis point	Effect on profit before income tax
Increase	100	(132,000)	100	(174,350)
Decrease	(100)	132,000	(100)	174,350

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.

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35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Interest rate risk management (continued)

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.

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

	2019			
	Not yet due		Past due	Total
	High Quality	Standard Quality		
Cash in banks	485,478	-	-	485,478
Trade receivables - third parties	1,012,300	-	1,054,869	2,067,169
Contract assets	64,920	-	-	64,920
Other receivables - third parties	588,948	170,067	664,312	1,423,327
Non-current financial assets:				
Fair value through				
other comprehensive income	-	11,139,263	-	11,139,263
Security deposits	-	3,917	-	3,917
Total	2,151,646	11,313,247	1,719,181	15,184,074
Expected credit loss	13,640	5,065	785,146	803,851

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35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Credit quality of financial assets (continued)

	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	-	10,861,836	-	10,861,836
Security deposits	-	3,917	-	3,917
Total	5,155,806	11,288,910	1,376,872	17,821,588
Expected credit loss	-	62,573	803,202	865,775

Fuel risk management

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

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

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

Liquidity risk management

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

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35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Liquidity risk management (continued)

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.

	2019				Total
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	
Trade payables	4,197,049	-	-	-	4,197,049
Accrued expenses	1,372,963	-	-	-	1,372,963
Short-term loan	379,025	-	-	-	379,025
Long-term loans	370,921	1,103,641	10,471,606	16,566,720	28,512,888
Other payables	1,000,000	3,000	-	63,130,542	64,133,542
Lease liabilities	677,457	411,582	553,419	-	1,642,458
Other current liabilities	895,538	-	-	-	895,538
Total	8,892,953	1,518,223	11,025,025	79,697,262	101,133,463

	2018				Total
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	
Trade payables	4,969,340	-	-	-	4,969,340
Accrued expenses	1,097,459	-	-	-	1,097,459
Long-term loans	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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36. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value of financial instruments

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

	2019	2018
Financial assets		
Cash on hand and in banks	578,189	3,174,557
Trade receivables - third parties	1,936,865	2,195,704
Contract assets	64,920	227,835
Other receivables - third parties	749,780	573,455
Non-current financial assets	11,143,180	10,865,753
Total	14,472,934	17,037,304
Financial liabilities		
Trade payables	4,197,049	4,969,340
Accrued expenses	1,372,963	1,097,459
Short-term loan	379,025	-
Long-term loans	17,113,976	24,064,493
Other payables	9,826,750	9,478,845
Lease liabilities	1,556,891	-
Other current liabilities	895,538	1,283,907
Total	35,342,192	40,894,044

Assets measured at fair value

As of December 31, 2019 and 2018, the following table presents the Group's financial assets that are measured at fair value.

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
December 31, 2019				
Non-current financial assets				
Financial assets at fair value through other comprehensive income	-	-	11,139,263	11,139,263
Fixed Asset				
Vessel	-	18,960,250	-	18,960,250
Total	-	18,960,250	11,139,263	30,099,513
December 31, 2018				
Non-current financial assets				
Financial assets at fair value through other comprehensive income	-	-	10,861,836	10,861,836
Fixed Asset				
Vessel	-	25,522,354	-	25,522,354
Total	-	25,522,354	10,861,836	36,384,190

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36. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The carrying values of cash on hand and in banks, trade receivables, contract assets, other receivables, trade payables, accrued expenses, short-term loan, 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		Nevaeh Limited	
	2019	2018	2019	2018
Beginning balance	221,304	10,427,675	10,640,532	9,875,927
Sales on financial assets	(221,304)	-	-	-
Unrealized gain (loss) on change in fair value		(10,206,371)	498,731	764,605
Ending balance	-	221,304	11,139,263	10,640,532

37. SUPPLEMENTARY INFORMATION FOR CASH

- a. Significant non-cash investing activities are as follows:

	2019	2018
Additions to fixed assets through lease liabilities	1,410,446	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	498,731	(9,441,766)

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37. SUPPLEMENTARY INFORMATION FOR CASH (continued)

- b. Changes in liabilities arising from financing activities are as follows:

	December 31, 2019					December 31, 2019
	December 31, 2018	Cash flow	Capitalisation	Effective interest amortization	Deduction	
Short-term loan	-	379,025	-	-	-	379,025
Long-term liabilities						
Loans payable	24,064,493	(5,610,183)	-	58,931	(1,699,813)	17,113,976
Other payables	9,478,845	-	-	347,905	-	9,826,750
Lease Liabilities	-	-	1,410,446	86,639	-	1,556,891
Total	33,543,338	(5,231,158)	1,410,446	493,475	(1,699,813)	28,876,642

	December 31, 2018				December 31, 2018
	December 31, 2017	Cash flow	Effective interest amortization	Movement of foreign exchange	
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

38. GOING CONCERN

The Company's debt restructuring that began in 2012 has been completed in November 2015. After the restructuring, the Group has gradually increased the number of its vessels into eight (8), where 3 (three) vessels were purchased using preferred equity interest earned from MLA Restructuring (Note 34). The Group continued optimizing its profitable assets and cost efficiency up to the reporting date.

The increase in Group's equity from US\$ 29.0 million as of December 31, 2018 to US\$ 30.7 million as of December 31, 2019 was mainly due to revaluation of the Group's vessels.

The Group sold its two vessels in 2019, which part of proceeds were used to fully settle Bank Mandiri loan, as part of the Group's strategy to improve its financial position and future cash flow by reducing interest payment and principal installment.

These factors, among others, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Group's continuation as a going concern is dependent upon its ability to generate sufficient cash flows to meet its obligations on a timely basis, to comply with the terms and conditions in the PKPU Amendment Plan and ultimately, to attain profitable operations and improve the position of the Group's deficit.

Management believes that the Group's performance will improve in the following years, hence able to meet its obligations on a timely basis in accordance with the provisions of the PKPU Amendment Plan. Therefore, the Group is undertaking the following strategic implementation:

- a. Increase portion of time charter-out and consecutive voyage to ensure and stabilize the Group's revenue and reduce operational costs. The Group has already in final stage of the time charter negotiation with one of well-known multinational oil company to time charter-out one of its vessel for period of 6 months in 2020. In February 2020, the Group has started its charter contract with Exxon, consequently, time charter-out vessel portfolio increased from 50% to 80% of total fleet.

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38. GOING CONCERN (continued)

- b. Focus to operate in domestic Indonesia in relation with the government policy to affirm the implementation of B30 program (30% biodiesel) from B20 this year, which will be effective from January 1, 2020. The B30 program is a government strategic program to reduce trade balance deficit by increasing obligation to mix biodiesel in diesel oil up to 30%.

Biodiesel is Fatty Acid Methyl Ester (FAME) produced from palm oil through esterification process, and is a type of cargo required to use chemical tankers transportation, which is the Group's main business.

With the enactment of this policy, the demand for biodiesel and transportation will increase 50% from previous year to 9 million kiloliters in 2020.

- c. Increase the portion of time charter-in so as to maintain a more stabilized revenue from operations. In February 2020, management has started to time charter-in and operate one additional chemical tanker from third party.
- d. Remain focused on maintaining an efficient cost structure by working closely with all ship managers to ensure the maintenance of fleet is carried out efficiently and having a lean and effective workforce.
- e. Business extensification that still related to Group's main business, such as ship management service and crew management (manning) to third party.

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

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

39. EVENTS AFTER THE REPORTING PERIOD

Economic Environment Uncertainty

On March 11, 2020, the World Health Organization ("WHO") declared the outbreak of corona virus ("Covid-19") as a global pandemic. This Covid-19 outbreak has caused global and domestic economic slowdown, which in turn affected the operations of the Group, its customers and vendors. While disruption is expected to be temporary, there is considerable uncertainty around the extent of the impact of Covid-19 on the Group's operations and financial performance. The extent of such impact will depend on certain future development which cannot be predicted at this moment, including the duration of the spread of the outbreak, economic and social measures that are being taken by the government authorities to handle Covid-19 threat, and the impact of such factors to the Group's employees, customers and vendors. The management is closely monitoring the Group's operations, liquidity and resources, and is actively working to minimize the current and future impact of this unprecedented situation. These consolidated financial statements do not include any adjustment that might result from the outcome of the aforementioned uncertainty.

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and
For the Year Then Ended
(Expressed in United States dollar, unless otherwise stated)**

39. EVENTS AFTER THE REPORTING PERIOD (continued)

Changes in Corporate Tax Rate

On March 31, 2020, as part of the economic stimulus protection against the impact of Covid-19, the government of the Republic of Indonesia announced Government Regulation in Lieu of Acts ("Perpu") No. 1 Year 2020 Regarding State Financial Policy and Financial System Stability for Handling of Corona Virus Disease-19 (Covid-19) Pandemic and/or in Order to Counter Threats which are Dangerous to National Economy and/or Financial System Stability.

Perpu No.1 Year 2020 regulates, among others, a decrease in the corporate tax rate as follows:

- For fiscal years 2020 and 2021: from 25% to 22%;
- Starting fiscal year 2022: from 22% to 20%;
- Domestic public listed companies that fulfill certain additional criteria will be eligible for a tax rate which is lower by 3% from the abovementioned tax rates.

The decrease in tax rates do not affect the amounts of current or deferred income taxes recognized as of December 31, 2019. However, these changes will decrease the Group's future tax charge accordingly.

Horticultural Product Import Recommendation (RIPH)

On April 7, 2020, the Company's subsidiary has received RIPH from Ministry of Agriculture for importation of garlic from China during the months of January up to July 2020.

Deferral of Payment of Bank Loan Installments

On May 12, 2020, BCA has agreed on the following:

- Deferral of principal installment payments until December 31, 2020;
- Deferral of interest installment payments until September 30, 2020;
- Payment of interest installments for the period of January to December 2020 shall be paid no later than December 31, 2020;
- Payment of principal and interest installments thereafter shall begin for installments due on March 31, 2021 and onward (every quarter);
- Restructuring fee due in June 2020 must be paid no later than March 31, 2021.

40. 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 May 28, 2020.