

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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020 AND
FOR THE SIX-MONTH PERIOD THEN ENDED
(UNAUDITED)**

**PT BERLIAN LAJU TANKER Tbk
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020 AND
AND FOR THE SIX-MONTH PERIOD THEN ENDED
(UNAUDITED)**

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PT BERLIAN LAJU TANKER Tbk

"Delivers with Safety, Competitiveness and Timeliness"



**BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR
THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF
PT BERLIAN LAJU TANKER TBK AND ITS SUBSIDIARIES
AS OF JUNE 30, 2020 AND FOR THE SIX-MONTH PERIOD THEN ENDED
(UNAUDITED)**

We, the undersigned:

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

declare that:

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

This statement is made in all truth.

For and on behalf of the Board of Directors


Siana Anggraeni Surya **Benny Rachmat**
President Director Independent Director

Jakarta, July 30, 2020

Head Office :

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**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	<u>Notes</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	2e,4,33	1,886,597	578,189
Trade receivables - third parties - net	2e,2g,5,33	2,460,126	1,936,865
Contract assets	2e,2h,5,33	-	64,920
Other receivables - third parties - net	2e,6,33	749,113	749,780
Inventories	2i	574,725	332,662
Biological Assets	2k,7	360,236	308,296
Advances	2j,7	732,973	591,512
Prepaid expenses	2j	576,597	366,193
Prepaid taxes	2s,13	365,170	292,276
Total Current Assets		<u>7,705,537</u>	<u>5,220,693</u>
NON-CURRENT ASSETS			
Non-current financial assets	2e,2q,8,33	11,143,180	11,143,180
Investments in associates and joint venture	2k,2n,9	32,506,906	30,786,738
Fixed assets - net	2l,2n,10	<u>19,368,982</u>	<u>20,262,018</u>
Total Non-current Assets		<u>63,019,068</u>	<u>62,191,936</u>
TOTAL ASSETS		<u>70,724,605</u>	<u>67,412,629</u>

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	<u>Notes</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
LIABILITIES AND NET EQUITY			
CURRENT LIABILITIES			
Trade payables	2e,11,33		
Related parties	2c,30	127,760	139,488
Third parties		4,691,094	4,057,561
Accrued expenses	2e,12,33	1,192,166	1,372,963
Taxes payable	2s,13	152,293	88,033
Short term loan	2f,15,35,36	379,025	379,025
Current maturities of long-term liabilities	2e,32,33		
Loans payable	2c,16	303,535	607,069
Other payables	17	1,003,000	1,001,878
Lease Liabilities	2c,20,32	1,259,760	1,026,487
Other current liabilities			
Related party	2c,32	627,547	511,031
Third parties		641,344	384,507
Total Current Liabilities		<u>10,377,524</u>	<u>9,568,042</u>
NON-CURRENT LIABILITIES			
Long-term liabilities - net of			
current maturities	2e,32,33		
Loans payable	2c,16,32	16,785,791	16,506,907
Other payables	17	8,993,544	8,824,872
Lease liabilities	2c,20,32	288,506	530,404
Provision for employee benefits	2o,16	1,261,427	1,329,962
Total Non-current Liabilities		<u>27,329,268</u>	<u>27,192,145</u>
TOTAL LIABILITIES		<u>37,706,792</u>	<u>36,760,187</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	2t,17	172,176,150	172,176,150
Additional paid-in capital	2q,2t,18	1,117,092,143	1,117,092,143
Other capital reserves	2q,30,31,32	7,931,594	7,931,594
Treasury shares	2t,19	(6,515,636)	(6,515,636)
Difference arising from changes in equity of subsidiaries and			
effect of transactions with non-controlling interest	20	7,787,469	7,787,469
Reserves	2d,2e,2l,21	(12,802,178)	(12,803,052)
Deficit		(1,252,651,729)	(1,255,016,226)
Net Equity		<u>33,017,813</u>	<u>30,652,442</u>
TOTAL LIABILITIES AND NET EQUITY		<u>70,724,605</u>	<u>67,412,629</u>

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For The Six-Month Period Ended June 30, 2020 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	2020	Notes	2019
OPERATING REVENUES	9,792,853	2m,2r,22	10,574,334
VOYAGE EXPENSES	(1,508,858)	2c,2r,23,30	(2,114,547)
OPERATING REVENUES AFTER VOYAGE EXPENSES	8,283,995		8,459,787
Vessel depreciation and ship operating expenses:		2r	
Ship operating expenses	(2,592,354)	24	(4,254,748)
Vessel depreciation	(1,563,007)	2l,10	(2,407,902)
Charter expenses	(1,175,227)	2m	-
GROSS PROFIT	2,953,407		1,797,137
Administrative expenses	(1,762,013)	2r,25	(1,867,453)
Share in profits of associates and joint venture	1,720,168	2k,9	1,732,460
Other income (losses) - net	208,709	2d,2r,27	(17,470)
PROFIT BEFORE INTEREST AND TAX	3,120,271		1,644,674
Finance cost	(652,781)	2e,2r,14,15,26	(863,916)
Interest income	4,381	2r,4	5,976
PROFIT BEFORE INCOME TAX	2,471,871		786,734
INCOME TAX EXPENSE - NET	(107,374)	2s,13	(88,905)
NET PROFIT FOR THE YEAR	2,364,497		697,829
OTHER COMPREHENSIVE INCOME	874		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,365,371		697,829
Net profit for the period attributable to:			
Owners of the Company	2,364,497		697,829
Non-controlling interest	-		-
Total	2,364,497		697,829
Total comprehensive income for the period attributable to:			
Owners of the Company	2,365,371		697,829
Non-controlling interest	-		-
Total	2,365,371		697,829
BASIC EARNINGS PER SHARE	0.00009	2u,28	0.00003
DILUTED EARNINGS PER SHARE	0.00009	2u,28	0.00003

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Six-Month Period Ended June 30, 2020 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	Difference arising from changes in equity of subsidiaries and effect of transactions with non-controlling interests (Note 20)					Reserves (Note 21)					
	Share capital (Note 17)	Additional paid-in capital (Note 18)	Other capital reserves (Notes 30, 31, and 32)	Treasury shares (Note 19)		Revaluation reserves	General reserves	Fair value reserves	Financial statements translation	Deficit	Net equity
Balance per January 1, 2019	163,636,458	1,115,631,835	17,931,594	(6,515,636)	7,787,469	4,920,596	5,898,328	(51,915,152)	(120,331)	(1,228,287,325)	28,967,836
Mandatory Convertible Securities (MCS) Conversion	8,539,693	1,460,307	(10,000,000)	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	-	697,829	697,829
Balance per June 30, 2019	172,176,151	1,117,092,142	7,931,594	(6,515,636)	7,787,469	4,920,596	5,898,328	(51,915,152)	(120,331)	(1,227,589,496)	29,665,665
Balance per January 1, 2020	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
Net profit for the year	-	-	-	-	-	-	-	-	-	2,364,497	2,364,497
Other Comprehensive Income - Net	-	-	-	-	-	-	-	-	874	-	874
Balance per June 30, 2020	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)	(110,620)	(1,252,651,729)	33,017,813

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For The Six-Month Period Ended June 30, 2020 (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

	<u>2020</u>	<u>Notes</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	9,334,512		10,734,127
Cash paid to suppliers and employees	<u>(6,984,248)</u>		<u>(9,154,233)</u>
Cash generated from operations	2,350,264		1,579,894
Finance cost paid	-		(659,437)
Income tax paid	(107,374)	13	(88,905)
Interest received	<u>4,381</u>		<u>5,976</u>
Net cash provided by operating activities	<u>2,247,271</u>		<u>837,528</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	<u>(938,863)</u>	10	<u>(945,122)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of loans and other payables	<u>-</u>	34	<u>(1,709,047)</u>
NET DECREASE IN CASH ON HAND AND IN BANKS	1,308,408		(1,816,641)
CASH ON HAND AND IN BANKS AT THE BEGINNING OF THE PERIOD	<u>578,189</u>	4	<u>3,174,557</u>
CASH ON HAND AND IN BANKS AT THE END OF THE PERIOD	<u><u>1,886,597</u></u>	4	<u><u>1,357,916</u></u>

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

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of June 30, 2020 and
For the Six-Month Period Then Ended (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

1. GENERAL

a. General information

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

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

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

b. Public offering of shares, bonds, and notes payable

Shares

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

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

On December 26, 1997, the Company obtained the notice of effectivity from the Chairman of Bapepam for the Company's Rights Issue II with pre-emptive right to shareholders totaling 305,760,000 shares with 61,152,000 warrants at an exercise price of Rp 1,200 per warrant. Each warrant was entitled to purchase one share from July 16, 1998 to January 20, 2003. Based on the addendum to the 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
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of June 30, 2020 and
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(Expressed in United States dollar, unless otherwise stated)**

1. GENERAL (continued)

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

Shares (continued)

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

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

All 11,550,831,470 issued shares of the Company are listed in the IDX and SGX. On January 24, 2012, the Company requested temporary suspension of trading on both stock exchanges on grounds of future disclosure of material information that may affect investors' decision. On January 25, 2012, the IDX and SGX suspended the trading of the Company's securities until further notice by the Company. On January 26, 2012, the Company announced the debt standstill to temporarily cease debt payments of the 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.

**PT BERLIAN LAJU TANKER TBK
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of June 30, 2020 and
For the Six-Month Period Then Ended (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

1. GENERAL (continued)

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

Bonds and notes payable

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.

**PT BERLIAN LAJU TANKER TBK
AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of June 30, 2020 and
For the Six-Month Period Then Ended (Unaudited)
(Expressed in United States dollar, unless otherwise stated)**

1. GENERAL (continued)

c. The Group's structure (continued)

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

No.	Company	Kegiatan Usaha/Principal Activity	Domicile	Start of Commercial Operations	Percentage of Ownership (%)	Total Assets Before Elimination	Percentage of Ownership (%)	Total Assets Before Elimination
					Jun 30, 2020	Jun 30, 2020	Dec 31, 2019	Dec 31, 2019
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	108,596	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
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	52,091,588	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	5,658,025	100	5,151,567
3.1.1	Gold Bridge Shipping Ltd.	Shipping agency	Hong Kong	April 27, 1990	100	21,580,776	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	2,233,333	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	15,598,065	100	16,994,815
3.1.6	Amber Pacific Corporation	a) 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	4,704	100	353,567
4	PT Brotojojo Maritime ("BRM")	Owner and operator of vessel	Indonesia	January 20, 2003	100	14,338,411	100	17,286,946
5	PT Cendanawati Maritim	Owner and operator of vessel	Indonesia	April 6, 2016	100	906,720	100	907,192
7	PT Dewi Sri Maritim	Owner and operator of vessel	Indonesia	October 18, 2017	100	621,113	100	432,719
8	PT Niaga Global Modern Indonesia	Trading	Indonesia	February 19, 2019	100	653,627	-	-
9	Teekay BLT Corporation	Investment holding company	Marshall Islands	June 29, 2005	30	380,659,986	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.

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

1. GENERAL (continued)

d. Boards of Commissioners and Directors, and Audit Committee

The Company's management consisted of the following:

Board of Commissioners

President Commissioner	:	Hadi Surya
Commissioner	:	Safzen Noerdin
Independent Commissioner	:	Antonius Joenoes Supit

Board of Directors

President Director	:	Siana Anggraeni Surya
Director	:	Yulian Heri Ernanto
Independent Director	:	Benny Rachmat

Audit Committee

Chairman	:	Antonius Joenoes Supit
Members	:	Timotius Denny Susilo

The Group had a total number of 54 employees as of June 30, 2020.

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>2020</u>	<u>2019</u>
Rupiah (Rp'000)	0.0699	0.0719
Singapore dollar (SGD)	0.7174	0.7424

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

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

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Cash on hand	117,162	92,711
Cash in banks		
Rupiah		
PT Bank Ina Perdana Tbk	515,742	13,417
PT Bank Negara Indonesia (Persero) Tbk	227,832	48,360
Citibank N.A.	182,599	4,685
PT Bank Central Asia Tbk	2,386	1,756
PT Bank Mandiri (Persero) Tbk	955	1,034
US dollar		
OCBC Bank	376,348	247,366
PT Bank Negara Indonesia (Persero) Tbk	245,393	38,454
Citibank N.A.	180,109	107,760
Bank of China (Hongkong) Limited	29,800	12,534
PT Bank Central Asia Tbk	3,272	5,062
Others	2,166	2,216
Other currencies	2,833	2,834
Total	<u>1,886,597</u>	<u>578,189</u>

Interest income earned from cash in banks in 2020 and 2019 amounted to US\$ 4.4 thousand and US\$ 5.9 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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
PT Exxonmobil Lubricants Indonesia	638,865	-
Sojitz Corporation	547,207	-
PT Pertamina International Shipping	483,364	535,629
PT Pertamina (Persero)	452,800	731,748
PT Pertamina Patra Niaga	-	336,042
PT Lintas Samudra Borneo Line	-	194,414
Others (below US\$ 100,000)	482,144	269,336
Sub-total	2,604,380	2,067,169
Allowance for impairment	(144,254)	(130,304)
Net	<u>2,460,126</u>	<u>1,936,865</u>

b. Contract Assets

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

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Rupiah	1,706,226	1,130,608
US dollar	898,154	1,001,481
Sub-total	2,604,380	2,132,089
Allowance for impairment	(144,254)	(130,304)
Net	<u>2,460,126</u>	<u>2,001,785</u>

The aging of trade receivables and contract assets as of June 30, 2020 and December 31, 2019 were as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Not yet due	2,002,126	1,077,220
Overdue:		
1 - 60 days	440,890	669,445
61 - 120 days	-	40,435
121 - 180 days	-	-
> 180 days	161,364	344,989
Sub-total	2,604,380	2,132,089
Allowance for impairment	(144,254)	(130,304)
Net	<u>2,460,126</u>	<u>2,001,785</u>

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5. TRADE RECEIVABLES AND CONTRACT ASSETS (continued)

The changes in allowance for impairment loss are as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance	130,304	130,178
Addition - net (Note 27)	<u>13,950</u>	<u>126</u>
Ending balance	<u>144,254</u>	<u>130,304</u>

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

6. OTHER RECEIVABLES - THIRD PARTIES - NET

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Commission receivable	648,247	650,422
Insurance claims	88,750	182,234
Bunker swap receivables	107,901	111,528
Others	<u>577,762</u>	<u>479,143</u>
Subtotal	1,422,660	1,423,327
Allowance for impairment	<u>(673,547)</u>	<u>(673,547)</u>
Total	<u>749,113</u>	<u>749,780</u>

The changes in allowance for impairment loss are as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance	673,547	735,597
Addition (Note 27)	-	20,400
Write-off	<u>-</u>	<u>(82,450)</u>
Ending balance	<u>673,547</u>	<u>673,547</u>

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

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8. ADVANCES

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

9. NON-CURRENT FINANCIAL ASSETS

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Financial assets fair value through other comprehensive income:		
Nevaeh Limited	11,139,263	11,139,263
Financial assets at amortized cost:		
Security deposits	3,917	3,917
Total	<u>11,143,180</u>	<u>11,143,180</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 are as follows:

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

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.

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10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The following entities have been included in the consolidated financial statements using the equity method as of June 30, 2020 and December 31, 2019:

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

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

	2020	2019
Beginning balance	30,786,738	26,304,534
Change in accounting policy	-	-
Beginning balance (As restated - Note 36)	30,786,738	26,304,534
Share in profit for the year	1,720,168	4,482,234
Dividend	-	(30)
Ending balance	32,506,906	30,786,738

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

	June 30, 2020			
	Teekay BLT Corporation	Thai Petra Transport Co. Ltd.	PT Berlian Limatama	Total
Current assets	40,164,764	437,849	400,164	41,002,777
Non-current assets	340,495,222	352,084	18	340,847,324
Current liabilities	(222,739,035)	(231,968)	(94,689)	(223,065,692)
Non-current liabilities	(50,543,491)	(88,229)	-	(50,631,720)
Net assets	107,377,460	469,736	305,493	108,152,689
Group's share in net assets of associates/ joint venture	32,213,238	140,921	152,747	32,506,906
	2020			
Revenues	20,978,750	-	-	20,978,750
Operating expenses	(6,977,122)	-	-	(6,977,122)
Gross profit	14,001,628	-	-	14,001,628
Administrative expenses	(178,748)	-	-	(178,748)
Finance cost	(2,278,654)	-	-	(2,278,654)
Other income (loss) - net	(6,679,106)	-	-	(6,679,106)
Profit before tax	4,865,120	-	-	4,865,120
Tax expense	868,774	-	-	868,774
Profit for the year	5,733,894	-	-	5,733,894
Group's share in profit of associates/ joint venture	1,720,168	-	-	1,720,168

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10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

	December 31, 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
	2019			
Revenues	22,008,719	83,257	212	22,092,188
Operating expenses	(6,983,969)	(13,823)	-	(6,997,792)
Gross profit	15,024,750	69,434	212	15,094,396
Administrative expenses	12,753	(50,778)	(11)	(38,036)
Finance cost	(3,524,830)	(2,668)	-	(3,527,498)
Other income (loss) - net	(4,380,163)	(4,563)	(1)	(4,384,727)
Profit before tax	7,132,510	11,425.00	200.00	7,144,135
Tax expense	(1,369,402)	-	-	(1,369,402)
Profit for the year	5,763,108	11,425	200	5,774,733
Group's share in profit of associates/ joint venture	1,728,932	3,428	100	1,732,460

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

	June 30, 2020					
	Beginning balance	Additions	Deductions	Transfers	Revaluations	Ending balance
Cost/valuation						
Owned vessels	18,960,250	937,916	-	-	-	19,898,166
Buildings and premises	773,560	-	-	-	-	773,560
Vehicles	120,689	-	-	-	-	120,689
Office furniture and fixtures	124,661	-	-	-	-	124,661
Office and dormitory equipment	468,170	947	-	-	-	469,086
Right-of-use asset						
Building	1,410,794	-	-	-	-	1,410,170
Total	21,858,124	938,863	-	-	-	22,796,332
Accumulated depreciation and impairment loss						
Owned vessels	-	1,563,007	-	-	-	1,563,007
Buildings and premises	493,999	15,555	-	-	-	509,554
Vehicles	120,102	141	-	-	-	120,243
Office furniture and fixtures	124,661	-	-	-	-	124,661
Office and dormitory equipment	393,778	16,952	-	-	-	410,730
Right-of-use asset						
Building	463,566	235,524	-	-	-	699,155
Total	1,596,106	1,831,179	-	-	-	3,427,350
Net book value	20,262,018					19,368,982

	December 31, 2019					
	Beginning balance	Additions	Deductions	Transfers	Revaluations	Ending balance
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)	-	-	468,170
Right-of-use asset						
Building	-	1,410,446	-	-	-	1,410,794
Total	27,733,373	2,744,856	(5,830,589)	(3,824,855)	1,034,972	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)	-	-	393,778
Right-of-use asset						
Building	-	463,553	-	-	-	463,566
Total	1,788,656	5,030,226	(1,397,935)	(3,824,855)	-	1,596,106
Net book value	25,944,717					20,262,018

Depreciation expense was allocated as follows:

	2020	2019
Vessel depreciation	1,563,007	2,575,371
Administrative expenses (Note 27)	268,172	40,795
Total	1,831,179	2,616,166

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11. FIXED ASSETS (continued)

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 revalued 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.

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

The Group's fleet consists of six (6) as of June 30, 2020 and December 31, 2019, 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) with Asuransi Multi Artha Guna and LCH Lockton Pte. Ltd.

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

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

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

As of June 30, 2020 and December 31, 2019, 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.

12. TRADE PAYABLES

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
By creditors		
Related parties (Note 32)	127,760	139,488
Third parties	4,691,094	4,057,561
Total	<u>4,818,854</u>	<u>4,197,049</u>
By currency		
US dollar	2,886,989	2,458,311
Singapore dollar	1,128,564	840,628
Rupiah	586,590	719,821
Euro	126,519	126,255
Other currencies	90,192	52,034
Total	<u>4,818,854</u>	<u>4,197,049</u>

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

All trade payables are non-interest bearing and unsecured.

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13. ACCRUED EXPENSES

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Vessels operating and dry docking	730,889	1,294,016
Interest	386,641	-
Others	74,636	78,947
Total	<u>1,192,166</u>	<u>1,372,963</u>

14. TAXATION

Details of prepaid taxes are as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Value-added tax	358,941	292,276
Income tax		
Article 22	6,229	-
Article 23	-	-
Total	<u>365,170</u>	<u>292,276</u>

Details of taxes payable are as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Income taxes:		
Article 4 (2)	6,214	4,507
Article 15	9,142	177
Article 21	46,786	76,557
Article 23	558	226
Article 26	3,000	3,600
Value-added tax	86,593	2,966
Total	<u>152,293</u>	<u>88,033</u>

Details of income tax expense - net are as follows:

	<u>2020</u>	<u>2019</u>
Deferred tax:		
The Company	-	-
Final tax:		
The Company	(37,900)	(28,349)
Subsidiaries	(69,474)	(60,556)
Income tax expense - net	<u>(107,374)</u>	<u>(88,905)</u>

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14. TAXATION (continued)

Final income tax

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

	<u>2020</u>	<u>2019</u>
The Company	37,900	28,349
Subsidiaries	69,474	60,556
Payments during the year	<u>(107,374)</u>	<u>(88,905)</u>
Final income tax payable	<u><u>-</u></u>	<u><u>-</u></u>

Current tax

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

	<u>2020</u>	<u>2019</u>
Profit before income tax per consolidated statement of profit or loss and other comprehensive income		
Consolidated	2,471,874	637,554
Subsidiaries (after elimination)	<u>2,524,830</u>	<u>1,059,684</u>
Profit (loss) before income tax of the Company	(52,956)	(422,130)
Temporary differences:		
Employee benefits	-	-
Difference in fair value of financial liabilities	-	-
Movement in allowance for impairment of receivables	-	-
Permanent differences:		
Net expense already subjected to final tax - net	(188,743)	(33,885)
Interest income subjected to final tax	(1,818)	(1,651)
Non-deductible expenses (income)	243,517	457,666
Others	<u>-</u>	<u>-</u>
Taxable loss of the Company	-	-
Uncompensated prior year tax losses:		
2018	(1,361,827)	(1,361,827)
2017	(1,183,273)	(1,183,273)
2016	<u>(906,877)</u>	<u>(906,877)</u>
Accumulated tax losses	<u><u>(3,451,977)</u></u>	<u><u>(3,451,977)</u></u>

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14. TAXATION (continued)

Deferred tax

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

	<u>January 1, 2020</u>	<u>Charged to profit or loss</u>	<u>Credited to toher other comprehensive income</u>	<u>June 30, 2020</u>
The Company				
Provision for employee benefits	-	-	-	-
	<u>January 1, 2019</u>	<u>Charged to profit or loss</u>	<u>Credited to toher other comprehensive income</u>	<u>December 31, 2019</u>
The Company				
Provision for employee benefits	323,290	(757,838)	434,548	-

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\$ 863.0 thousand as of December 31, 2019, 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:

	<u>2020</u>	<u>2019</u>
Profit before income tax per consolidated statement of income and other comprehensive income		
Consolidated	2,471,874	637,554
Subsidiaries (after elimination)	2,524,830	1,059,684
Income (expenses) net of related expense (income), already subjected to final tax	(52,956)	(422,130)
Taxable income	-	-
Income tax expense at prevailing tax rate (25%)	-	-
Effect of:		
Reversal of deferred tax	-	-
Non-deductible income and expenses	-	-
Unrecognized deferred taxes	-	-
Final income tax	(107,374)	(88,905)
Income tax expense - net	(107,374)	(88,905)

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14. TAXATION (continued)

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.

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Bank loans:		
PT Bank Central Asia Tbk	1,972,974	1,972,974
PT Bank Mandiri (Persero) Tbk	-	-
Related party loan:		
PT Bagusnusa Samudra Gemilang (Note 32)	1,916,352	1,941,002
Other:		
Amicorp Trustees (Singapore) Limited	13,200,000	13,200,000
Total	<u>17,089,326</u>	<u>17,113,976</u>
Current	303,535	607,069
Non-current	16,785,791	16,506,907
Total	<u>17,089,326</u>	<u>17,113,976</u>
By currency:		
US dollar	15,172,974	15,172,974
Rupiah	1,916,352	1,941,002
Total	<u>17,089,326</u>	<u>17,113,976</u>

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16. LOANS PAYABLE (continued)

(i) Bank Loans

PT Bank Central Asia Tbk (“BCA”)

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

- If there is remaining cash in the Earnings Account (after the payment of interest, taxes and other costs that may be incurred outside the Principal Amount), the remaining cash can be used for amortization of the outstanding principal amount which will be paid on every interest payment date effective from the date of approval of the PKPU Amendment Plan until March 31, 2017;
- Repayment of the principal amount shall be paid by way of 32 equal quarterly installments with the first installment commencing on June 30, 2017;
- Where there is insufficient cash to pay a quarterly installment of principal amount, with the written consent of BCA, the Company may add the amount of that installment to the next quarterly installment.
- No accelerated repayment from cash sweep.

Based on Letter No. 812/RPK/2020 dated May 12, 2020, BCA has agreed on the following:

- Postponement of principal installment payments until December 31, 2020;
- Postponement 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.

The annual effective interest rate of the loan is 6.0% in 2020 and 2019, respectively. Finance cost charged to profit or loss in 2020 and 2019 amounted to US\$ 59.8 thousand and US\$ 75.5 thousand, respectively (Note 28).

(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 in 2020.

In 2020 and 2019, the annual effective interest rate of the loan is 3.14%. Interest expense charged to profit or loss in 2020 and 2019 amounted to US\$ 27.9 thousand and US\$ 29 thousand, respectively (Note 28).

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16. LOANS PAYABLE (continued)

(iii) Other

Amicorp Trustees (Singapore) Limited

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

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

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

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

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.

- 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 5.8 % and 5.3% in 2020 and 2019, respectively. Interest expense charged to profit or loss in 2020 and 2019 amounted to US\$ 378.5 thousand and US\$ 346.9 thousand, respectively (Note 28).

17. OTHER PAYABLES

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Third parties:		
Payables to BULL	8,993,544	8,824,872
Claims for vessel repairs and fuel purchases	1,003,000	1,001,878
Total	<u>9,996,544</u>	<u>9,826,750</u>
Current	1,003,000	1,001,878
Non-current	8,993,544	8,824,872
Total	<u>9,996,544</u>	<u>9,826,750</u>

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17. OTHER PAYABLES (continued)

a. Payable to BULL

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

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

Based on management's discounted cash flow forecast analysis, using 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 process, PT Danatama Perkasa (DP), a third party investor, will transfer back 3,142 million shares (equivalent to 17.8% of the total issued shares) in BULL to the Company after the completion of the enforcement of BULL's security. Until June 30, 2020, no shares have been received yet by the Company.

b. Claims for vessel repairs and fuel purchases

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

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

Pursuant to PKPU Amendment Plan in 2015, the total restructured trade debt being 50% of the total trade debts shall be repaid in equal monthly installments over a period of five years (Note 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 are as follows:

Post-employment benefits	37
Other long-term employee benefits	37

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18. PROVISION FOR EMPLOYEE BENEFITS (continued)

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Post-employment benefits	1,256,187	1,324,722
Other long-term employee benefits	5,240	5,240
Total	<u>1,261,427</u>	<u>1,329,962</u>

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

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

19. SHARE CAPITAL

The composition of shareholders is as follows:

<u>Name of shareholders</u>	<u>June 30, 2020</u>		<u>Total paid-up capital US\$</u>
	<u>Number of shares</u>	<u>Percentage of ownership (%)</u>	
<u>Series A</u>			
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
Pershing LLC Main Custody Account	1,438,681,327	5.55	6,872,331
Bina Surya Group Employees Cooperative	2,422,056	0.01	22,976
Siana Anggraeni Surya	62,400	-	592
Public (below 5.0 % each)	15,920,136,844	61.37	98,529,349
<u>Series B</u>			
PT Elang Megah Inti	2,366,547,505	9.12	8,225,747
Public (below 5.0 % each)	90,322,060	0.35	313,945
Total	<u>25,940,187,103</u>	<u>100.00</u>	<u>172,176,150</u>

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19. SHARE CAPITAL (continued)

Name of shareholders	December 31, 2019		
	Number of shares	Percentage of ownership (%)	Total paid-up capital US\$
<u>Series A</u>			
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	59.09	95,693,991
<u>Series B</u>			
PT Elang Megah Inti	2,456,869,565	9.47	8,539,692
Total	25,940,187,103	100.00	172,176,150

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.

20. ADDITIONAL PAID-IN CAPITAL

	June 30, 2020	December 31, 2019
Paid-in capital	1,189,776,348	1,189,776,348
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	1,117,092,143

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21. TREASURY SHARES

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

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

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

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

This account consists of the following transactions:

	June 30, 2020 and December 31, 2019
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.

23. RESERVES

	June 30, 2020	December 31, 2019
Fair value reserves	(22,638,726)	(22,638,726)
General reserves	5,898,328	5,898,328
Revaluation reserves	4,048,840	4,048,840
Financial statements translations	(110,620)	(111,494)
Total	(12,802,178)	(12,803,052)

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23. RESERVES (continued)

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

	2020	2019
Beginning balance	4,048,840	4,920,596
Revaluation increase - net (Note 11)	-	1,657,509
Transfers to deficit	-	(2,529,265)
Ending balance	4,048,840	4,048,840

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

	2020	2019
Operating revenues from:		
Chemical vessels	7,267,357	8,705,600
Gas vessels	2,491,181	1,831,599
Others	34,315	37,135
Total	9,792,853	10,574,334

In 2020, operating revenues exceeding 10% of total consolidated operating revenues are derived from PT Pertamina (Persero) and PT Pertamina International Shipping which are approximately US\$ 3.6 million and US\$ 1.5 million or 37% and 15% of total consolidated operating revenues, respectively.

In 2019, operating revenues exceeding 10% of total consolidated operating revenues are derived from PT Pertamina (Persero) and PT USDA Seroja Jaya which are approximately US\$ 5.5 million or 55.2% of total consolidated operating revenues.

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24. VOYAGE EXPENSES

	<u>2020</u>	<u>2019</u>
Fuel	1,025,200	1,299,702
Port charges	483,658	814,845
Total	<u>1,508,858</u>	<u>2,114,547</u>

In 2020 and 2019, 1.0% and 2.5% 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.

25. SHIP OPERATING EXPENSES

	<u>2020</u>	<u>2019</u>
Vessel crew salaries	1,613,336	2,557,833
Insurance	209,566	302,543
Lubricant	158,762	184,765
Processing of documents	129,656	172,721
Spare parts	112,676	361,968
Vessel crew meal allowances	103,787	152,003
Repairs and maintenance	101,556	216,400
Transportation	44,401	87,614
Supplies	13,993	19,077
Others	104,621	199,824
Total	<u>2,592,354</u>	<u>4,254,748</u>

26. ADMINISTRATIVE EXPENSES

	<u>2020</u>	<u>2019</u>
Salaries	781,190	937,954
Professional fees	327,619	361,037
Depreciation (Note 11)	268,172	37,803
Office expenses	164,340	336,838
Transportation	37,606	40,370
Telecommunication	26,710	33,020
Bank charges	16,058	22,189
Impairment loss receivables (Notes 5 and 6)	13,950	(58,899)
Representation	13,113	35,767
Marketing	11,497	7,773
Training and education	4,152	2,527
Others	97,606	111,074
Total	<u>1,762,013</u>	<u>1,867,453</u>

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27. FINANCE COST

	2020	2019
Loans (Note 16)	466,204	662,313
Lease liabilities (Note 32)	34,312	-
Others	152,265	201,603
Total	652,781	863,916

28. OTHER INCOME (LOSSES) - NET

	2020	2019
Foreign exchange gain - net	60,487	(179,197)
Others	148,222	161,727
Net	208,709	(17,470)

29. EARNINGS (LOSS) PER SHARE

The Group's computation of earnings (loss) per share in 2020 and 2019 is as follows:

	2020	2019
Net profit (loss) attributable to owners of the Company	2,364,497	598,036
Weighted average number of outstanding shares	25,909,159,992	23,452,290,427
Basic earnings (loss) per share	0.00009	0.00003
Net profit (loss) attributable to owners of the Company	2,364,497	598,036
Weighted average number of outstanding shares	25,909,159,992	23,452,290,427
Effect of dilution:		
Shares to be issued to PT Elang Megah Inti (Note 33)	-	2,456,869,565
Weighted average number of outstanding shares adjusted for the effect of dilution	25,909,159,992	25,909,159,992
Diluted earnings (loss) per share	0.00009	0.00002

30. 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.

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31. SEGMENT INFORMATION (continued)

- 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.

Segment assets and liabilities

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Segment assets:		
Chemical	15,258,552	16,674,570
Gas	8,359,463	6,776,801
Others	3,456,505	2,035,257
Total	27,074,520	25,486,628
Unallocated assets	43,650,085	41,926,001
Consolidated	<u>70,724,605</u>	<u>67,412,629</u>
Segment liabilities:		
Chemical	1,825,591	2,052,377
Gas	4,067,405	2,642,296
Others	3,179,659	3,567,898
Total	9,072,655	8,262,571
Unallocated liabilities	28,634,137	28,497,616
Consolidated	<u>37,706,792</u>	<u>36,760,187</u>

Segment revenue and expenses

	2020			
	<u>Chemical</u>	<u>Gas</u>	<u>Others</u>	<u>Total</u>
Segment revenue				
External revenue	7,267,357	2,491,181	34,315	9,792,853
Segment expenses				
Voyage expenses	1,473,458	35,400	-	1,508,858
Ship operating expenses	1,921,930	670,424	-	2,592,354
Vessel depreciation	1,027,619	535,388	-	1,563,007
Charter expenses	1,175,227	-	-	1,175,227
Total segment expenses	5,598,234	1,241,212	-	6,839,446
Segment gross profit	<u>1,669,123</u>	<u>1,249,969</u>	<u>34,315</u>	<u>2,953,407</u>

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31. SEGMENT INFORMATION (continued)

Segment revenue and expenses (continued)

	2019			
	Chemical	Gas	Others	Total
Segment revenue				
External revenue	8,705,600	1,831,599	37,135	10,574,334
Segment expenses				
Voyage expenses	2,085,234	29,313	-	2,114,547
Ship operating expenses	3,423,910	830,838	-	4,254,748
Vessel depreciation	1,912,369	495,533	-	2,407,902
Charter expenses	-	-	-	-
Total segment expenses	7,421,513	1,355,684	-	8,777,197
Segment gross profit	1,284,087	475,915	37,135	1,797,137

Other segment information

	Depreciation		Capital expenditures	
	2020	2019	2020	2019
Chemical	1,027,619	1,912,369	420,286	1,578,047
Gas	535,388	495,533	518,577	-
Others	-	-	-	-
Total	1,563,007	2,407,902	938,863	1,578,047

Geographic segment

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

	June 30, 2020			
	Malaysia	Indonesia	Unallocated	Consolidated
Assets and liabilities				
Total segment assets	3,335,466	23,739,053	43,650,086	70,724,605
Total segment liabilities	(1,608,271)	(7,464,385)	(28,634,136)	(37,706,792)
Net assets	1,727,195	16,274,668	15,015,950	33,017,813
2020				
Revenues				
External revenues	1,149,025	8,643,828	-	9,792,853
Inter-segment revenues	155,800	-	(155,800)	-
Total revenues	1,304,825	8,643,828	(155,800)	9,792,853

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31. SEGMENT INFORMATION (continued)

Geographic segment (continued)

	December 31, 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
	2019			
Revenues				
External revenues	2,861,162	7,713,172	-	10,574,334
Inter-segment revenues	228,000	-	(228,000)	-
Total revenues	3,089,162	7,713,172	(228,000)	10,574,334

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:

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	Amount		Percentage to total consolidated liabilities	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Trade payables (Note 12):				
Pan Union Agencies Pte. Ltd.	76,654	78,655	0.20%	0.21%
PT Arpeni Pratama Ocean Line Tbk	26,910	26,667	0.07%	0.07%
Thai Petra Transport Co. Ltd.	15,803	23,705	0.04%	0.06%
PT Bahari Dharma Nusantara (d/h PT Garuda Mahakam Pratama)	8,393	10,461	0.02%	0.03%
Loans payable (Note 14):				
PT Bagusnusa Samudra Gemilang	1,916,352	1,941,002	5.08%	5.28%
Lease liabilities				
PT Dwibina Prima	1,548,266	1,556,891	4.11%	4.24%
Other current liabilities				
PT Dwibina Prima	627,547	511,031	1.66%	1.39%
Total	4,219,925	4,148,412	11.18%	11.28%

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	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Other capital reserves (Note 16):				
PT Bagusnusa Samudra Gemilang	7,931,594	7,931,594	25.48%	25.88%

Voyage expenses incurred with related parties are as follows:

	Amount		Percentage to total consolidated voyage expenses	
	2020	2019	2020	2019
Voyage expenses (Note 25):				
Pan Union Agencies Pte .Ltd.	11,515	26,163	-0.76%	1.24%
PT Bahari Dharma Nusantara (d/h PT Garuda Mahakam Pratama)	4,062	4,407	-0.27%	0.21%
PT Arpeni Ocean Line Tbk	-	637	0.00%	0.03%
Thai Petra Transport Co. Ltd.	-	21,797	0.00%	1.03%
Total	15,577	53,004	-1.03%	2.51%

33. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a Derivative Financial Assets

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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 June 30, 2020 and December 31, 2019, the fair value of warrants is nil.

33. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

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-posed 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

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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.

d Horticultural Product Import Recommendation (RIPH)

The Company's subsidiary has received RIPH from Ministry of Agriculture based on its Letter No. 0176/PP.240/D/04/2020 dated April 7, 2020, for importation of garlic from China during the months of January up to July 2020.

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;

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- 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.

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.

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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.

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

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- 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.

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

	June 30, 2020	December 31, 2019
At amortized cost		
Cash on hand and in banks	1,886,597	578,189
Trade receivables - third parties	2,460,126	1,936,865
Contract assets	-	64,920
Other receivables - third parties	749,113	749,780
Non-current financial assets		
Securty deposits	3,917	3,917
Fair value through other comprehensive income		
Non-current financial assets	11,139,263	11,139,263
Total	16,239,016	14,472,934

Financial liabilities

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	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Financial liabilities measured at amortized cost:		
Trade payables	4,818,854	4,197,049
Accrued expenses	1,192,166	1,372,963
Short-term loan	379,025	379,025
Long-term loan	17,089,326	17,113,976
Other payables	9,996,544	9,826,750
Lease Liabilities	1,548,266	1,556,891
Other current liabilities	1,268,891	895,538
Total	<u>36,293,072</u>	<u>35,342,192</u>

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.

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		June 30, 2020		December 31, 2019	
		Foreign Currencies	Equivalent to US\$	Foreign Currencies	Equivalent to US\$
Assets					
Cash on hand and in banks	Rp'000	14,491,357	1,013,240	1,891,246	136,051
	SGD	6,999	5,021	967	718
	EUR	2,600	2,922	2,588	2,902
Trade receivables	Rp'000	16,044,611	1,121,844	15,716,587	1,130,608
Total			2,143,027		1,270,279
Liabilities					
Trade payables	Rp'000	15,231,614	1,064,999	10,006,235	719,821
	SGD	1,825,911	1,309,939	1,132,242	840,628
	EUR	141,879	159,436	112,587	126,255
Loans payable	Rp'000	27,407,663	1,916,352	26,981,879	1,941,002
Total			4,450,726		3,627,706

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:

	June 30, 2020		December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Rupiah	2,135,084	2,981,351	1,266,659	2,660,823
Singapore dollar	5,021	1,309,939	718	840,628
Euro	2,922	159,436	2,902	126,255
Total	2,143,027	4,450,726	1,270,279	3,627,706

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.

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	June 30, 2020		December 31, 2019	
	Sensitivity Rate	Effect on profit or loss and equity	Sensitivity Rate	Effect on profit or loss and equity
Rupiah	6%	(47,902)	6%	(78,915)
Singapore dollar	6%	(73,982)	6%	(47,418)
Euro	6%	(6,740)	6%	(7,106)

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:

	June 30, 2020		December 31, 2019	
	Basis point	Effect on profit before income tax	Basis point	Effect on profit before income tax
Increase	100	(132,000)	100	(132,000)
Decrease	(100)	132,000	(100)	132,000

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.

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.

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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:

	June 30, 2020			
	Not yet due			
	High Quality	Standard Quality	Past due	Total
Cash in banks	1,769,435	-	-	1,769,435
Trade receivables - third parties	2,002,126	-	602,254	2,604,380
Contract assets	-	-	-	-
Other receivables - third parties	382,625	372,263	667,772	1,422,660
Noncurrent financial assets:				
Fair value through other comprehensive income	-	11,139,263	-	11,139,263
Security deposits	-	3,917	-	3,917
Total	4,154,186	11,515,443	1,270,026	16,939,655

35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Credit quality of financial assets (continued)

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	December 31, 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
Noncurrent 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

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.

35. FINANCIAL INSTRUMENTS (continued)

c. Financial risk management policies (continued)

Liquidity risk management (continued)

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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.

	June 30, 2020				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
Trade payables	4,818,854	-	-	-	4,818,854
Accrued expenses	1,192,166	-	-	-	1,192,166
Short-term loan	379,025	-	-	-	379,025
Long-term loans	191,310	1,048,793	11,722,046	15,023,629	27,985,778
Other payables	1,003,000	-	-	63,130,542	64,133,542
Lease liabilities	925,157	444,491	271,208	-	1,640,856
Other current liabilities	1,268,891	-	-	-	1,268,891
Total	9,778,403	1,493,284	11,993,254	78,154,171	101,419,112

	December 31, 2019				
	Less than three months	Three months to one year	More than one year to five years	Greater than five years	Total
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

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.

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.

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	<u>June 30 ,2020</u>	<u>December 31, 2019</u>
Financial assets		
Cash on hand and in banks	1,886,597	578,189
Trade receivables - third parties	2,460,126	1,936,865
Contract assets	-	64,920
Other receivables - third parties	749,113	749,780
Non-current financial assets	11,143,180	11,143,180
Total	<u>16,239,016</u>	<u>14,472,934</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Financial liabilities		
Trade payables	4,818,854	4,197,049
Accrued expenses	1,192,166	1,372,963
Short-term loan	379,025	379,025
Long-term loans	17,089,326	17,113,976
Other payables	9,996,544	9,826,750
Lease liabilities	1,548,266	1,556,891
Other current liabilities	1,268,891	895,538
Total	<u>36,293,072</u>	<u>35,342,192</u>

Assets measured at fair value

As of June 30, 2020 and December 31, 2019, the following table presents the Group's financial assets that are measured at fair value.

	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>Total</u>
June 30, 2020				
Non-current financial assets				
Financial assets at fair value through other comprehensive income	-	-	11,139,263	11,139,263
Fixed Asset				
Vessel	-	19,897,466	-	19,897,466
Total	-	19,897,466	11,139,263	31,036,729
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

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

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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:

	Nevaeh Limited	
	June 30, 2020	December 31, 2019
Beginning balance	11,139,263	10,640,532
Sales on financial assets	-	-
Unrealized gain (loss) on change in fair value	-	498,731
Ending balance	11,139,263	11,139,263

37. SUPPLEMENTARY INFORMATION FOR CASH

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

	2020	2019
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

37. SUPPLEMENTARY INFORMATION FOR CASH (continued)

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

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	June 30, 2020						
	December 31, 2019	Cash flow	Capitalisation	Effective interest amortization	Deduction	Movement of foreign exchange	June 30, 2020
Short-term loan	379,025	-	-	-	-	-	379,025
Long-term liabilities							
Loans payable	17,113,976	-	-	27,899	-	(52,549)	17,089,326
Other payables	9,826,750	-	-	169,794	-	-	9,996,544
Lease Liabilities	1,556,891	-	-	34,312	-	(42,937)	1,548,266
Total	28,497,617	-	-	232,005	-	(95,486)	29,013,161

	December 31, 2019						
	December 31, 2018	Cash flow	Capitalisation	Effective interest amortization	Deduction	Movement of foreign exchange	December 31, 2019
Short-term loan	-	379,025	-	-	-	-	379,025
Long-term liabilities							
Loans payable	24,064,493	(5,610,183)	-	58,931	(1,699,813)	300,548	17,113,976
Other payables	9,478,845	-	-	347,905	-	-	9,826,750
Lease Liabilities	-	-	1,410,446	86,639	-	59,806	1,556,891
Total	33,543,338	(5,231,158)	1,410,446	493,475	(1,699,813)	360,354	28,876,642

38. 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 July 30, 2020.