SAMUDERA SHIPPING

Powering Our Growth with the Strengths of Our People

ANNUAL REPORT 2016

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The Samudera brand is built upon the dedication of our people, our relentless pursuit of excellence, and a long, distinguished history of efficient cargo transportation.

At Samudera, we are quick to harness the winds of change and nimble in fine-tuning our strategy to drive the company forward. In the midst of this, our passionate and dedicated team have demonstrated focus, tenacity and resilience as we weathered storms and steered through difficult waters to set ourselves on a path of growth.

The strength of our brand and the experience of our journey have provided us with the will to build a stronger Samudera Group, while our people give us the ability and confidence to execute our strategy. As we strive towards the next port of call, we will approach every new endeavour with a spirit of excellence and integrity.

Powering Our Growth with the Strengths of Our People

About Samudera

Samudera Shipping Line Ltd is engaged in the transportation of containerised cargo, gas, liquid and bulk cargo in the Southeast Asia, Indian Subcontinent, as well as the Far East. The Group's services are offered through three key business segments, namely, i) Container Shipping ii) Bulk and Tanker and iii) Agency and Logistics.

Since its incorporation in 1993, Samudera has progressively established a good track record of professionalism and competency in its field. Through prudent management and a well-managed expansion strategy, the Group has also been able to successfully build up its position as a credible and well-respected industry player in the region today.

Leveraging its extensive network, Samudera's Container Shipping business offers reliable feeder services between its "hub" port in Singapore and other "spoke" ports in Asia, as well as inter-regional container shipping services to manufacturers, exporters and importers. The Group serves a wide spectrum of shippers from its headquarters in Singapore, and via representative and agency offices in various cities in Indonesia, Cambodia, China, Thailand, Vietnam, Malaysia, Myanmar, Philippines, India, Sri Lanka, Bangladesh and Pakistan.

As part of the Samudera Indonesia Group in Indonesia, Samudera taps the marine and land transportation support capabilities of its parent company, a synergy that allows the Group to provide value-added services to its customers.

In the Bulk and Tanker business, Samudera's fleet of bulk carriers and tankers are chartered out to shippers for the transportation of dry bulk, liquid, gas and offshore projects. The vessels are deployed either on time charter, contracts of affreightment, or single-voyage basis.

The Group also offers ship manning, vessel operation and maintenance management services for its customers in the offshore oil and gas industry.

In the Agency and Logistics business, Samudera provides agency services in areas such as Bangkok, Port Klang, Penang, Mumbai, Kolkata, Chennai, and Dubai to both own vessel operation as well as other third party shipping operations. While its logistics business engages in forwarding, container depot operations as well as general logistics services.

Samudera's operating fleet, which comprises vessels owned by the Group as well as those on operating leases, currently stands at 37. This consists of 28 container vessels, 2 oil tankers, 3 chemical tankers, 1 gas tanker, 1 marine off shore support vessel and 2 dry bulk carriers. The Group continues to renew its fleet by disposing, acquiring and leasing vessels where appropriate.

Samudera is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

Vision, Mission
& Values

Global Connectivity To Meet People's Needs

Vision

Our vision, "Global connectivity to meet people's needs", describes the Company's guiding principle, in terms of providing customers access to pivotal service routes from smaller centres to larger hubs and then to other destinations in the world.

Providing High Quality Services In Goods Transportation And Logistics

Mission

In Samudera, employees focus not just on the results of the transaction, but on all aspects of serving the customers and making the whole process one of quality in both areas of transportation and logistics.

Vision, Mission
& Values

To realise our mission, we uphold **five principal** values centred on customers, people, integrity, innovation and partnership & community

Deliver the best for customers

Value people

Do our work with integrity

Encourage innovation

Respect partnership & community

Service
Network As at 1 March 2017

Delivering and Connecting Fast and Wide

Southeast Asia

We operate 5 services from the Singapore hub covering Indonesia main ports at Jakarta, Surabaya, Semarang, Belawan, and Palembang, with frequencies of 1 to 3 sailings per week.

From the hub in Port Klang, we call at Jakarta, Surabaya and Semarang with 1 to 2 sailings per week.

There are 11 services serving Penang, Port Klang, Pasir Gudang and Kuantan in Malaysia, Bangkok and Songkhla in Thailand, North and South Vietnam, Yangon in Myanmar and Sihanoukville in Cambodia, with 1 to 4 sailings per week. We serve 2 services to Manila and South Philippines with 1 sailing per week.

Indian Subcontinent

We operate 6 services covering Mumbai, Kolkata and Chennai in India, Chittagong in Bangladesh, Colombo in Sri Lanka and Karachi in Pakistan, with frequencies of 1 to 3 sailings per week.

Far East

We have a weekly service to Central and Southern Chinese ports, with direct calls from Ningbo, Shanghai and Shekou, to Singapore, Malaysia and India.

NVOCC

In addition to the ports served by the services above, where we deploy vessels, we also serve other ports on Non-Vessel Operating Common Carrier (NVOCC) basis.

Milestones

1993
Incorporated in Singapore as a provider of container shipping services.

1994
Began feeder routes to Jakarta and Bangkok, which were subsequently extended to India, Sri Lanka, Malaysia and other Indonesia ports.

1996
Expanded into the dry-bulk carrier and tanker business.

1997
Listed on the Singapore Stock Exchange (Sesdaq), and expanded container shipping business network to China, Hong Kong and South Korea.

1999
Raised additional capital of S$32.9 million through share placement.

2000
Officially upgraded to the Main Board listing status, on the Singapore Exchange Securities Trading Limited.

Taking delivery of the first of two oil tankers, with a capacity of 17,726 DWT, to provide oil transportation service in Indonesia. The second oil tanker, with a capacity of 17,766 DWT, took delivery in early 2001.

2002
To anticipate business growth and manage its extensive service network, the Group started joint ventures in Malaysia and India.

2004
A joint venture with a local Thai company was set up to strengthen our presence in Thailand.

2006

Entered into LNG shipping by investing in a joint venture company, LNG East-West Shipping Company (Singapore) Pte Limited.

Took delivery of additional two units chemical tankers with capacity of 11,244 DWT and 10,600 DWT each. These tankers currently operate in the Indonesian water.

2007

Launched container shipping route, Chittagong Express service, linking Singapore and Chittagong, which extends the network coverage of the Indian Sub-continent.

2008

Took delivery of two additional container vessels with capacities of 1,740 TEUs each, to strengthen container shipping business.

Commenced container shipping route, Yangon Express service, which will link Myanmar directly with markets in Southeast Asia region.

2011

As part of the effort to manage cost and capacity more efficiently, the Group acquired three container vessels with capacities from 1,054 TEUs to 1,060 TEUs.

Took delivery of two Supramax bulk carriers with a carrying capacity of 57,700 DWT each.

2012

Expanded services to include ship manning, vessel operation and maintenance management for a major oil and gas company in Indonesia.

2014

Launched Cambodia feeder service, with a weekly sailing linking Singapore and Sihanoukville.

2015

Introduced a weekly service to Songkhla, connecting Singapore-Kuantan-Songkhla, to tap on new market and to widen our liner business.

To capture peak season demand and to extend service linkage between Jakarta and Bangkok, APX service was introduced.

An additional string to Yangon was added to improve sailing frequency and port coverage.

Samudera Logistics DWC LLC was incorporated as a logistics arm in Dubai, United Arab Emirates.

2016

Launched a new direct service connecting Jakarta, Surabaya and Semarang in Indonesia to Port Klang in Malaysia, through joint operation with a main line operator.

Through NVOCC (non-vessel owning common carrier) slot operation, Samudera extended its network with weekly sailing covering Karachi-Mundra-Colombo-Singapore as well as a direct service linking Chittagong and Colombo.

Participate in domestic shipping activities in Thailand and India through joint ventures.

Synergising Strengths

Working together to enhance stakeholder value


SINAR SUMBA
SINGAPORE
IMO 9435222
SAFETY FIRST

Chairman's
Message

MASLI MULIA
Executive Chairman

Dear Shareholders,

The full year ended 31 December 2016 ("FY16") has been a tumultuous year as the industry continued its struggle with strong headwinds from long-drawn issues relating to persistent overcapacity, weak global trade and freight rate volatility.

Our container shipping business handled 1.2 million TEUs (twenty-foot equivalent units) of containers for FY16, which was comparable to that handled in the year ended 31 December 2015 ("FY15"). This takes into account lower volume handled during the second half of FY16 following the cessation of operations of one of our partners, Hanjin Shipping Co., Ltd ("Hanjin Shipping"), with whom we have slot exchange arrangements. This, along with the protracted pressure on container freight rates, scheduled dry-docking and lower charter rates for our bulk carriers and tankers, resulted in a decrease in Group revenue to USD260.5 million, from USD317.7 million in the previous financial year ("FY15").

Cost of services fell 15% to USD245.9 million in FY16, as we operated a smaller fleet in the bulk & tanker segment during the year compared to FY15, and also benefitted from lower bunker price and charter rates. Consequently, the Group's gross profit margin declined to 5.6%, versus 8.6% in FY15.

During the year, we made a provision of USD3.0 million for bad debt. This is mainly in relation to the filing of receivership by Hanjin Shipping. We also recorded an impairment of USD7.7 million on the Group's dry-bulk carriers and Indonesia-flagged container vessels.

On account of the above factors, we registered net loss attributable to shareholders of USD5.4 million, compared to a net profit of USD4.2 million in FY15.

Samudera has always committed to distributing annual dividends to shareholders in appreciation for their support of the Company through the years. Although the Group did not turn in a profit for FY16, the Board has elected to propose a tax-exempt final dividend of 0.5 Singapore cents (FY15: 0.72 Singapore cents), following careful consideration of the Group's operating performance, cash requirements and cash availability. In making its recommendation, the Board also took into account the fact that the Group would have turned in a profitable financial performance had it not been for the provisions and impairments. In addition, the Group's balance sheet should remain reasonably strong even after factoring the dividend payment and the Group's business expansion, investment and working capital needs for the current financial year ("FY17"). The dividend payment is subject to your approval at the upcoming Annual General Meeting on 27 April 2017.

During the year under review, we continued to execute our strategy of improving operational efficiency and asset utilisation, while maintaining a prudent approach in the management of our fleet. To that end, we have divested four vessels in FY16 and two in the first quarter of FY17. All of these vessels are Indonesia-flagged, of considerable age and no longer competitive against new and more efficient vessels plying the Indonesian waters. Their divestment will thus free the Group of valuable resources for redeployment into activities or markets with greater potential.

As far as container shipping is concerned, our focus remained honed on the feeder space in Asia, and we continued to play to our strengths of being nimble and adaptable. Through collaborative arrangements and partnerships such as slot exchanges, we sought to reinforce our presence at our hub and spoke ports. At the same time, we kept a diligent eye out for opportunities amid current market conditions. We have embarked on joint ventures with strategic partners to lend our expertise in container feeder services in the region. We expect these overseas ventures to begin bearing fruit in FY17.

Our tanker business turned in a stable performance amid the volatility, as our vessels remained gainfully employed. However, demand for bulk shipping services was greatly impacted by new-builds that came on stream in recent years as well as decline in global commodity trade, resulting in the market struggling to fill up existing capacity. This in turn put a cap on charter rates for bulk carriers and weighed down the performance of our bulk & tanker business segment.

In the year ahead, the outlook of global trade growth remains relatively muted, with international geopolitical uncertainties potentially posing headwinds to economic growth. In addition, much remains to be done to bridge the vast gap between supply and demand in container shipping. Operating conditions in the container shipping industry are thus expected to be arduous.

Operationally, we will continue to identify ways to maintain our competitiveness and strengthen our position in regional waters. To that end, we will persist in seeking out opportunities to work with regional and domestic operators to grow our network.

The tanker business is expected to continue its stability going forward. In the near term, the recent rally in commodity prices may present a bright spot for the bulk market, which could herald a needed boost in charter rates for the bulk shipping business.

We will actively take steps to mitigate industry challenges by working to achieve a higher level of operational efficiency and asset utilisation. We will continue to apply a prudent approach towards the management of our fleet, by monitoring the market for the appropriate time to further streamline our assets.

A Word of Appreciation

Amid these trying times, I am grateful for our team of employees and management who have demonstrated boundless drive and dedication as we work together to surmount the operating challenges.

I thank my fellow Board members for sharing with us their valuable counsel, as we set the Group on course for progress. To our shareholders, customers, partners and associates, thank you for standing by us.

Masli Mulia
Executive Chairman

CEO's Statement
On Operational Review

ASMARI HERRY PRAYITNO
Executive Director and CEO

Dear Shareholders,

FY16 continued to be a test of our tenacity and ability to adapt and survive amid the turbulent industry operating conditions. While our core container shipping business stayed its course of development during the year, our overall Group performance was affected negatively by the challenging operating environment of the dry bulk sector, along with other industry circumstances beyond our control, leading us to record an operational loss and sizable impairments on our vessels that impacted our bottom line.

Financial Review
We recorded revenue of USD260.5 million in FY16, representing an 18% decline from USD317.7 million in FY15. The decline reflected lower revenue generated from both the container shipping and the bulk & tanker business segments.

Year-on-year, we handled 1.2 million TEUs in FY16, consistent from FY15, taking into account a decline in volume handled in the second half of the year following

“To strengthen our presence in Asian waters, we worked closely with industry players on various partnerships”

the loss of volume from Hanjin Shipping when it ceased operations in August 2016. This, along with prevailing pressure on freight rates, led to a 17% decline in revenue from the container shipping segment to USD225.5 million, compared to USD270.3 million a year ago.

The bulk & tanker segment operated a smaller fleet in FY16 compared to FY15, following the disposal of two tankers in FY15 and three in FY16. The smaller operating fleet, together with the scheduled dry-docking of tankers and weaker time charter-out rates particularly in the dry-bulk sector, resulted in a 30% decline in revenue from the bulk & tanker segment to USD30.3 million, compared to USD43.1 million in FY15.

Cost of services decreased by 15% to USD245.9 million in FY16, compared to USD290.4 million in the previous financial year. The decline was in line with our operation of a smaller fleet, lower bunker price and charter-in cost.

Group gross profit declined by 46% to USD14.6 million, compared to USD27.2 million in FY15. Gross profit margin worked out to 5.6% in FY16, while it was 8.6% in FY15.

General & administrative expenses increased to USD14.6 million in FY16, from USD12.4 million in FY15. We deemed it prudent to make a USD3.0 million provision for bad debt mainly in relation to the filing of receivership by Hanjin Shipping, with whom the Group had cooperated on slot exchange arrangements for various services in the region.

The insurance claims received in FY16 partially mitigated a reduction in foreign exchange gain and the absence of gain on disposal of vessels, resulted in lower other operating income in FY16 of USD4.0 million compared to USD4.7 million in FY15.

Other operating expenses declined significantly to USD7.9 million, compared to USD13.8 million in FY15. In FY15, operating expenses were significantly higher due to a USD13.7 million impairment on the Group’s dry-bulk carriers and Indonesia-flagged container vessels. Such impairments amounted to USD7.7 million in FY16.

Taking these factors into account, we recorded loss from operations of USD3.9 million in FY16, compared to profit from operations of USD5.8 million FY15. In all, net loss after tax amounted to USD5.3 million in FY16, against a net profit of USD4.1 million in FY15.

Trade receivables decreased to USD44.2 million as at the end of FY2016, from USD53.8 million at the end of FY2015. The decrease corresponds with the provision for bad debt and the decline in Group revenue.

Cash and bank balances rose to USD54.1 million, from USD45.4 million a year ago, in line with the receipt of proceeds from sale of vessels, collection of trade receivables and dividend income, as well as the receipt of insurance claim.

As at 31 December 2016, property plant and equipment stood at USD243.0 million, compared to USD265.9 million as at 31 December 2015. This was mainly due to the vessel disposal, impairment, depreciation and amortisation.

Our financial position as at 31 December 2016 was healthy. Net gearing remained relatively low at 0.35 times. Net asset value was 44.63 US cents as at 31 December 2016, versus 45.98 US cents as at 31 December 2015.

Review of Operations

To strengthen our presence in Asian waters, we worked closely with industry players on various partnerships, such as slot exchanges, to preserve our presence in Asian waters. In these turbulent times, the cooperation with other players allows us to strengthen our presence in the market without straining our capital.

Seeking out alternative income streams, we also entered into operating partnerships with industry players overseas

CEO's Statement On Operational Review

"In the face of these challenges, we will capitalise on growth opportunities in the Asian markets to grow our network and fortify our position in regional container shipping"

to operate domestic shipping services in other markets such as India, Thailand and the Middle East. We look forward to their positive contribution in the current financial year.

We will in due course be seeking your approval to dispose of six Indonesia-flagged vessels in our Indonesia domestic shipping fleet as part of our effort to improve asset utilisation. Those vessels are no longer giving economic benefit to the Group, due to their age. On the other hand, the Group is unable to renew its fleet in Indonesia under our current operating structure in view of Indonesian shipping law, which mandates that only Indonesia-flagged vessels can be used in domestic shipping activities and limits the registration of such vessels to Indonesian companies or companies majority-owned by Indonesians. The Group is thus prohibited from registering additional Indonesia-flagged vessels, as our operations in Indonesia are majority-owned by the Group, which is a Singapore-registered entity. We will reassess our domestic Indonesia strategy to take into account local regulations and requirements. Crucially, the sale of all these vessels will free us of valuable resources that can be redeployed to ventures and opportunities in other markets in the region.

In the bulk shipping segment, lacklustre commodity trading activity coupled with excess industry tonnage had a negative effect on overall charter rates and, consequently, on the revenue generated by our fleet. Although the pick-up in commodity trading activity in the fourth quarter of FY16 helped in lifting overall charter rates, the improvement was insufficient for us to turn in a positive performance. Meanwhile, performance by our tanker business was stable vis-à-vis FY15, as the vessels enjoyed gainful employment.

The Outlook Ahead

The overcapacity situation is expected to be prolonged, as new vessel deliveries continue to outpace scrapping activities significantly. At the same time, trade demand is at risk of being hampered by significant economic and geopolitical headwinds. Coupled with other factors such as the uptrend in oil price, we expect a more challenging business environment in the year ahead.

In the face of these challenges, we will capitalise on growth opportunities in the Asian markets to grow our network and fortify our position in regional container shipping. We are keeping a keen eye out for opportunities to offer our services in markets where the growth potential is reasonably attractive.

Riding the recent rally in the commodity trade, charter rates for the bulk shipping business have enjoyed a slight improvement since the fourth quarter of 2016. While the improvement is welcome, we remain mindful that the general volatility of this industry segment and the unfavourable supply-demand gap may put a cap on further improvements in charter rates. Meanwhile, tanker activity should be relatively stable given the expected increase in oil prices in the year ahead.

Appreciation

Our team at Samudera Shipping Line has shown tenacity and grit in overcoming the challenges that were in front of us through the year. I am truly grateful for that.

I also appreciate the support shown to us from our customers, business partners, bankers and shareholders, without which our journey would have been impossible. Our Board of Directors have informed our strategy through wisdom and experience and I am thankful for their presence.

The year ahead may yet be full of challenges but I am confident of weathering through them with you.

Asmari Herry Prayitno
Executive Director and CEO

Forging Forward

Reinforcing our position as a reliable feeder service provider


SAMUDERA
SINAR PRAYA

Board of Directors

MASLI MULIA
Executive Chairman

As Executive Chairman, Masli Mulia leads the Board in the overall strategic direction and business growth of the Company and its subsidiaries (the "Group"). He is member of the Nominating Committee of the Company. He is also the President Director of PT. Samudera Indonesia Tbk ("Samudera Indonesia"), a majority shareholder of the Company. Masli Mulia joined Samudera Indonesia in 1971 and has held various positions prior to becoming the President Director in 2010. He serves as a member of the Advisory Board in the Indonesian National Shipowners' Association (INSA). Formerly, he was the Chairman of ASEAN Federation of Forwarders Association and the Indonesian Logistics and Freight Forwarders Association. Masli Mulia graduated from the Merchant Marine Academy, Jakarta, Indonesia in 1970.

LIM KEE HEE
Executive Director, Commercial

Lim Kee Hee is responsible for the overall commercial activities of the Company. Prior to becoming Executive Director, Lim Kee Hee was the Senior General Manager of the Company who is responsible for the trade and marketing functions. He has over 20 years of experience in the shipping industry where he had served in various senior management positions prior to joining the Company. He holds a Bachelor of Science from the then University of Singapore and a Graduate Diploma in Financial Management from the Singapore Institute of Management.

ASMARI HERRY PRAYITNO
Executive Director and CEO

Asmari Herry, the Chief Executive Officer ("CEO"), is responsible for the overall management, strategic planning and day-to-day business operations of the Group. Prior to his appointment, he was the Chief Operating Officer responsible for the overall operations of the Group. Asmari Herry joined Samudera Indonesia in 1979 and has held various managerial positions prior to his appointment as an Executive Director of the Company in 1997. Asmari Herry served as Director in the Board of PT Samudera Indonesia Tbk from 2010 to 2016. He was also Deputy Chairman of the Indonesian National Shipowners' Association for the period 2011 – 2015. Since 2015 he was appointed as Head of Permanent Committee of Transportation for Infrastructure & Superstructure, Indonesian Chamber of Commerce and Industry. He graduated from the Merchant Marine College in Indonesia and joined the Sea Transport Course at AIM – Manila, Philippines.

HERMAWAN FRIDIANA HERMAN
Executive Director, Finance

Hermawan is responsible for the overall finance and administrative functions of the Group. He joined Samudera Indonesia in 1992 as the Group Accountant and was subsequently posted to the Company as the General Manager for Finance and Administration prior to his current appointment. Hermawan started his career with various business consultants in Indonesia before joining KPMG Indonesia as an Auditor in 1989. He holds a Bachelor of Economics degree (majoring in Accountancy) from the University of Indonesia.

QUAH BAN HUAT
Lead Independent and Non-Executive Director

Quah Ban Huat is the Chairman of the Audit Committee as well as member of the Remuneration and Nominating Committees of the Company. Mr Quah was appointed as the Lead Independent Director of the Company on 27 February 2017. He is currently a consultant for KPMG Services Pte Ltd and sits on the board of several public and private companies including AP Oil International Ltd, Croesus Retail Trust, mDR Ltd, Deutsche Boerse Asia Holding Pte Ltd and Eurex Clearing Asia Pte Ltd. Mr Quah has worked in various senior management roles in multinational and listed companies. He is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.

NICHOLAS PETER BALLAS
Independent and Non-Executive Director

Nicholas Ballas is member of the Audit, Nominating and Remuneration Committees of the Company. Until end of 2016, Mr Ballas was the Executive Vice President, Asia Pacific and a member of the management council of Nexans SA, a worldwide leader in the cable industry based in Paris, France. He has more than 25 years of experience working in the Asia Pacific region and has held various positions in finance, strategy and general management in the USA, Japan, Malaysia, Indonesia and Singapore. Mr Ballas was educated in the USA and holds an MBA degree from Thunderbird School of Global Management.

CHNG HEE KOK
Independent and Non-Executive Director

Chng Hee Kok is the Chairman of the Remuneration Committee as well as member of the Audit and Nominating Committees of the Company. He is the Chairman of Ellipsiz Ltd and director of a few SGX listed companies. He graduated with a Bachelor of Engineering degree (First Class Honours) from the then University of Singapore in 1972 and an MBA from the National University of Singapore in 1984. Mr Chng was a Member of Parliament from 1984 to 2001. He had served on the Board of Sentosa Development Corporation and the Public Utilities Board and was a Council Member of the Singapore Institute of Directors.

NG CHEE KEONG
Independent and Non-Executive Director

Ng Chee Keong is the Chairman of the Nominating Committee as well as member of the Audit and Remuneration Committees of the Company. Mr Ng had held various senior positions throughout his career with the Port of Singapore Authority and later PSA Corp. He retired from PSA Corp as President/CEO in 2005. He has many years of experience in terminal, marine and logistic businesses. Mr Ng is currently the Chairman of Jurong Port Pte Ltd, and serves on the Board of Mencast Holdings Ltd and several Jurong Port's subsidiaries. Mr Ng was awarded the Public Administration Medal (Silver) in 1992 and the Public Administration Medal (Gold) in 1997 by the Government of Singapore, in recognition of his public service. He graduated with a Bachelor of Social Science degree in Economics (Upper Honours) from the then University of Singapore in Social Science in 1971.

Board of Directors
Further Information

MASLI MULIA
Executive Chairman

Date of first appointment as a director:
1 April 2007
Date of last re-election as a director:
28 April 2015

Academic and Professional Qualification(s):
Merchant Marine Academy (Jakarta, Indonesia)

Present Directorship:
Other Listed Companies

- PT. Samudera Indonesia Tbk
  President Director

Other Principal Commitments
- PT. Ngrumat Bondo Utomo
  President Commissioner
- PT. Samudera Indonesia Tangguh
  President Commissioner
- PT. Masaji Prayasa Cargo
  President Commissioner
- PT. Silkargo Indonesia
  President Commissioner
- PT. GAC Samudera Logistics
  President Commissioner

Past Directorships in listed companies held over the preceding three years:
None

ASMARI HERRY PRAYITNO
Executive Director and CEO

Date of first appointment as a director:
31 December 1996
Date of last re-election as a director:
27 April 2016

Academic and Professional Qualification(s):
Merchant Marine College (Semarang, Indonesia)

Sea transport course at AIM (Manila, Philippines)

Present Directorship:
Other Listed Companies
None

Other Principal Commitments
- PT. Samudera Shipping Services
  Commissioner
- PT. Perusahaan Pelayaran Nusantara Panurjwan
  Vice President Director
- Samudera Intermodal Sdn Bhd
  Director
- Samudera Traffic Co Ltd
  Director

Past Directorships in listed companies held over the preceding three years:
- PT Samudera Indonesia Tbk (Director)

LIM KEE HEE
Executive Director, Commercial

Date of first appointment as a director:
1 June 2010
Date of last re-election as a director:
28 April 2015

Academic and Professional Qualification(s):
Bachelor of Science, University of Singapore

Graduate Diploma in Financial Management, Singapore Institute of Management

Present Directorship:
Other Listed Companies
None

Other Principal Commitments
- Samudera Shipping Line (India) Pvt. Ltd.
  Director
- SILkargo Logistics (Singapore) Pte. Ltd.
  Director

Past Directorships in listed companies held over the preceding three years:
None

HERMAWAN FRIDIANA HERMAN
Executive Director, Finance

Date of first appointment as a director:
1 June 2010
Date of last re-election as a director:
28 April 2015

Academic and Professional Qualification(s):
Bachelor of Economics (major in Accountancy), University of Indonesia

Present Directorship:
Other Listed Companies
None

Other Principal Commitments
- Samudera Intermodal Sdn. Bhd.
  Director
- Samudera Traffic Co. Ltd, Thailand
  Director
- Foremost Maritime Pte. Ltd
  Director
- LNG East-West Shipping Company (Singapore) Pte. Ltd.
  Director

Past Directorships in listed companies held over the preceding three years:
None

QUAH BAN HUAT
Lead Independent and Non-Executive Director

Date of first appointment as a director:
31 October 2013
Date of last re-election as a director:
24 April 2014

Academic and Professional Qualification(s):
Institute of Chartered Accountants in England and Wales (Member)

Association of Chartered Certified Accountants (Fellow Member)

Present Directorship:
Other Listed Companies
- AP Oil International Ltd, Singapore
  Independent and Non-Executive Director
- Croesus Retail Asset Management Pte Ltd, trustee-manager of Croesus Retail Trust
  Independent and Non-Executive Director
- mDR Ltd
  Independent and Non-Executive Director

Other Principal Commitments
- Primeur Cellars Pte Ltd
  Executive Director
- Primeur Holdings Pte Ltd
  Executive Director
- KPMG Services Pte Ltd
  Consultant
- Eurex Clearing Asia Pte Ltd
  Independent and Non-Executive Director
- Deutsche Boerse Asia Holding Pte Ltd
  Independent and Non-Executive Director

Past Directorships in listed companies held over the preceding three years
None

CHNG HEE KOK
Independent and Non-Executive Director

Date of first appointment as a director:
13 September 1997
Date of last re-election as a director:
27 April 2016

Academic and Professional Qualification(s):
Master of Business Administration, National University of Singapore

Bachelor of Engineering (First Class Honours), University of Singapore

Present Directorship:
Other Listed Companies
- Ellipsiz Ltd
  Director and Chairman
- Full Apex (Holdings) Ltd
  Director
- Luxking Group Holdings Ltd
  Director
- Infinio Group Ltd
  Director
- United Food Holdings Ltd
  Director

Other Principal Commitments
None

Past Directorships in listed companies held over the preceding three years:
- Pacific Century Regional Developments Ltd
  Director
- Chinasing Investment Holdings Ltd
  Director
- LH Group Ltd
  Managing Director and Director
- China Flexible Packaging Holdings Ltd
  Director

Board of Directors Further Information

NICHOLAS PETER BALLAS
Independent and Non-Executive Director

Date of first appointment as a director:
1 June 2010
Date of last re-election as a director:
27 April 2016

Academic and Professional Qualification(s):
Master of Business Administration, Thunderbird School of Global Management

Present Directorship:
Other Listed Companies
None

Other Principal Commitments
None

Past Directorships in listed companies held over the preceding three years:
None

NG CHEE KEONG
Independent and Non-Executive Director

Date of first appointment as a director:
23 July 2014
Date of last re-election as a director:
28 April 2015

Academic and Professional Qualification(s):
Bachelor of Social Science, University of Singapore

Post-Graduate in Advanced Management from Stanford University in 1988 and INSEAD

Present Directorship:
Other Listed Companies
- Mencast Holdings Ltd
  Independent Director

Other Principal Commitments
- Keppel Club
  Deputy Chairman
- Jurong Port Pte Ltd
  Chairman
- Jurong Port Jakarta Holding Pte Ltd
  Director
- Jurong Port Marunda Holding Pte Ltd
  Director
- Rizhao Jurong Port Terminals Co Ltd
  Director

Past Directorships in listed companies held over the preceding three years
- Mermaid Maritime Public Co. Ltd
  Director
- Otto Marine Pte Ltd
  Director
- Jasper Investments Limited
  Independent Director
- Indo Port Holdings Pte Ltd
  Director
- PT Pelabuhan Tegar Indonesia
  Vice President Commissioner

Corporate
Social Responsibility

OUR CSR PHILOSOPHY

At Samudera, we support activities that promote philanthropy and community outreach. Balancing limited resources and our desire to do our part for society, we have participated in initiatives by various charitable and non-profit organisations to help them reach the goal of improving the well-being of others.

Our adoption of such corporate social responsibility initiatives not only strengthens the bond between our employees, it also reaps benefits for the community at large.

TERRY FOX RUN 2016

Sacrificing personal and family time on a Sunday morning in March 2016, our employees came together to participate in the Terry Fox Run, an all-inclusive, non-competitive event in honour Terry Fox's legacy and his dream to defeat cancer. Funds raised from the Terry Fox Run are channelled to the Singapore Cancer Society, which then disburses them as grants to cancer researchers approved by the Terry Fox Foundation.

Sacrificing personal and family time on a Sunday

SALVATION ARMY

Our colleagues responded earnestly to our call for item donations to the Salvation Army. We consolidated the items and brought these to the Salvation Army. The Salvation Army reuses, recycles and restores donations in kind from the public, and generates income for its activities through the sale of these items at their Family Thrift Stores.

WILLING HEARTS

In December 2016, we partnered with Singapore Scout and Willing Hearts at its soup kitchen, working with them to prepare nutritious lunchboxes with ingredients that we had earlier purchased and donated. These lunchboxes were delivered by the Willing Hearts team to the elderly, disabled, low-income families, children from single-parent or otherwise poverty-stricken families, migrant workers, among other beneficiaries.

Willing Hearts is a secular charity organisation that prepares 5,000 meals a day at its soup kitchen and delivers them to over 40 locations island-wide. We were delighted to lend a hand with the food preparation, and enjoyed the opportunity to interact with some of the children who are beneficiaries of Willing Heart.

Preparing the ingredients for the lunchboxes

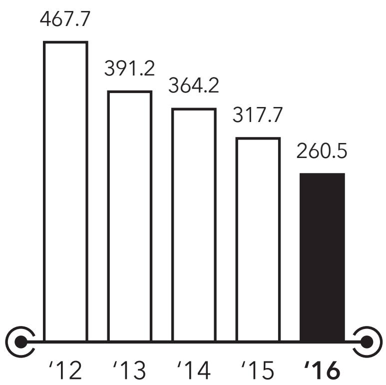
Staying Focused

Identifying opportunities in the region to extend our network

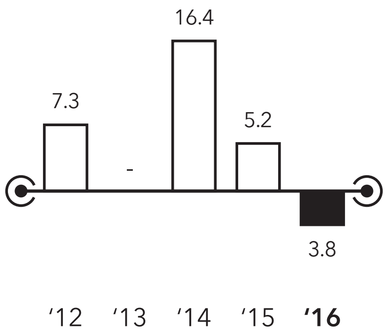

SAMUDERA

Financial
Highlights

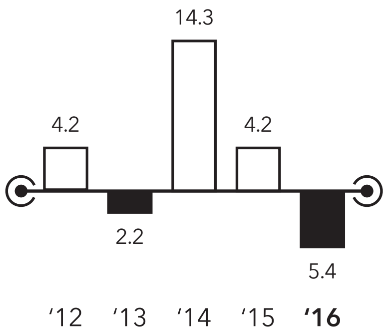
TURNOVER
(US$M)



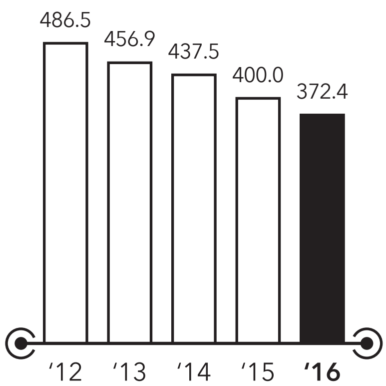
PROFIT/(LOSS) BEFORE TAX
(US$M)



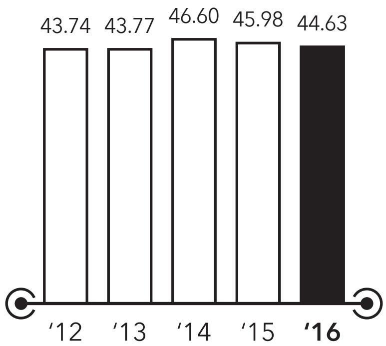
NET PROFIT/(LOSS) AFTER TAX & NCI
(US$M)



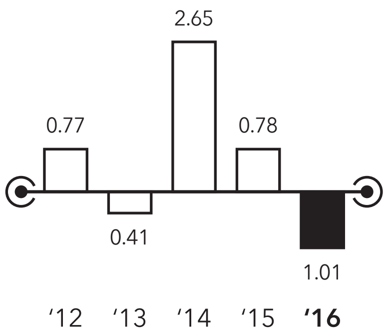
TOTAL ASSETS
(US$M)



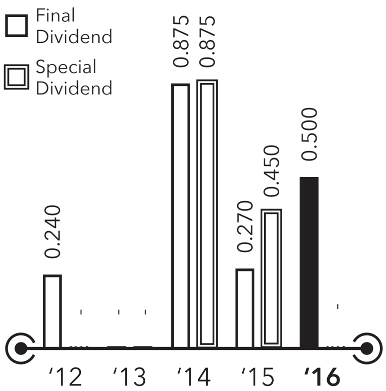
NET TANGIBLE ASSETS PER SHARE
(US CENTS)



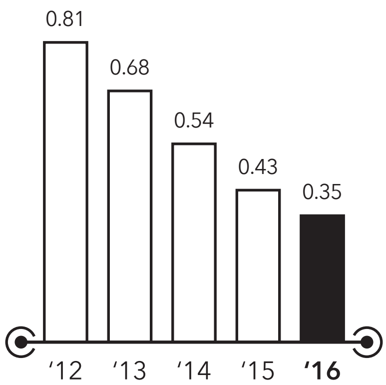
EARNINGS PER SHARE
(US CENTS)



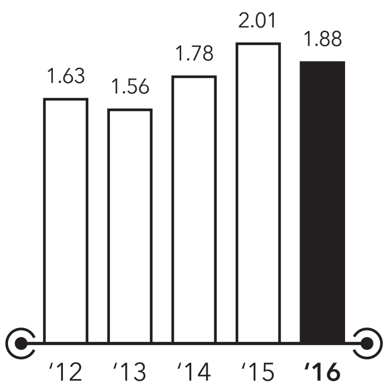
DIVIDEND PER SHARE
(SG CENTS)



GEARING RATIO
(TIMES)

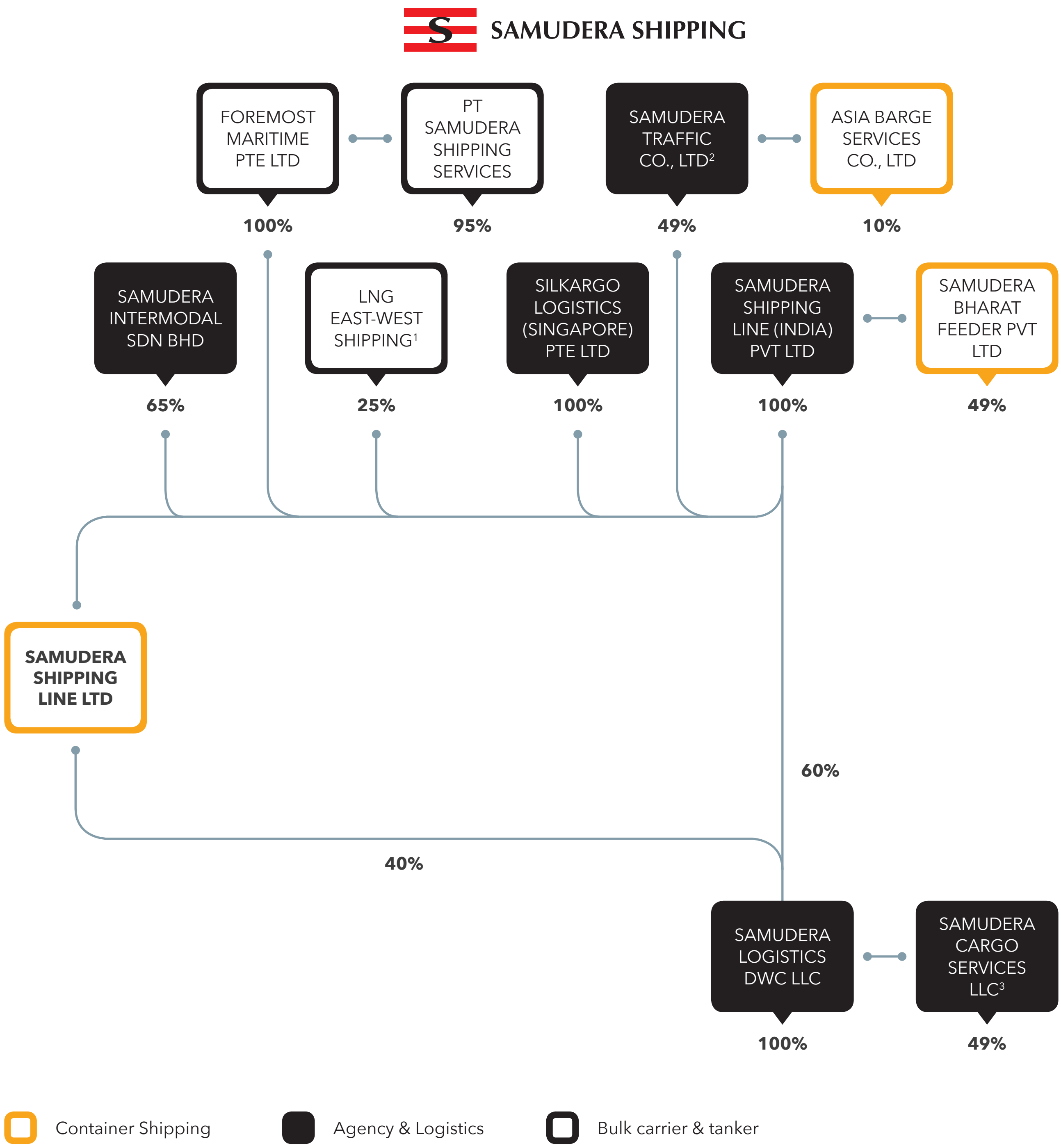


CURRENT RATIO
(TIMES)



Group Structure

As at 1 March 2017



1 LNG East-West Shipping refers to LNG East-West Shipping Company (Singapore) Pte Ltd.
2 Samudera Shipping Line Ltd owns 49% of the issued capital. However the Group has control over the management of Samudera Traffic Co., Ltd.
3 Samudera Shipping Line Ltd owns 49% of the issued capital. However the Group has control over Samudera Cargo Services LLC.

Our Entities

SILKARGO LOGISTICS (SINGAPORE) PTE LTD
(Singapore)
SILkargo Logistics (Singapore) Pte Ltd ("SILkargo") is founded in Singapore in 1997 as one of the Group's subsidiary specially engaged in logistics and forwarding business. SILkargo provides end to end worldwide logistics and freight-forwarding services which include air and sea transportation, custom process, warehouse, and inland transportation for its end users.

FOREMOST MARITIME PTE LTD
(Singapore)
Established in 1995, Foremost Maritime Pte Ltd ("Foremost") is set up as part of the Group's strategy to venture into bulk and tanker activities. The principal activities of Foremost include owning and chartering of tankers and dry-bulk carriers for the transportation of liquid petrochemical, petroleum, and bulk shipping in international market. The vessels are deployed under time charter and voyage charter contracts. For details of our fleet, please refer to the Fleet List.

PT SAMUDERA SHIPPING SERVICES
(Indonesia)
Through Foremost, the incorporation of PT Samudera Shipping Service ("PTSSS") in Indonesia allows the Group to enlarge its bulk and tanker activities in Indonesia. PTSSS provides specialized services such as owning and chartering of oil tankers and chemical tankers, off shore support as well as manning, operation and maintenance services. Besides, PTSSS also owns container vessels. Vessels owned by PTSSS are mainly employed either on time charter, voyage charter or contract of affreightment. For details of our fleet, please refer to the Fleet List.

SAMUDERA INTERMODAL SDN BHD
(Malaysia)
Samudera Intermodal Sdn Bhd ("SISB"), a joint venture company between the Group and its business partner, QEL Shipping Service Sdn Bhd, was established in 2012. The primary activity of SISB is the provision of shipping agency services. SISB operates from two offices in Malaysia, namely Port Klang and Penang.

SAMUDERA TRAFFIC CO., LTD
(Thailand)
Samudera Traffic Co., Ltd ("STC") was incorporated in Thailand in 2004 to provide shipping agency services to the Group. As the Group's general shipping agent, STC handles all vessel and cargo operations at various main ports in Thailand such as BKK Klongtoey port, Laem Chabang, BMT and Songkhla ports in Southern Thailand. STC enables the Group to capitalise local expertise, broaden its local customer network and marketing capabilities and experience in Thailand.

SAMUDERA SHIPPING LINE (INDIA) PVT LTD
(India)
Samudera Shipping Line (India) Pvt Ltd ("SSL India") primarily engages in shipping agency business in India and provides support function to the Group's container shipping services connecting Singapore to the Indian Subcontinent and Middle East. Till date, it has presence in three major cities in India, namely Mumbai, Kolkata and Chennai and is appointed as shipping agent for several NVOCCs (non-vessel operating common carrier) in the country.

SAMUDERA LOGISTICS DWC LLC
(Dubai, United Arab Emirates)
Samudera Logistics DWC-LLC ("Samudera Dubai") is a free zone entity set up in 2015 in Dubai, United Arab Emirates; as an extension of the Group's network to tap on the trade growth between India - Middle East market. Samudera Dubai provides reliable end to end worldwide logistics services to diverse end-users such as manufacturers, buyers, exporters and importers in the Middle East.

SAMUDERA CARGO SERVICES LLC
(Dubai, United Arab Emirates)
Samudera Cargo Services LLC ("SCS LLC") is a Dubai mainland entity set up in 2015 to act as local entity of the Group in Dubai, United Arab Emirates. SCS LLC provides shipping agency service, customs clearance and formalities services, warehousing, local distribution and delivery service from/to/within the United Arab Emirates.

LNG EAST-WEST SHIPPING COMPANY (SINGAPORE) PTE LIMITED

(Singapore)

In 2006, the Company enters into a joint venture with Nippon Yusen Kabushiki Kaisha and JSC Sovcomflot to invest in LNG East-West Shipping Company (Singapore) Pte Limited ("LNG-EW"), a company incorporated in Singapore. SSL has a direct interest of 25%. The partnership marked the Company's first venture into liquefied natural gas ("LNG") transportation business. LNG-EW owns Tangguh Towuti, a LNG carrier with capacity of 145,700 CBM, currently employed under a long-term time charter contract.

SAMUDERA BHARAT FEEDER PVT LTD

(India)

Samudera Bharat Feeder Pvt Ltd ("SBF"), a joint venture company between the Group and our business partner in India, was established in 2016 to operate feeder services along the east coast of India.

ASIA BARGE SERVICES CO., LTD

(Thailand)

In 2016, the Group invested in an equity investment in Asia Barge Services Co Ltd ("ABS") together with our business partners in Thailand. The primary activity of ABS is to provide containerized barging services between Bangkok and Laem Chabang in Thailand.

Fleet List

As at 1 March 2017

Container Shipping

	NAME OF VESSEL	FLAG	CAPACITY		YEAR BUILT	CONTROL
1	NYK Daniella	Singapore	2,664	TEUs	2008	Chartered
2	St Green	Liberia	2,535	TEUs	2011	Chartered
3	Nordlion	Cyprus	1,756	TEUs	2014	Chartered
4	Nordtiger	Cyprus	1,756	TEUs	2014	Chartered
5	Sinar Sabang	Singapore	1,740	TEUs	2008	Owned
6	Sinar Sumba	Singapore	1,740	TEUs	2008	Owned
7	Millennium Bright	Panama	1,708	TEUs	2009	Chartered
8	Sinar Sangir	Panama	1,708	TEUs	2008	Chartered
9	Sinar Subang	Panama	1,708	TEUs	2008	Chartered
10	Kanway Galaxy	Panama	1,637	TEUs	1997	Chartered
11	Lucky Merry	Liberia	1,577	TEUs	2007	Chartered
12	Hijau Samudra	Indonesia	1,471	TEUs	1995	Chartered
13	Sinar Bima	Singapore	1,118	TEUs	2008	Owned
14	Sinar Bali	Panama	1,064	TEUs	1998	Chartered
15	Sinar Banda	Indonesia	1,060	TEUs	2005	Chartered
16	Sinar Brani	Panama	1,060	TEUs	2010	Chartered
17	Sinar Solo	Singapore	1,060	TEUs	1999	Owned
18	Sinar Bandung	Singapore	1,054	TEUs	2004	Owned
19	Sinar Bintan	Singapore	1,054	TEUs	2002	Owned
20	Gerd	Antigua & Barbuda	750	TEUs	2003	Chartered
21	Dong Hai	Hongkong	610	TEUs	2005	Chartered
22	Sinar Praya	Indonesia	562	TEUs	2005	Chartered
23	Sinar Jepara	Indonesia	378	TEUs	2005	Owned
24	Sinar 1[1]	India	378	TEUs	2005	Owned
25	Sinar Ambon	Indonesia	287	TEUs	2005	Owned
26	Siam Airawat 1[2]	Thailand	265	TEUs	2005	Owned
27	Sinar Padang	Indonesia	241	TEUs	2005	Owned
28	Sinar Panjang	Indonesia	241	TEUs	2005	Owned
		Total	**33,182**	**TEUs**		

Bulk and Tankers

	NAME OF VESSEL	FLAG	CAPACITY		YEAR BUILT	CONTROL
	Oil Tanker					
1	Sinar Jogya	Indonesia	17,766	DWT	2001	Owned
2	Sinar Emas	Indonesia	17,726	DWT	2000	Owned
	Chemical Tanker					
3	Sinar Agra	Indonesia	11,244	DWT	2006	Owned
4	Sinar Busan	Indonesia	10,600	DWT	2006	Owned
5	Sinar Labuan	Indonesia	3,519	DWT	1994	Owned
	Gas Tanker					
6	LNG Tangguh Towuti[3]	Singapore	145,700	CBM	2007	Owned
	Marine Off Shore Support Unit					
7	Aquatic Conserver	Indonesia	400	DWT	1995	Owned
	Dry Bulk					
8	Sinar Kapuas	Singapore	57,700	DWT	2011	Owned
9	Sinar Kutai	Singapore	57,700	DWT	2011	Owned
		Total	**176,655**	**DWT**		
			145,700	**CBM**		

1 Sinar 1 is jointly owned through a joint venture company, Samudera Bharat Feeder Pvt Ltd which the Group has a 49% interest.
2 Siam Airawat 1 is owned through an equity investment company, in which the Group has 10% stake.
3 LNG Tangguh Towuti is owned through an associated company, in which the Group has a 25% stake.

Corporate Information

BOARD OF DIRECTORS
Executive
Masli Mulia (Chairman)
Asmari Herry Prayitno (Chief Executive Officer)
Lim Kee Hee
Hermawan Fridiana Herman
Independent & Non-Executive
Quah Ban Huat (Lead Independent)
Chng Hee Kok
Nicholas Peter Ballas
Ng Chee Keong

AUDIT COMMITTEE
Quah Ban Huat (Chairman)
Chng Hee Kok
Nicholas Peter Ballas
Ng Chee Keong

NOMINATING COMMITTEE
Ng Chee Keong (Chairman)
Chng Hee Kok
Quah Ban Huat
Nicholas Peter Ballas
Masli Mulia

REMUNERATION COMMITTEE
Chng Hee Kok (Chairman)
Quah Ban Huat
Nicholas Peter Ballas
Ng Chee Keong

SECRETARY
Lynn Wan Tiew Leng

REGISTERED OFFICE
6 Raffles Quay #25-01
Singapore 048580
Tel: (65) 6403 1687
Fax: (65) 6403 1880

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01, Singapore Land Tower.
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710

AUDITORS
Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Partner-in-charge
Shariq Barmaky
(Appointed with effect from Financial Year 2015)

PRINCIPAL BANKERS
Citibank N.A. Singapore
8 Marina View #21-01
Asia Square Tower 1
Singapore 018960

United Overseas Bank Limited
1 Raffles Place #23-61
One Raffles Place Tower 2
Singapore 048616

Sumitomo Mitsui Banking Corporation
3 Temasek Avenue #06-01
Centennial Tower
Singapore 039190

BNP Paribas
10 Collyer Quay #33-01
Ocean Financial Centre
Singapore 049315

Maybank
2 Battery Road
Maybank Tower
Singapore 049907

Standard Chartered Bank
Marina Bay Financial Centre (Tower 1)
8 Marina Boulevard, Level 24
Singapore 018981

Financial
Contents

Corporate Governance
Report

The Board of Directors (the "Board" or the "Directors") of Samudera Shipping Line Ltd (the "Company") is committed to setting and maintaining high standard of corporate governance to ensure greater corporate transparency, accountability, performance and integrity, and at the same time, protect shareholders' interests and enhance shareholders' value.

This report describes the Company's corporate governance processes and activities that were in place through the financial year with specific reference to the principles and guidelines as set out in the Code of Corporate Governance 2012 (the "Code"). Unless otherwise stated, the Company has complied with the principles and guidelines of the Code.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

Guidelines 1.1 and 1.2: The Board's role, duties and responsibilities

The Company has an effective Board to lead and control the operations and affairs of the Company and its subsidiaries (collectively the "Group"). The Board is responsible for setting the strategic direction and establishing goals for the management team of the Company (the "Management") as well as working together with Management to achieve these goals set for the Group.

The principal functions of the Board are:

- To set up and to review the broad policies, strategies and financial objectives of the Group and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- To supervise the management of the business and affairs of the Group and monitor the performance of Management;
- To review the financial performance of the Group;
- To oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- To approve the nomination of Board Directors and appointment of key management personnel;
- To approve the framework of remuneration for Directors and key management personnel as recommended by the Remuneration Committee;
- To review and approve annual budgets, major funding proposals, potential investments and divestment proposals, including material capital investments;
- To assume responsibility for corporate governance; and
- To ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

Each Director, in the course of carrying out his duties acts in good faith and considers the interests of the Group at all times. The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

Corporate Governance
Report

Guideline 1.3: Delegation by the Board

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated specific areas of responsibilities to three Board Committees: Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These Board Committees have been constituted with clearly defined Terms of Reference. These Terms of Reference are reviewed on a regular basis to ensure their continued relevance and adequacy to meet the governance standards expected of the Board. The Chairman of the respective Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board is free to request for further clarification and information from Management on all matters within their purview. The Board is ultimately responsible for the final decision on all matters.

Guideline 1.4: Attendance at Board and Board Committee Meetings

To address the competing time commitments of the Directors, the schedule of all Board and Board Committees' meetings and the Annual General Meeting is prepared and given to all the Directors well in advance before the beginning of each financial year. The Board conducts at least four meetings on a quarterly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions.

During the financial year ended 31 December 2016 ("FY2016"), the Board met five times to review and approve the annual budget, and the Company's quarterly and full-year results. Ad-hoc meetings are held to address significant issues or transactions. The Company's Constitution (the "Constitution") allow a Board meeting to be conducted by way of a telephone conference and/or by means of similar communication equipment where all Directors participating in the meeting are able to hear each other. Decisions of the Board and Board Committees may also be obtained through circular resolutions in writing.

The number of meetings held by the Board and Board Committees and attendances of Directors at the meetings during FY2016 is set out as follows:

		Board Committees		
	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
No. of meetings held	**5**	**4**	**1**	**1**
Name of Director	No. of meetings attended			
Masli Mulia	5	-	1	-
Asmari Herry Prayitno	5	-	-	-
Hermawan Fridiana Herman	5	-	-	-
Lim Kee Hee	5	-	-	-
Chng Hee Kok	5	4	1	1
Nicholas Peter Ballas	4	4	1	1
Quah Ban Huat	5	4	1	1
Ng Chee Keong	5	4	1	1

All Board members who are non-committee members of the AC, NC, RC would attend the Board Committee meetings via invitation.

The Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or Board Committees. A Director's contribution also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advices, experience and strategic networking relationships which would further the interests of the Company.

Guideline 1.5: Matters Reserved for Board's Approval

The Board delegates the formulation of business policies and day-to-day management to the Chief Executive Officer ("CEO") and the Executive Directors. The Company has adopted a framework of delegated authorisations in its Authorisation Matrix approved by the Board. The Authorisation Matrix sets out the level of authorisation and their respective approval limits for a range of transactions, including but not limiting to operating and capital expenditures. The following matters are specifically reserved for the Board's decision and approval:

- The Group's annual budget;
- Financial results announcements;
- Annual report and Audited accounts;
- Dividend payment to shareholders;
- Corporate strategies and financial restructuring;
- Major investments/divestments or acquisition/disposal proposal and material capital expenditures; and
- Any other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Guidelines 1.6 and 1.7: Continuous Training and Formal Letter of Appointment for New Directors

As part of the Board renewal process, the NC reviews and considers the skill, qualification and experience of the nominated director before recommending any proposed appointments to the Board for approval. A formal letter of appointment is given to all newly appointed Directors.

Newly appointed Directors are given orientation briefings by Management on the business activities of the Group and its strategic directions, so as to familiarise them with the Group's operations, financial performance and encourage effective participation in Board discussions. During the year under review, no new Director was appointed.

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. All Directors are encouraged to attend seminars, conferences or any courses in connection to new laws, regulations and risk management (including management of commercial, financial, operational and compliance risks) conducted by professional bodies, including active participation in the Singapore Institute of Directors. The cost of arranging and funding the training of the Directors will be borne by the Company. Directors receive regularly updates on latest development and issues pertaining to regulatory changes, corporate matters as well as corporate governance. During the year under review, Mr Hermawan attended a workshop on Corporate Sustainability Reporting conducted by the Marine Port Authority (MPA). Messrs Hermawan and Lim Kee Hee also participated in the CEO Insight Series "The future of Connectivity and its Impact on Trade Flows," organized by the MPA Academy.

All Directors are updated on major milestones of the Group. The Directors have unrestricted access to the Company's resources such as its Constitution, Terms of References of the respective Board Committees, Annual Reports and any other pertinent information for their reference. They can also request for further explanations, briefings or informal discussions on any aspect of the Group's operations and business issues from Management from time to time.

Where required, the Company Secretary and external professionals bring to the Directors' attention relevant updates in the industry and changes in accounting standards and regulations. The Directors are also given access to professionals for consultation as and when they deem necessary at the expense of the Company.

Principle 2: Board Composition and Guidance

Guidelines 2.1 and 2.2: Board Independence

The Board consists of eight Directors, four of whom are Independent and Non-Executive Directors:

Name of Directors	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Masli Mulia	Executive Chairman		Member	
Asmari Herry Prayitno	Executive Director and CEO			
Hermawan Fridiana Herman	Executive Director, Finance			
Lim Kee Hee	Executive Director, Commercial			
Quah Ban Huat	Lead Independent Director and Non-Executive	Chairman	Member	Member
Chng Hee Kok	Independent and Non-Executive Director	Member	Member	Chairman
Ng Chee Keong	Independent and Non-Executive Director	Member	Chairman	Member
Nicholas Peter Ballas	Independent and Non-Executive Director	Member	Member	Member

The NC conducts annual review of the Directors' independence and for the year under review, the NC was satisfied that the current Board composition complies with the guideline of the Code that at least half of the Board should comprise Independent Directors where the Chairman of the Board is not an Independent Director.

The profiles of the Directors, including their respective board representation, chairmanship held in other listed companies are set out on pages 22 to 26 of this Annual Report.

At the NC's recommendation, the Board had approved the following changes to the composition of the Board Committees as since 2016:

(a) Mr Ng Chee Keong was appointed as the NC Chairman in place of Mr Chng Hee Kok on 27 April 2016;

(b) Mr Quah Ban Huat was appointed as the AC Chairman and the Lead Independent Director in place of Mr Nicholas Peter Ballas on 27 February 2017; and

(c) Mr Chng Hee Kok was appointed as the RC Chairman in place of Mr Quah Ban Huat on 27 February 2017.

Guideline 2.3: Independence Review

The NC determines, on an annual basis, the independence of the Independent and Non-Executive Directors based on the guidelines provided in the Code, including considering whether the Directors have any business relationships with the Group that could interfere or be reasonably perceived to interfere, with their ability to exercise independent judgment, and a rigorous review of those Directors whose tenure had exceeded nine years from the date of their first appointment.

Each Independent and Non-Executive Director, existing or newly-appointed, is required to confirm his independence by completing and signing the Confirmation of Independence declaration form, which is based on the guidelines as set out in the NC Terms of Reference and the Code. The NC will then review the declaration submitted by each Director to determine whether he is independent.

For the year under review, the NC has reviewed the independence of Messrs Chng Hee Kok, Quah Ban Huat, Nicholas Peter Ballas and Ng Chee Keong, and is satisfied that there are no relationships which would impair their independent judgment or would deem any of them to be not independent. In reviewing the independence, the NC has considered the relationships identified by the Code and additionally, the Independent and Non-Executive Directors are also independent of the substantial shareholders of the Company.

Guideline 2.4: Independence of Director who has served on the Board beyond Nine Years

During the year under review, all the Directors participated in the deliberation and assessment of the independence status of Mr Chng Hee Kok, who has served on the Board for more than nine years from the date of his first appointment. Having considered the feedback and assessment made by each Director, the Board concurred with the NC's view that Mr Chng has demonstrated strong independence in character and judgment over the years in discharging his duties and responsibilities as an Independent and Non-Executive Director of the Company. There were no circumstances which would likely affect or appear to affect his independent judgment and he has acted in the best interests of the Group and the non-controlling shareholders. His contributions in Board deliberations, due to his length of service, in-depth knowledge of the Group's businesses and board representation on other listed companies are considered valuable by the Board. While recognising the benefits of the experience and stability brought by long-standing Directors, the Board remains committed to the progressive renewal of Board membership.

The Board, after taking into consideration the NC's evaluation, resolved that Mr Chng Hee Kok, notwithstanding his service on the Board for more than nine years from the date of his first appointment, continue to be considered independent along with Messrs Quah Ban Huat, Nicholas Peter Ballas, and Ng Chee Keong.

Guidelines 2.5 and 2.6: Composition, Size and Competency of the Board

The NC reviews the size and composition of the Board and Board Committees, including the skills and core competencies of each Director to ensure an appropriate balance and diversity of skills and experience for effective decision-making. The Board, as a whole, combines people with industry knowledge, general commercial experience, accounting, financial and capital market background, all of whom as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. The objective judgment of the Independent and Non-Executive Directors on corporate affairs and their collective experience and contributions are valued by the Company. The Board is of the view that the current Board size is appropriate, taking into account the nature and scope of the Group's operations.

As half of the Board consists of Independent and Non-Executive Directors, objectivity on issues deliberated is assured and Management is able to benefit from their diverse external perspectives on issues brought before the Board. Objectivity and independence of the Board decisions are maintained through the professionalism of each Board member, who have demonstrated a high level of commitment in their roles as Directors of the Company.

Guidelines 2.7 and 2.8: Role and Participation of Non-Executive Directors

The Independent and Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives of the Group's business, and monitor the reporting of performance. Management also has access to the Independent and Non-Executive Directors for guidance and informal discussions both within and outside the meetings of the Board and Board Committees.

The Independent and Non-Executive Directors met amongst themselves to discuss matter without the presence of Management in the past. However, no such ad hoc meetings were held by the Independent and Non-Executive Directors during the year under review, although they are mindful that they may do so if the need arises.

Principle 3: Chairman and Chief Executive Officer

Guidelines 3.1 and 3.2: Separate Role and Responsibilities of Chairman and CEO

There is a clear division of roles and responsibilities between the Chairman and the CEO of the Company to ensure an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

As Chairman, Mr Masli Mulia is responsible for:

(a) Steering strategic direction and business growth of the Group;

(b) Ensuring that Board meetings are held when necessary and sets the agenda of the Board meetings in consultation with the other Directors and Management, including setting the pace for a constructive debate and an effective contribution from the Board members at the meetings;

(c) Reviewing the Board papers before they are presented to the Board and ensures that the Board members are provided with complete, adequate and timely information;

(d) Ensuring effective communication with shareholders; and

(e) Promoting high standards of corporate governance.

The CEO, Mr Asmari Herry Prayitno, is responsible for:

(a) The day-to-day operations of the Group's business which are carried out with the assistance of the other Executive Directors and key management personnel; and

(b) Formulating business plans, directions and strategies of the Group's business. Strategic decisions are made in consultation with the Board.

Guideline 3.3: Appointment of Lead Independent Director
Guideline 3.4: Independent Directors to Meet Periodically without other Directors

Mr Quah Ban Huat had replaced Mr Nicholas Peter Ballas as the Company's Lead Independent Director on 27 February 2017. The Lead Independent Director is responsible for leading and coordinating the activities of the Independent and Non-Executive Directors and serve as a principal liaison on Board issues between the Independent and Non-Executive Directors and the Chairman of the Board. The Lead Independent Director is available to shareholders who have concerns for which contact through the normal channels of the Chairman, CEO or Executive Directors have failed to resolve or for which such contact is inappropriate.

The Lead Independent Director may call for meetings of Independent and Non-Executive Directors to meet or communicate amongst themselves, without the presence of the Executive Directors, as and when the need arises. However, no such meeting was held by the Independent Directors during the year under review, although they are mindful that they may do so if the need arises.

Principle 4: Board Membership

Guideline 4.1: Composition of Nominating Committee ("NC")

The NC comprises the following five members, four of whom are Independent and Non-Executive Directors. The NC Chairman is independent and not associated in any way with the 10% shareholders of the Company.

Ng Chee Keong	Chairman
Chng Hee Kok	Member
Quah Ban Huat	Member
Nicholas Peter Ballas	Member
Masli Mulia	Member

The NC is regulated by a set of written Terms of Reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process, which includes internal guidelines to address the conflict of competing time commitments that are faced by Directors with multiple board representations. In respect of re-nominations, the NC will consider the individual Director's contribution and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations.

Guideline 4.2: Authority and Duties of Nominating Committee

The key functions of the NC include:

- To review board succession plans for Directors, in particular, the Chairman and the CEO;

- To conduct a formal assessment on the effectiveness of the Board as a whole and to assess the contribution by each individual Director to the effectiveness of the Board, particularly when a Director serves on multiple boards;

- To establish procedures for and make recommendations to the Board on the appointments of new Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board and re-appointments;

- To regularly review the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- To establish procedures for evaluation of the performance of the Board, its Board Committees and Directors, and propose objective performance criteria which shall be approved by the Board;
- To determine the independence of each Director, namely the independent Directors;
- To ensure that all Board appointees undergo an appropriate induction programme; and
- To review and determine that each Director carries out his duties as a Director of the Company adequately, taking into consideration each Director's number of listed company board representations and other principal commitments.

During FY2016, the NC had:

(a) Assessed and evaluated the effectiveness of the Board and the Board's performance as a whole;

(b) Reviewed the Board and Board Committees composition and assessed the independence of each Independent Director; and

(c) Recommended the re-election of Directors retiring pursuant to the Company's Constitution.

Re-election of Directors

The NC reviews the re-election of each Board member in accordance with the Company's Constitution. Pursuant to Article 91 of the Company's Constitution, one-third of the Directors (except Managing or Joint Managing Director) shall retire from office by rotation at the Company's Annual General Meeting ("AGM"). In addition, Article 92 provides that the retiring Directors are eligible to offer themselves for re-election and Article 97 provides that all newly appointed Directors shall retire from office at the next AGM following their appointment.

The Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors are Messrs Masli Mulia, Quah Ban Huat and Ng Chee Keong who will retire pursuant to Article 91 of the Company's Constitution. Each member of the NC abstains from all discussions, deliberations and decisions in respect of their own performance assessment or re-election.

Guideline 4.3: Determination of Directors' Independence Annually

The Board concurred with the NC's view that the four Independent and Non-Executive Directors, namely, Messrs Chng Hee Kok, Quah Ban Huat, Nicholas Peter Ballas and Ng Chee Keong are independent, taking into account the circumstances set forth in the Code and any other salient factors. The Independent and Non-Executive Directors had also confirmed their independence in accordance with the Code.

Guideline 4.4: Multiple Board Representations

All Directors are required to declare their board representations. When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

Based on the individual Director's confirmation to the NC on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to put a maximum limit on the number of listed company board representations of each Director. For the year under review, the NC is satisfied that the Directors have given adequate time and attendance to the affairs of the Group to discharge their duties as Directors of the Company through their attendance at meetings of the Board and Board Committees, notwithstanding their multiple board representations and other principal commitments.

Guideline 4.5: Alternate Directors

The Board is of the view that alternate directors should only be appointed in extenuating circumstances. The Company currently does not have any alternate director.

Guideline 4.6: Board Appointment Process

The NC recommends all appointments of Directors to the Board, after taking into account the following factors:

(a) The Group's strategic and business plans, and operational requirements; and

(b) The suitability of candidates for Board appointment, based on their skills, expertise and experience.

The Company has in place a process for selecting and appointing new Directors. Potential candidates who possess relevant experience and have the caliber to contribute to the Company are shortlisted for consideration. Curriculum vitae of the shortlisted candidates will be circulated to the NC for their review, taking into consideration the candidate's suitability, qualification, experience and knowledge. Thereafter, NC will conduct interview(s) with the potential candidates, before making its recommendation to the Board.

Guideline 4.7: Key Information regarding Directors

Information in respect of the academic and professional qualification, and directorship or chairmanship, both present and those held over the preceding three years in other listed companies, is set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related corporations held by each Director is set out in the "Directors' Statement" section of the Annual Report.

Principle 5: Board Performance

Guidelines 5.1 to 5.3: Board and Board Committees Performance Evaluation Process

The NC has established evaluation procedures and performance criteria for the assessment of the Board's performance as a whole. The evaluation of the Board's performance is carried out on an annual basis, and the performance criteria for the Board evaluation covers amongst other criteria, Board composition, Board processes, information, internal control and risk management, Board accountability, CEO performance and succession planning and standard of conduct of the Board. Each Director assesses the effectiveness of the Board as a whole by providing feedback to the NC. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

During FY2016, the NC had with the assistance of the Company Secretary conducted the assessment by preparing a performance evaluation questionnaire to be completed by each Director, which were then collated and the findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. No external facilitator had been used by the Board for this assessment.

The NC is of the view that the Board and Board Committees operate effectively and each individual Director has contributed to the effectiveness of the Board as a whole. The results of the NC's assessment for FY2016 has been communicated to and accepted by the Board.

The Chairman, in consultation with the NC, will, if necessary, propose steps to be undertaken to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Company.

Principle 6: Access to Information

Guidelines 6.1 and 6.2: Complete, Adequate and Timely Information

To enable the Board in fulfilling its responsibilities and engage in full deliberation on the issues to be considered at each meeting, Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. In addition, all relevant information on the Group's annual budgets, financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise. Any material variance between any projections/budgets and the actual results is disclosed and explained to the Board.

Guideline 6.3: Separate and Independent Access to the Company Secretary
Guideline 6.4: Appointment and Removal of the Company Secretary

The Directors have separate and independent access to the Company's key management personnel and the advice and services of the Company Secretary. The Company Secretary assists the Chairman and the Chairman of each Board Committee in preparing the agendas for the respective meetings in consultation with the Management. The Company Secretary (and/or her representatives) attends and prepares minutes of all meetings of the Board and Board Committees, including assisting the Board to ensure that proper procedures are observed and requirements of the Companies Act, Cap. 50. and the Listing Manual of the SGX-ST are complied. The appointment or removal of the Company Secretary is subject to the approval of the Board as a whole.

Guideline 6.5: Independent Professional Advice

Where the Directors require independent professional advice in the course of discharging their duties, such advice would be provided at the Company's expense, subject to approval by the Board.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1: Composition of Remuneration Committee ("RC")

The RC comprises the following four members, all of whom are Independent and Non-Executive Directors.

Chng Hee Kok	Chairman
Quah Ban Huat	Member
Nicholas Peter Ballas	Member
Ng Chee Keong	Member

Guidelines 7.2 to 7.4: Authority and Duties of Remuneration Committee

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- To review and recommend to the Board a framework of remuneration for each Director and key management personnel that are competitive and sufficient to attract, retain and motivate key management personnel of the required quality to run the Company successfully;

- To review and determine the specific remuneration packages and terms of employment for each Director and key management personnel, which cover all aspect of remuneration including Directors' fees, salaries, allowances, bonuses and benefits-in-kind;

- To determine the appropriateness of the remuneration of the Independent and Non-Executive Directors taking into consideration the level of their contribution; and

- To review and recommend to the Board the terms of renewal of the service contracts of Directors.

During FY2016, the RC had:

(a) Reviewed and determined the remuneration packages and service contracts for the CEO, Executive Directors and key management personnel, to ensure that they are adequately but not excessively remunerated;

(b) Reviewed and recommended the Directors' fees for the Independent and Non-Executive Directors, which are subject to the shareholders' approval at the AGM of the Company; and

(c) Reviewed and determined the proposed thresholds and key performance indicators for the Executive Directors and CEO's bonus entitlement in consultation with an external human resource consultant.

The RC also considered, in consultation with the CEO, amongst other things, the performance of the Group's key management personnel, including their responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent. The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises.

The RC had in 2015 engaged an external human resource consultant, Mercer–HRBS, to conduct a comprehensive review of the remuneration package of the Executive Directors, CEO and key management personnel as well as to recommend thresholds and determinants for bonus entitlements. The RC, having deliberated on the outcome of the consultant's review, had recommended relevant changes, where appropriate, to the remuneration packages and services contracts of the respective Executive Directors, CEO and key management personnel, which were duly approved by the Board.

No individual Director is involved in fixing his own remuneration. Independent and Non-Executive Directors are paid Directors' fees annually on a standard fee basis. Each member of the RC abstains from making any recommendation on or voting on any resolutions in respect of his own remuneration package, except for providing information and documents specifically requested by the RC.

The RC reviews the terms and conditions of service agreements of the Executive Directors before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Directors and key management personnel, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

Principle 8: Level and Mix of Remuneration

Guideline 8.1: Remuneration of Directors and Key Management Personnel

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the CEO, Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits. Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

Guideline 8.2: Long-Term Incentive Schemes

Currently, the Company does not have any share-based compensation scheme or long-term incentive schemes for the key management personnel, Executive Directors, and Independent and Non-Executive Directors.

Guideline 8.3: Remuneration of Independent and Non-Executive Directors

The Independent and Non-Executive Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. The Directors' fees is reviewed annually and recommended by the RC for the Board's endorsement and approval by the shareholders at the AGM of the Company. To facilitate the payment of Directors' fees during the financial year in which they are incurred, the Company is seeking shareholders' approval for Directors' fees of S$209,000 to be paid for the current financial year ending 31 December 2017 on a half yearly basis in arrears.

Guideline 8.4: Contractual Provisions for Executive Directors

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Principle 9: Disclosure on Remuneration

Guidelines 9.1, 9.2 and 9.3: Remuneration of Directors, CEO and Top Five Key Management Personnel

The Board has not included a separate remuneration report to shareholders in the Annual Report to fully disclose each individual Directors' remuneration or the top five key management personnel (who are not Directors or the CEO) as the Board is of the view that key remuneration information would have already been sufficiently disclosed in this report and in the financial statements of the Company.

There are no termination, retirement and post-employment benefits that may be granted to Directors (including the CEO) and the top five key management personnel (who are not Directors or the CEO) of the Company and the Group.

A breakdown showing the level and mix of the remuneration payable to each individual Director and top five key management personnel (who are not Directors or the CEO) for FY2016 is set out as follows:

Remuneration Band	Name of Personnel	Salary	Bonus	Benefits	Fees
		%	%	%	%
Key Management Personnel					
S$250,000 to below S$500,000	Tan Meng Toon	71.2%	15.1%	13.7%	0%
Below S$250,000	Chan Ngok Chuin	68.5%	15.3%	16.2%	0%
	Choo Eng Chye Royce	68.4%	16.7%	14.9%	0%
	Lee Thuan Aun, Thomas	66.2%	19.3%	14.5%	0%
	Oh Kian Beng	69.4%	11.9%	18.7%	0%
Independent and Non-Executive Directors					
Below S$250,000	Quah Ban Huat	0%	0%	0%	100%
	Chng Hee Kok	0%	0%	0%	100%
	Nicholas Peter Ballas	0%	0%	0%	100%
	Ng Chee Keong	0%	0%	0%	100%
Executive Directors					
S$250,000 to below S$500,000	Masli Mulia	62.7%	32.0%	5.3%	0%
	Asmari Herry Prayitno	58.6%	32.1%	9.3%	0%
	Lim Kee Hee	65.7%	26.3%	8.0%	0%
	Hermawan Fridiana Herman	64.7%	27.3%	8.0%	0%

The total aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) of the Company for FY2016 is S$1,038,811.

The Board believes that a Group-wide cross-section of the Directors' and key management personnel's remuneration and their names in bands of S$250,000 provides sufficient overview of their remuneration and is in the best interest of the Company in view of the confidentiality and commercial sensitivities attached to remuneration matters. This is especially so for staff remuneration matters given the highly competitive human resource environment.

Guideline 9.4: Remuneration to Employees who are Immediate Family Members of a Director or the Chief Executive Officer for FY2016

There are no employees who are immediate family members of the Directors and the CEO whose remuneration exceeded S$50,000 for FY2016.

Guideline 9.5: Details of Employee Share Schemes

No remuneration or compensation was paid or is to be paid in the form of share options, since the Company currently does not have any employee share scheme.

Guideline 9.6: Link between Remuneration and Performance

Remuneration received by Executive Directors and key management personnel comprise of basic salary component and variable component. The variable component is basically bonus payment which is determined based on the Group's performance and the performance of each individual person.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Guidelines 10.1 and 10.2: Board Accountability

The Board seeks to keep stakeholders updated on the Group's financial performance, position and prospects through quarterly and annual financial reports as well as timely announcements on developments in the Group's businesses. Quarterly and full year financial results of the Company are reviewed by the Board before dissemination to shareholders via SGXNet. Quarterly results are released within 45 days of the reporting period while the full year results are released within 60 days of the financial year end via SGXNet. In presenting the financial reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance.

The Company's Annual Report is available to shareholders on request and is also accessible on the Company's website (http://www1.samudera.com/ssl/).

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to shareholders in its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

For the year under review, the CEO and the Executive Director, Finance, have provided a written assurance to the Board on the integrity of the Group's financial statements. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems in place, including financial, operational, compliance and information technology controls. This is based on internal controls maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board.

Guideline 10.3: Management Accountability

Management provides the Board with a continual flow of relevant information on the Group on a timely basis in order that the Board may effectively discharge its duties. Management keeps the Board regularly updated on the Group's business activities and financial performance by providing operational overviews on a regular basis as well as at the AC and Board meetings, which includes information such as:

(a) The Group's actual performance against the approved budget and where appropriate, quarter-to-quarter and year-to-date comparatives;

(b) Key business indicators and factors that have significant impact on the Group's operational and financial performances; and

(c) Significant trends and competitive conditions of the industry and known factors or events that may affect the Group whether on a short and/or long term basis.

Principle 11: Risk Management and Internal Controls

Guidelines 11.1 to 11.4: Board Review of the Adequacy and Effectiveness of Risk Management and Internal Controls and the Company's Level of Risk Tolerance and Risk Policies

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. In addition, the Company's approach to risk management is set out in the "Risk Management Policies and Processes" section on page 61 to 62 of this Annual Report.

The Board is committed to maintain a sound system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems to safeguard the interests of the shareholders and the Group's assets. To achieve this, regular internal reviews are constantly being undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or dispositions, transactions are properly authorised and proper financial records are being maintained.

The risk management team of the Group (the "RM team") oversees and assesses the Group's risk management framework and policies, and reports directly to the AC. The AC would report all material updates to the Board.

The RM team has carried out an enterprise risk management exercise to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The Group has identified its risk profile which summarises the material risks faced by the Group and the control-measures in place to manage such risk. The Group has documented an overview of its key risks, the risk tolerance level, the key personnel responsible for each identified risk type and the internal control mechanisms in place, which includes operational, financial, information technology and compliance. During the year under review, the RM team had worked together with the respective risk owners to monitor as well as implement proposed risk mitigation plans, which had been reviewed and approved by the AC.

The AC has reviewed the Group's financial controls and risk management policies and processes, and based on its assessment and reports of the external auditors, internal auditors and the RM team, the AC is assured that adequate and effective internal controls are in place.

As for the operational and compliance controls, the Group has periodically reviewed these control areas through the various heads of department, and has continuously made improvements with the assistance of the internal auditor and the RM team.

For FY2016, the Board has received assurance from the CEO and the Executive Director, Finance that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems in place are adequate and effective in addressing the needs of the Group in its current business environment, including financial, operational, compliance and information technology risks.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as the Group strives to achieve its' business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the internal control procedures established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and the risk management systems, are adequate and effective as at 31 December 2016.

Principle 12: Audit Committee

Guidelines 12.1 and 12.9: Composition of Audit Committee

The AC comprises the following four members, all of whom are Independent and Non-Executive Directors.

Quah Ban Huat	Chairman
Chng Hee Kok	Member
Nicholas Peter Ballas	Member
Ng Chee Keong	Member

None of the AC members is a former partner or director of the Company's existing auditing firm.

Guidelines 12.2 to 12.4: Authority and Duties of Audit Committee

The Board is of the opinion that the AC members are appropriately qualified to discharge their responsibilities. Three of the members, Messrs Nicholas Peter Ballas, Chng Hee Kok and Quah Ban Huat, have accounting or related financial management background, while Mr Ng Chee Keong's expertise is in terminal, marine and logistics. All members are familiar with financial statements.

The AC is authorised by the Board to investigate any matter within its Terms of Reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly. The AC has full discretion to invite any Executive Director or key management personnel or any other person to attend its meetings.

The key responsibilities of the AC include the following:

- To review, the external and internal audit plans/audit reports, including the nature and scope of the audit before the audit commences, the management letter issued by the external auditors (if any) and Management's response to the letter and to ensure Management's cooperation with auditors;

- To review the internal auditors' evaluation of the Company's and the Group's system of internal controls in terms of financial, operational, compliance, information technology and risk management;

- To review the assistance given by Management to the external auditors and internal auditors and to discuss problems and concerns, if any, arising from the interim and final audits in consultation with the external auditors;

- To review the announcements of the quarterly and annual results prior to their submission to the Board for approval for release to the SGX-ST;

- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST;

- To review all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors;

- To review and recommend the re-appointment of the external auditors; and

- To review and take actions on the arrangements by which staff of the Group and any other persons may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC has examined any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

Guideline 12.5: Meeting External Auditors and Internal Auditor without the presence of the Company's Management Annually

The AC meets with the external auditors and internal auditor at least once a year, without the presence of the Company's Management, to review any areas of audit concern.

Guideline 12.6: Review Independence of External Auditors

For the year under review, the AC has also reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect their independence and objectivity. The total fees payable by the Group to the external auditors for audit and non-audit services are as disclosed:

FY2016	S$	% of Total
Total audit fees	272,000	93
Total non-audit fees	19,500	7
Total Fees payable	291,500	100%

The AC is satisfied that the appointment of external auditors is in compliance with the requirements of Rule 712 of the SGX-ST Listing Manual. Accordingly, the AC has recommended the re-appointment of Deloitte & Touche LLP as external auditors at the forthcoming AGM of the Company.

In accordance with the requirements of Rule 716 of the SGX-ST Listing Manual, the AC and the Board, having reviewed the appointment of different auditors for the Company's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

Guideline 12.7: WhistleBlowing Policy

The AC had reviewed and adopted a WhistleBlowing Policy which provides a well-defined channel for the employees of the Group and other external parties to report their concern on possible wrongdoings such as fraud, improprieties in financial reporting, misconduct or other matter within the Group.

Guideline 12.8: Activities of Audit Committee for FY2016

The AC met four times during FY2016 to review the audit plan/report, the audit findings from external and internal auditors, the report on interested person transactions, re-appointment of the external and internal auditors and the announcements of the quarterly and full-year financial results before being approved by the Board for release to the SGX-ST. The Executive Directors, external auditors, internal auditor and the key finance personnel were invited to attend these meetings.

The AC also meets regularly with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions, including significant financial reporting issues.

The AC is kept abreast by the Management and the external auditors on changes to accounting standards, Listing Manual of the SGX-ST and other regulations which could have a direct impact on the Group's business and financial statements.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The AC reviewed and discussed the following key audit matters impacting the financial statements with Management and the external auditor. These key audit matters have been addressed by the external auditors in their Independent Auditor's Report on page 67 and 71 of this Annual Report.

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Impairment Assessment of Vessels	The AC reviewed the Management's impairment assessment of vessels, which included valuation by external specialists as well as Management's value-in-use calculation. Detailed discussion with Management was held taking into account industry trend. The AC also discussed and reviewed the findings of the external auditor with Management and auditor, including their assessment on the appropriateness of the methodologies and the underlying key assumptions applied in both valuation and value-in-use assessment. The AC was satisfied with the valuation and value-in-use assessment along with the methodologies used for the vessels owned by the Group as disclosed in the financial statements.

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Revenue Recognition (Freight Operations) and the Valuation of Amounts Due from Customers	The AC considered and discussed extensively with Management and auditor the findings highlighted by the Group's external auditor on the recognition of revenue from freight operations. The AC also reviewed and evaluated Management's credit review process on slow paying debts and the creditworthiness of selected customers. On the whole, the AC was satisfied with the revenue recognition policy for freight operations and also the credit review process.

Principle 13: Internal Audit

Guidelines 13.1 and 13.2: Internal Auditor's Line of Reporting and Access to Information

The Board recognises the importance of maintaining a sound system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The Company has appointed an in-house internal auditor to oversee the Group's internal audit function, and report to the AC on the progress and adequacy of the internal audit function. The internal auditor has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor's primary line of reporting is to the Chairman of the AC. The appointment, evaluation and removal of internal auditor are solely subject to the approval of the AC.

Guidelines 13.3 and 13.4: Internal Audit Function and Internal Auditor's Qualification and Experience

The internal auditor plans its internal audit schedules in consultation with, but independent of, Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC reviews the activities of the internal auditor on a regular basis to ensure that the internal audit resources are adequate, in particular the qualification and experience of the internal auditor.

The AC is satisfied that the internal auditor is qualified and experienced personnel. The internal auditor has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During FY2016, the internal auditor has also reviewed and assessed the internal controls established and maintained by the Group to ensure that they are adequate, sufficient and effective and reported the findings to AC, recommending improvements and additional controls where appropriate. A copy of the report was also circulated to relevant departments for follow up actions.

Guidelines 13.5: Adequacy and Effectiveness of Internal Audit Function

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that internal audits are conducted effectively and that the Management provides the necessary co-operation to enable the internal auditor to perform its function. The AC also reviews the internal auditor's reports and monitors the remedial actions implemented by Management to address internal control weaknesses identified.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. The Board is mindful of the obligation to provide timely and fair disclosure of information about the Group's business developments and financial performance which would have a material impact on the share price or value of the Company. The Board is accountable to the shareholders while Management is accountable to the Board.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders. Copies of the Annual Report, the Circular and the Notices of the AGM and/or Extraordinary General Meetings ("EGM"), where applicable, are sent to every shareholder of the Company, informing them of the rules and voting procedures that govern the general meetings. The Notices of the general meetings are also advertised in the newspapers, released via SGXNet and made available on the Company's website at http://www1.samudera.com/ssl/.

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and stay informed of the Group's strategies and visions. The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders. The Company is not implementing absentia voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company does not practice selective disclosure. Material and price sensitive information is publicly released in a comprehensive, accurate and timely manner via SGXNet. Financial results and annual reports are announced and issued within the mandatory period and are available on the Company's website at http://www1.samudera.com/ssl/ which provides, *inter-alia*, corporate announcements and the latest financial results as disclosed by the Company on SGXNet.

Other platforms used in the dissemination of relevant information include press releases, annual reports, shareholder circulars and general meetings. Presentations made at general meetings are announced via SGXNet and made available publicly on the Company's website.

The Company, beside in-house investor relations (IR) personnel, also engages IR professionals to provide and facilitate communications with all stakeholders; shareholders, analysts and media, on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

General meetings are principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address shareholders' concerns at general meetings.

To enable shareholders to contact the Company easily, investor relations access link is available at the Company's website.

Each distinct issue requiring shareholders' approval is proposed as a separate resolution at the general meetings. The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. During the general meetings, shareholders are given opportunities to speak and seek clarifications concerning the Company. The Chairmen of the Board and the various Board committees, and the external auditors are present at every AGM and/or EGM to address any relevant questions that may be raised by the shareholders.

The Company records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management. These are available to shareholders at their request.

For greater transparency and fairness in the voting process, voting at shareholders' meetings were conducted by poll since 2013. This allows all shareholders present or represented at the meetings to vote on a one-share-one vote basis. The rules, including the voting process, are explained by the scrutineers. The voting results of all votes cast for or against each resolution (including the respective percentages) are disclosed during the general meetings and the same will be announced to the SGX-ST after the conclusion of the general meetings.

The Company will endeavour to maintain a dividend payout ratio of about 20%. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

DEALINGS IN SECURITIES

The Company has adopted an internal Code of Best Practices on dealings in securities to provide guidance to the officers, including Directors, of both the Company and its subsidiaries with regard to dealings in the Company's securities.

The Code of Best Practices prohibits the officers of the Group from dealing in the Company's securities during the period commencing two weeks before the announcements of each of the Company's quarterly financial results and one month before the announcement of the Company's full year financial results and ending on the date of announcement of such results on the SGX-ST, or when they are in possession of the unpublished price sensitive information of the Group. In addition, the Directors and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire, stevedoring and container depot storage and repair at the end of the financial year.

Save as disclosed in the Directors' Statement and financial statements, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interest of the CEO, any Director or the controlling shareholder subsisting at the end of FY2016.

Interested
Person Transactions

The Group has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the AC and conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC has reviewed the Interested Person Transactions ("IPTs") for FY2016 and are of the view that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

The aggregate values of all IPTs conducted during the financial year are as follows:

Interested person	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Expenses				
Immediate holding company				
PT Samudera Indonesia Tbk				
Agency Commissions (1)	**-**	-	**2,373**	2,332
Office rental	**-**	-	**80**	85
Vessel charter hire	**-**	-	**2,392**	-
Related company				
PT Samudera Indonesia Ship Management				
Ship management fees	**-**	-	**1,100**	1,158
PT Perusahaan Pelayaran Nusantara Panurjwan				
Vessel charter hire	**-**	-	**1,592**	1,225
Slot space purchase	**108**	289	**-**	-
PT Masaji Tatanan Container				
Container depot storage / repair	**-**	-	**206**	219
PT Tankindo Perdana				
Vessel charter hire	**-**	-	**-**	43
PT Samudera Energi Tangguh				
Vessel charter hire	**-**	-	**104**	162

Interested
Person Transactions

Interested person	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Sales				
Related company				
PT Perusahaan Pelayaran Nusantara Panurjwan				
Vessel charter hire	**2,902**	3,417	**–**	–
PT Samudera Energi Tangguh				
Sale of vessels	**350**	4,860	**–**	–
PT Cumawis Indonesia				
Sale of vessel	**142**	–	**–**	–
PT Silkargo Indonesia				
Vessel charter hire	**150**	–	**–**	–
	3,652	8,566	**7,847**	5,224

(1) No agency commission is payable for revenue collected or payments made on behalf of Samudera Shipping Line Ltd and the transaction has been accorded as a nil value.

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire and container depot storage and repair at the end of the financial year.

Risk Management
Policies and Processes

The risk management policies and processes are set by the Board. These are regularly reviewed and updated.

The Group has setup a risk management team to oversee and assess the Group's risk management framework and policies, to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Group identifies, analyses and evaluates risks that affect the operations of the Group's business and realization of projects. This includes considering factors that trigger and give rise to such risks as well as its potential impact to the organization. Achieving these objectives will allow the Group to enhance shareholder value by focusing on the key risks, finding an appropriate balance between cost and risk control as well as a more effective capital allocation.

An overview of the key risks are identified in the following areas:

- Strategic
- Investment
- Operation
- Information Technology
- Compliance
- Financial

STRATEGIC

1. A periodic strategy evaluation exercise is conducted with the view to build and enhance its long-term strategic direction and plans. The plan will be aligned with the broader Vision, Mission and Values of the Samudera Indonesia Group, the major shareholder of the Group. The main elements of the strategy will be to expand and enhance our network and connectivity, and to provide high-quality transportation services and logistics to our valued customers.

2. The Group is committed on providing the best quality service for its customers. Therefore, strong emphasis in organisational structure is geared toward continuous improvement in customer satisfaction as well as customer retention.

3. The Group adopts a portfolio approach in terms of its business lines. It participates in three business segments: container shipping, bulk and tanker, and agency and logistics (formerly catagorised as others), each having its own unique business cycles, characteristics, risk profiles and profitability patterns.

INVESTMENT

1. Written approval from Board is necessary prior to implementation of any new investment. The approval process involves a rigorous review of various aspects of the investment proposal.

2. As good corporate governance practices, the Group adopts a prudent approach in managing the investments and, at the same time, maximizing available resources. In particular special attention is paid in managing the level of gearing on a consolidated basis. Although it covenants a gearing ratio of not higher than 2:1 (being the ratio of interest bearing debt over net worth) to its lenders, it consistently maintains a gearing level, which is lower than its covenants.

Risk Management
Policies and Processes

3. For external borrowings, it ensures that it works with a bank or a financial institution that is financially sound and understands the Group's business and its risk characteristics. The Group believes that by choosing its lenders properly, it can expect a continuing support from the financing community at attractive terms to support the Group's strategic plan.

OPERATION

1. The Group relies on proper organizational structures and internal controls to ensure a smooth running of operations in relation to Group's goals and the industry environments and various geographical areas that it operates in. Periodical review is conducted by the Board to review and evaluate the effectiveness of the controls and appropriateness of the structure.

2. Being in the service industry, it places high emphasis on its quality of human resources through placement and empowerment of the right people and appropriate management control tools.

3. The Group takes necessary insurance covers for example Hull & Machinery, Protection & Indemnity, kidnap and ransom, Time Charterers' Liability and War Risk cover as and when necessary.

4. When entering into an entirely new market, the Group usually seeks assistance from suitable consultant(s) or agency who are knowledgeable about local market condition.

INFORMATION TECHNOLOGY

1. The Group opines that information technology is one of the crucial tools to achieve business growth, better productivity and a greater competitive edge. Investment within this area mainly focuses on technology that will improve quality of service, productivity and security.

2. The Group has established policies in place to manage risks associated with information technology, covering various aspects including business continuity planning, user access management and change management. The Group has also implemented a robust security framework to ensure there are appropriate preventive, detective and recovery measures to minimize information technology and network security risks to its network and data systems.

COMPLIANCE

1. To achieve optimum fleet maintenance, the Group engages various ship management companies to manage its fleet. The ship management company, being a specialized company in that industry, ensures that the Group's vessels are in compliance with various regulations e.g. IMO regulations including ISM Code, Classification Society's rules, Oil Major Terminal vetting inspections, CDI inspections etc.

2. To ensure compliance to legal and regulatory matter, the Group engaged a third-party professional advisory firm for corporate secretarial services to keep the Group apprised of matters necessary to comply with statutory requirements and listing rules. For advisory on specific matter, the Group may appoint professional advisor or legal firm.

FINANCIAL

Please refer to Notes to Financial Statements of the Annual Report.

Key Management
Personnel

Captain Tan Meng Toon is the Deputy Director of the Company and is in charge of the trade function in controlling and managing the service routes within the Company's network. Captain Tan had served onboard the vessel as a deck officer in various ranking in several local and foreign-owned shipping companies. He also served as a technical superintendent and operations manager of a foreign-owned ship management company. Captain Tan holds a Foreign Ocean Going Master (Class I) Certificate.

Captain Chan Cheow Chan joined the Company in 1996. Currently, he holds a position of General Manager who is responsible for the Container Management business and also for Cost Control and Vendor Management. Prior to his current appointment, he was responsible for the Liner Trade and Business Development of the Company. Before joining Samudera, Captain Chan had many years of experience in various aspects of shipping business. He obtained a Certificate of Competency in Master of Foreign-Going Ship from the Singapore Marine Department in 1988.

Mr Chan Ngok Chuin joined the Company in 2002 as MIS General Manager to oversee the management information systems of the Group. He holds a Bachelor of Science major in Computer Science and Mathematics from Brandon University, Canada and a Master of Business Administration major in Strategic Management from the Nanyang Technological University, Singapore. Mr Chan has more than 20 years of experience in the IT field such as system implementation, Portnet interfaces, designing and developing real time applications system, providing management and leadership in all computerisation projects in the Southeast Asia region, Hong Kong, Taiwan, China, Europe and America.

Captain Choo Eng Chye Royce held various senior positions in the shipping industry for the past 12 years prior to joining the Company in 1999. At present, he holds the position as an Operations General Manager and is responsible for the fleet management of the Company. Captain Royce obtained a Certificate of Competency in Master of Foreign-Going Ship from Auckland Nautical Institute, New Zealand in 1986.

Mr Oh Kian Beng joined the Company in 1992. He holds the position of General Manager who is responsible for the Sales & Marketing as well as Customer Service functions. Prior to joining the Company, Mr Oh had many years of marketing experience in the shipping industry. He studied Sales and Marketing.

Mr Thomas Lee Thuan Aun joined the Company in 1997. He is currently holding the position of General Manager and is responsible for trade performance and business development in the Regional Container Shipping business including seeking opportunities to co-operate with other shipping companies. Mr Lee graduated from the National University of Singapore in 1997 and holds a Bachelor of Science degree.

Ms Agnes Wong holds the position of Chief Accountant who is responsible for the Group's Finance and Accounting function as well as providing support on system development. She joined the Company in 1998, and held several positions prior to her current appointment. She is member of The Institute of Singapore Chartered Accountants (ISCA) and a fellow member of The Association of Chartered Certified Accountants (ACCA).

Mr Tay Kheng Tong is the head of our Liner Division. He is responsible for our Liner business and also heads Business Strategy on development of new products and frontiers for Liner business. He is also the Chief Country Representative for China. Mr Tay joined the Company in 2002 and has many years experience in the shipping industries. He majored in Electronics and Communications.

Mr Eky Kurniawan is our Country Representative for both Thailand and Vietnam. He is responsible for the day-to-day operational matters as well as to oversee finance, trade and marketing activities. Prior to the existing assignment, Mr Eky Kurniawan was in charge of commercial and trade for Indian Sub-Continent region as well as Myanmar and Vietnam Services. He holds a Degree in Political Sciences and majors in International Relations from Padjadjaran University.

Mr Hendra Wijanoko is our Country Representative for Malaysia. He has many years of experiences in Trade and was previously overseeing the Indonesian trade activities. Currently, he is in-charge of the operations in our Malaysian offices. He holds a Degree in Civil Engineering from the University of Indonesia.

Mr Rakesh Vijay is our Regional Director for Indian Sub-Continent and is stationed in Mumbai. He joined the Company in 2001 as a Finance Manager. Mr Rakesh has more than fifteen years of experience in various aspects of shipping business. He holds a Bachelor of Commerce degree from the University of Mumbai and is also a Certified Chartered Accountant as well as Cost and Works Accountant.

Directors'
Statement

The directors present their statement to the members together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company as set out on pages 72 to 161 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Masli Mulia
Asmari Herry Prayitno
Hermawan Fridiana Herman
Lim Kee Hee
Chng Hee Kok
Nicholas Peter Ballas
Quah Ban Huat
Ng Chee Keong

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act (the "Act") except as follows:

Name of directors and corporations in which interests are held	Shareholdings registered in name of directors At beginning of year	 At end of year
Immediate holding company		
PT Samudera Indonesia Tbk		
Ordinary shares of Indonesian rupiah ("IDR") 500 each		
Masli Mulia	658,500	658,500
Asmari Herry Prayitno	500	500
The Company		
Samudera Shipping Line Ltd		
Ordinary shares		
Asmari Herry Prayitno	60,000	60,000

The directors' interest in the shares of the Company and its related corporations at January 21, 2017 were the same at December 31, 2016.

4 **SHARE OPTIONS**

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT COMMITTEE

The Audit Committee ("AC") of the Company comprises four members, all of whom are Independent and Non-Executive Directors. The Chairman of AC is Mr Quah Ban Huat and the other members are Messrs Chng Hee Kok, Nicholas Peter Ballas and Ng Chee Keong. The AC has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and reports of the external and internal auditors;

(b) The internal auditors' examination and evaluation on the adequacy and effectiveness of the Group's systems of internal controls;

(c) The Group's financial and operating results and accounting policies;

(d) The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors' report on those financial statements;

(e) The quarterly and annual results announcements as well as the related press releases on the results and financial position of the Company and the Group;

(f) The co-operation and assistance given by the management to the Group's external auditors and internal auditors; and

(g) The re-appointment of the external auditors of the Group.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Hermawan Fridiana Herman

Lim Kee Hee

March 27, 2017

Independent Auditor's
Report
TO THE MEMBERS OF SAMUDERA SHIPPING LINE LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Samudera Shipping Line Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2016, and the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 161.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	Our audit performed and responses thereon
Impairment Assessment of Vessels *(Refer to Notes 3, 11 and 13 to the consolidated financial statements)* The Group has substantial investments in vessels (approximately 60% of the total assets). The Group had recognised impairment losses of US$7,743,000 (Notes 11 and 13) for certain vessels in the current financial year, due to the challenging market conditions. As the challenging market conditions continue and the charter rates and freight rates remain depressed in the current year, these are indicators that vessels are impaired. Management determined the recoverable amount of dry bulk carriers, regional container vessels and chemical tankers using value-in-use, and domestic container vessels using fair value less costs to sell. Significant judgement by management is required in both valuing and determining the recoverable amount of the respective vessels. The valuation of the vessels is underpinned by a number of key assumptions used in the market comparable approach that reflects recent transaction prices for similar vessel, which takes into account the age and condition of the vessels. In addition, the determination of value-in-use is based on management's view of variables such as future charter or freight rate, average utilisation rate, approval of future capital and operating expenditure and discount rate of 6.70%.	Our audit procedures included challenging management on the suitability of the impairment model and reasonableness of the assumptions. • We evaluated the appropriateness of management's controls over the impairment assessment process, including indicators of impairment, determination of cash generating units for the purpose of estimating the recoverable amounts, and noticed no significant exceptions; In regard to the value-in-use assessment, we performed the following: • We challenged the key assumptions applied (including those relating to discount rates, daily charter rates/earnings, revenue growth rate, running costs, inflation rate, residual values and dry docking expenditure) by comparing them against available market data; • We engaged our internal specialists to assess the reasonableness of the discount rate used by management; • We performed sensitivity analysis in regard to the discount rate and charter/freight rates as these are the two significant key assumptions in the impairment model; and • We performed an assessment of the reliability of management's forecast through a review of actual performance against previous forecast. In regard to valuation performed by independent valuers, we held discussions with them to have an understanding on the following: • Reasons for any significant change in the valuations from previous financial year; • Approach adopted in the valuation; • Key assumptions adopted by the valuers in the valuation; and • Objectivity and independence of the valuers. Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Independent Auditor's
Report
TO THE MEMBERS OF SAMUDERA SHIPPING LINE LTD

Key Audit Matters	Our audit performed and responses thereon
Revenue Recognition (freight operations) and the valuation of amounts due from customers *(Refer to Notes 6 and 26 to the consolidated financial statements)*	
We have identified that occurrence and cut off in relation to revenue from freight operations (freight operations revenue contributed approximately 80% of total Group revenue) require the exercise of judgement and have a degree of complexity (relating to the determination of voyage progress as at year-end) in the application of the percentage of completion method. Furthermore, we have also identified that the collectability of amounts due from Main Line Operators ("MLOs") customers as a key audit matter as it is affected by a variety of uncertainties (such as market environment, customers' financial performance, etc.) that depend on the outcome of future events. The accounting policy for revenue recognition is set out in Note 2 to the financial statements and the different revenue streams for the Group have been disclosed in Note 26 to the financial statements.	Our audit procedures included, amongst others, evaluating management's internal controls relating to revenue recognition and occurence of revenue recorded, including the determination of the percentage of completion and the timing of revenue recognition, and controls relating to the valuation of amounts due from these customers. In addition, we performed substantive testing and analytical procedures. These procedures included challenging the appropriateness of management's assumptions and estimates in relation to revenue recognition and valuation of amounts due from the customers. We assessed sales transactions taking place before and after year-end to check that revenue was recognised in the correct period and assessed the occurrence of the sales recorded, such as inspection of sales invoices and bills of lading. For evaluating the collectability of receivables due from MLOs, we assessed the credit review process on the creditworthiness of selected customers by assessing the financial performance of those customers and its payment trends. We also evaluated the consistency of these key assumptions applied. Based on our procedures, we noted that revenue recognised is appropriate and management's assessment of collectability of receivables is reasonable. We further assessed the adequacy of the amount due from the customers, revenue and segment disclosures contained in Notes 6, 26 and 38 respectively.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Shariq Barmaky.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants

Singapore
March 27, 2017

Statements
of Financial Position
December 31, 2016

	Note	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
ASSETS					
Current assets					
Cash and bank balances	5	**54,096**	45,411	**33,509**	23,633
Trade receivables	6	**44,214**	53,771	**37,490**	45,442
Prepaid operating expenses		**7,082**	8,491	**4,468**	4,624
Other receivables and deposits	7	**1,007**	1,945	**78**	438
Investment securities	9	**–**	990	**–**	–
Due from immediate holding company (non-trade)	35	**2,087**	2,087	**–**	–
Due from immediate holding company (trade)	35	**2,401**	4,551	**2,364**	4,551
Due from subsidiaries (trade)	35	**–**	–	**3,108**	3,576
Due from subsidiaries (non-trade)	8	**–**	–	**3,052**	1,820
Due from related companies (trade)	35	**2,819**	2,653	**115**	138
Inventories	10	**2,606**	3,374	**1,261**	1,139
		116,312	123,273	**85,445**	85,361
Assets classified as held for sale	11	**3,333**	2,762	**–**	–
Total current assets		**119,645**	126,035	**85,445**	85,361
Non-current assets					
Investment properties	12	**657**	682	**657**	682
Property, plant and equipment	13	**242,994**	265,936	**122,728**	129,530
Subsidiaries	14	**–**	–	**72,490**	72,490
Associate/joint venture	15	**9,008**	7,292	**10,099**	10,099
Deferred tax assets		**58**	29	**–**	–
Other non-current asset		**53**	–	**–**	–
Total non-current assets		**252,770**	273,939	**205,974**	212,801
Total assets		**372,415**	399,974	**291,419**	298,162

See accompanying notes to financial statements.

Statements
of Financial Position
December 31, 2016

	Note	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank term loans	16	**20,910**	21,954	**11,488**	12,055
Trade payables	17	**20,987**	17,283	**15,121**	13,392
Other payables and liabilities	18	**19,455**	20,527	**12,486**	13,529
Due to subsidiary (trade)	35	–	–	**84**	68
Due to subsidiary (non-trade)	35	–	–	**1**	43
Due to immediate holding company (trade)	35	**178**	170	–	–
Due to related companies (trade)	35	**558**	1,070	**195**	512
Finance leases	19	**27**	44	**23**	35
Income tax payable		**1,537**	1,803	**648**	609
Total current liabilities		**63,652**	62,851	**40,046**	40,243
Non-current liabilities					
Bank term loans	16	**63,762**	84,734	**25,638**	37,420
Finance leases	19	**9**	36	–	23
Retirement benefit obligations	20	**149**	310	–	–
Deferred tax liabilities		–	4	–	–
Total non-current liabilities		**63,920**	85,084	**25,638**	37,443
Capital, reserves and non-controlling interests					
Share capital	21	**68,761**	68,761	**68,761**	68,761
Treasury shares	22	**(174)**	(174)	**(174)**	(174)
Retained earnings		**187,035**	195,203	**157,148**	151,889
Capital reserve	23	–	26	–	–
Other reserves	24	**(2,872)**	(4,013)	–	–
Foreign currency translation reserve	25	**(12,631)**	(12,427)	–	–
Equity attributable to owners of the Company		**240,119**	247,376	**225,735**	220,476
Non-controlling interests		**4,724**	4,663	–	–
Total equity		**244,843**	252,039	**225,735**	220,476
Total liabilities and equity		**372,415**	399,974	**291,419**	298,162

See accompanying notes to financial statements.

Consolidated
Statement of Profit or Loss
Year ended December 31, 2016

	Note	Group 2016 US$'000	Group 2015 US$'000
Revenue	26	**260,466**	317,676
Cost of sales		**(245,860)**	(290,435)
Gross profit		**14,606**	27,241
Other operating income	27	**3,968**	4,729
Marketing expenses		**(8,435)**	(6,921)
Administrative expenses		**(6,180)**	(5,432)
Other operating expenses	28	**(7,866)**	(13,780)
(Loss) Profit from operations		**(3,907)**	5,837
Finance income	29	**450**	350
Finance costs	30	**(1,880)**	(2,230)
Operating (loss) profit		**(5,337)**	3,957
Share of results of associate/joint venture	15	**1,540**	1,248
(Loss) Profit before tax		**(3,797)**	5,205
Income tax expense	31	**(1,507)**	(1,092)
(Loss) Profit for the year	32	**(5,304)**	4,113
Attributable to:			
Owners of the Company		**(5,428)**	4,173
Non-controlling interests		**124**	(60)
		(5,304)	4,113
(Loss) Earnings per share (US cents)			
Basic and diluted	33	**(1.01)**	0.78

See accompanying notes to financial statements.

Consolidated Statement of Profit
or Loss and Other Comprehensive Income
Year ended December 31, 2016

	Group	
	2016	**2015**
	US$'000	**US$'000**
(Loss) Profit for the year	**(5,304)**	4,113
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation (Note 20)	**32**	(919)
	32	(919)
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income of associate (Note 24)	**1,121**	709
Exchange differences on translation of foreign operations	**(192)**	(283)
	929	426
Other comprehensive income (loss) for the year, net of tax	**961**	(493)
Total comprehensive income (loss) for the year	**(4,343)**	3,620
Total comprehensive income (loss) attributable to:		
Owners of the Company	**(4,479)**	3,783
Non-controlling interests	**136**	(163)
	(4,343)	3,620

See accompanying notes to financial statements.

Statements
of Changes in Equity
Year ended December 31, 2016

Group	Share capital US$'000	Treasury shares US$'000	Capital reserve US$'000	Other reserves US$'000	Foreign currency translation reserve US$'000	Retained earnings US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Balance at January 1, 2015	68,761	(174)	26	(3,803)	(12,247)	198,162	250,725	4,899	255,624
Total comprehensive income (loss) for the year:									
Profit for the year	–	–	–	–	–	4,173	4,173	(60)	4,113
Other comprehensive income (loss) for the year	–	–	–	(210)	(180)	–	(390)	(103)	(493)
Total	–	–	–	(210)	(180)	4,173	3,783	(163)	3,620
Transactions with owners, recognised directly in equity:									
Dividends paid (Note 34)	–	–	–	–	–	(7,132)	(7,132)	(73)	(7,205)
Total	–	–	–	–	–	(7,132)	(7,132)	(73)	(7,205)
Balance at December 31, 2015	68,761	(174)	26	(4,013)	(12,427)	195,203	247,376	4,663	252,039
Total comprehensive income (loss) for the year:									
Loss for the year	–	–	–	–	–	(5,428)	(5,428)	124	(5,304)
Other comprehensive income (loss) for the year	–	–	–	1,153	(204)	–	949	12	961
Total	–	–	–	1,153	(204)	(5,428)	(4,479)	136	(4,343)
Transactions with owners, recognised directly in equity:									
Liquidation of subsidiaries	–	–	(26)	(12)	–	151	113	6	119
Additional investment in subsidiary by non-controlling interest	–	–	–	–	–	–	–	42	42
Dividends paid (Note 34)	–	–	–	–	–	(2,891)	(2,891)	(123)	(3,014)
Total	–	–	(26)	(12)	–	(2,740)	(2,778)	(75)	(2,853)
Balance at December 31, 2016	68,761	(174)	–	(2,872)	(12,631)	187,035	240,119	4,724	244,843

Statements
of Changes in Equity
Year ended December 31, 2016

Company	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Total US$'000
Balance at January 1, 2015	**68,761**	**(174)**	**140,673**	**209,260**
Profit for the year, representing total comprehensive income for the year *	–	–	18,348	18,348
Total	–	–	18,348	18,348
Transactions with owners, recognised directly in equity				
Dividend paid (Note 34)	–	–	(7,132)	(7,132)
Total	–	–	(7,132)	(7,132)
Balance at December 31, 2015	**68,761**	**(174)**	**151,889**	**220,476**
Profit for the year, representing total comprehensive income for the year	–	–	8,150	8,150
Total	–	–	8,150	8,150
Transactions with owners, recognised directly in equity				
Dividend paid (Note 34)	–	–	(2,891)	(2,891)
Total	–	–	(2,891)	(2,891)
Balance at December 31, 2016	**68,761**	**(174)**	**157,148**	**225,735**

* Revised for change in impairment assessment in relation to a subsidiary of US$3,321,000 (Note 39).

See accompanying notes to financial statements.

Consolidated
Statement of Cash Flows
Year ended December 31, 2016

	Group	
	2016	2015
	US$'000	US$'000
Operating activities		
(Loss) Profit before tax	**(3,797)**	5,205
Adjustments for:		
Depreciation of property, plant and equipment	**20,061**	24,241
Depreciation of investment properties	**25**	26
Loss (gain) on disposal of property, plant and equipment	**121**	(863)
Gain on disposal of assets held for sale (vessels)	**(18)**	(35)
Net gain on disposal of investments at fair value through profit or loss – investment securities	**(48)**	(70)
Finance costs	**1,880**	2,230
Finance income	**(450)**	(350)
Allowance for doubtful trade debts	**3,239**	385
Write-off of amount due from related company	**–**	388
Write-back of doubtful trade debts	**(204)**	(166)
Liquidation of subsidiaries	**119**	–
Share of results of associate/joint venture	**(1,540)**	(1,248)
Impairment of property, plant and equipment (vessels)	**7,330**	11,075
Impairment of assets held for sale (vessels)	**413**	2,664
Property, plant and equipment written off	**2**	6
Net foreign exchange gain	**(278)**	(1,357)
Operating cash flows before movements in working capital	**26,855**	42,131
Trade receivables	**6,522**	(3,454)
Other receivables and deposits	**938**	671
Prepaid operating expenses	**1,413**	(32)
Due from immediate holding company	**2,150**	(3,492)
Due from related companies	**(166)**	(899)
Inventories	**768**	577
Trade payables	**3,704**	(1,071)
Other payables and liabilities	**(1,220)**	(2,542)
Due to related companies	**(512)**	(358)
Due to immediate holding company	**8**	129
Cash generated from operations	**40,460**	31,660
Interest paid	**(1,880)**	(2,230)
Income tax paid	**(1,753)**	(1,285)
Net cash from operating activities	**36,827**	28,145

Consolidated
Statement of Cash Flows
Year ended December 31, 2016

	Group	
	2016	2015
	US$'000	US$'000
Investing activities		
Interest income received	450	350
Proceeds from disposal of property, plant and equipment	965	870
Proceeds from disposal of current assets held for sale	1,399	4,881
Proceeds from disposal of investments at fair value through profit or loss – investment securities	1,039	1,587
Purchase of investments at fair value through profit or loss – investment securities	–	(2,507)
Purchase of property, plant and equipment [Note 13(d)]	(7,957)	(5,786)
Dividends received from an associate	1,341	1,321
Additional investment in other non-current assets	(53)	–
Additional investment in associate/joint venture	(396)	–
Net cash (used in) from investing activities	(3,212)	716
Financing activities		
Repayment of finance leases	(44)	(44)
Proceeds from bank term loans	571	–
Repayment of bank term loans	(22,280)	(28,364)
Dividends paid	(2,891)	(7,132)
Increase in pledged deposits	(815)	(5,114)
Dividends paid to non-controlling shareholder	(123)	(73)
Additional investment in a subsidiary by a non-controlling interest	42	–
Net cash used in financing activities	(25,540)	(40,727)
Net increase (decrease) in cash and cash equivalents	8,075	(11,866)
Cash and cash equivalents at beginning of the year	34,095	46,141
Effects of exchange rate changes on the balance of cash held in foreign currencies	(205)	(180)
Cash and cash equivalents at end of the year (Note 5)	41,965	34,095

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number: 199308462C) is incorporated in Singapore with its principal place of business and registered office at 6 Raffles Quay, #25-01, Singapore 048580. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars (USD).

The principal activities of the Company are the owning and operating of ocean-going ships and the provision of containerised feeder shipping services.

The principal activities of its subsidiaries and associate/joint venture are disclosed in Notes 14 and 15 respectively.

The Group operates in South East Asia, the Far East, the Indian Sub-continent and the Middle East.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016 were authorised for issue by the Board of Directors on March 27, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND REVISED STANDARDS

On January 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments* [2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [2]
- FRS 116 *Leases* [3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [1]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* [1]

(1) Applies to annual periods beginning on or after January 1, 2017, with early application permitted

(2) Applies to annual periods beginning on or after January 1, 2018, with early application permitted

(3) Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 109 *Financial Instruments (cont'd)*

Key requirements for FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as FVTPL, FRS 109 requires the change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless such recognition would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- FRS 109 has been introduced with greater flexibility to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether a lifetime/permanent or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 109 *Financial Instruments* (cont'd)

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements of the Group and the Company in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a single comprehensive model for recognition of revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management does not expect the adoption of the above FRS to have a material impact on the financial statements of the Group and the Company in the period of their initial adoption. However, additional disclosures for trade receivables and revenue may be required including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Group and the Company in the period of initial adoption as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced. FRS 116 eliminates the distinction between operating and finance leases. Assets and liabilities are required to be recognised for all leases, except for short-term leases and leases of low value assets. The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management expects the adoption of the above FRS to have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, in particular on certain operating lease arrangements to be recorded in the Statements of Financial Position. The Group's operating lease arrangements are disclosed in Note 37. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Group and the Company in the period of initial adoption as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

IFRS Convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening statement of financial position as at January 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1, such as option to reset the translation reserve to zero as at date of transition.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses such control. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 BASIS OF CONSOLIDATION (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). 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 for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries and associate/joint venture are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition-date fair values of assets given, liabilities incurred by the Group, and equity interests issued by the Group, and any contingent consideration arrangement in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 BUSINESS COMBINATIONS (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

2.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other operating income and expenses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 FINANCIAL INSTRUMENTS (cont'd)

Loans and receivables

Trade and other receivables (including amounts due from related parties) that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 FINANCIAL INSTRUMENTS (cont'd)

Impairment of financial assets (cont'd)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognised a financial asset only when the contractual right to the cash flows from the asset expired, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables (induding amounts due to related parties) and liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised 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 recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.7 INVENTORIES

Inventories, comprising bunker stocks, oil and spare parts on board of vessels for consumption purposes are stated at lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Allowance is made of deteriorated, damaged, obsolete and slow-moving inventories.

2.8 PREPAID OPERATING EXPENSES

Prepaid operating expenses, comprising of prepaid charter-hire and other expenses, are initially recognised as prepayments when payments are made. Prepaid charter hire expenses are subsequently charged to profit or loss on a straight-line basis over the charter-hire period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using straight-line method, on the following bases:

Vessels	–	15 to 25 years
Vessel improvements	–	2.5 to 5 years
Deferred charges	–	2.5 to 5 years
Motor vehicles	–	5 years
Equipment	–	3 to 7 years
Furniture and fittings	–	5 years
Renovation	–	3 years
Freehold properties	–	15 to 50 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified and the estimate of the cost to be incurred is determined. The cost of these components is to be depreciated over a period to the next estimated drydocking date.

Deferred charges represent drydocking expenditure incurred for major overhauls of vessels, which is deferred when incurred and depreciated over a period from the current drydocking date to the next estimate drydocking date. When significant drydocking expenditures recur prior to the expiry of the depreciation period, the remaining carrying value of the previous drydocking is expensed in the month of the subsequent drydocking.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over 15 years which is its estimated useful life, using straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on disposal of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is disposed.

2.12 GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant CGU, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 ASSOCIATE AND JOINT VENTURE

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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 results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in these entities (which includes any long-term interests that, in substance, form part of the Group's net investment in these entities), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 ASSOCIATE AND JOINT VENTURE (cont'd)

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group's investments in associate or joint venture are carried at cost and adjusted to recognise the Group's share of post-acquisition reserves of the associated companies, and less accumulated impairment losses, if any. Investments in associated companies include goodwill.

When necessary, the entire carrying amount of the investment in associate or joint venture (including goodwill) is tested for impairment in accordance with FRS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture and to be recognised in the statement of profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Revenue and operating costs on freight operations are recognised as income and expenses respectively, by reference to the percentage of completion of the voyage as at end of the reporting period. Unearned revenue received is recognised as deferred income.

Revenue from rendering sea freight forwarding services is recognised based on the completion of shipment.

Time charter revenue is recognised evenly over the lives of the time charter agreements and is stated net of taxes and commission paid. Voyage freight is recognised evenly over the duration of each voyage.

Pool revenue is recognised upon delivery of service in accordance with the pooling agreement.

Ship management and operation services revenue are recognised upon services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 REVENUE RECOGNITION (cont'd)

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

2.17 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses. Curtailment gains and losses are accounted for as past service costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 EMPLOYEE LEAVE ENTITLEMENT

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.20 INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 INCOME TAX (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.21 SALES TAX

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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 retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.23 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS

Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at banks, call and fixed deposits less pledged deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 HEDGE ACCOUNTING

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows of the hedged item and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance income or finance expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.25 SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their services and geographical regions which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions 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 recognised 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) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the course of business. The Group recognises liabilities for expected tax issues based on assessment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities at the end of the reporting period were US$1,537,000 (2015 : US$1,803,000), US$58,000 (2015 : US$29,000) and US$Nil (2015 : US$4,000) respectively.

(ii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currency of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose economic environment and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' processes of determining sales prices.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) Critical judgements in applying the entity's accounting policies (cont'd)

(iii) Operating lease commitments – as lessor

The Group has entered into charter hire leases on its owned vessels. The Group has determined that it retains all the significant risks and rewards of ownership of these vessels which are leased out on operating leases. The Group has recognised these vessels, their deferred charges and vessel improvements as its property, plant and equipment.

The carrying amounts of these vessels, their deferred charges and vessel improvements under property, plant and equipment are disclosed in Note 13.

(iv) Control over Samudera Traffic Co. Ltd

Note 14 describes that Samudera Traffic Co. Ltd is a subsidiary of the Group although the Group only has a 49% (2015 : 49%) ownership interest in Samudera Traffic Co. Ltd. Based on the contractual arrangements between the Group and the other investor, the Group is entitled to a 60% (2015 : 60%) share of the net profits of the subsidiary. The shares held by the Group also carry two votes per share, which resulted in the voting power held by the Group to 65.8% (2015 : 65.8%). Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Samudera Traffic Co. Ltd unilaterally and hence the Group has control over Samudera Traffic Co. Ltd.

(v) Control over Samudera Cargo Services LLC

Note 14 describes that Samudera Cargo Services LLC is a subsidiary of the Group although the Group only has a 49% (2015 : 49%) ownership interest in Samudera Cargo Services LLC. Based on the contractual arrangements between the Group and the other investor, the Group is entitled to an 80% (2015 : 80%) share of the net profits of the subsidiary. The Group had appointed a director, who is the Group's representative, that has a power to direct the relevant activities of Samudera Cargo Services LLC. Therefore, the directors of the Company concluded that the Group has the practical ability to direct relevant activities of Samudera Cargo Services LLC unilaterally and hence the Group has control over Samudera Cargo Services LLC.

(vi) Investment in Samudera Bharat Feeder Pvt Ltd

Note 15 describes the Group's investment in Samudera Bharat Feeder Pvt Ltd, which is a joint venture between the Group and a third party. Based on the contractual arrangements with the other investor, no resolution shall have deemed to be pass unless unanimous consent is obtained, through affirmative votes of 1 director from each party. Therefore, the directors of the Company concluded that there is joint control between the Group and the other investor.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty

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

(i) Investments in subsidiaries, associate and joint venture

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiaries, and associate / joint venture within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the investments in subsidiaries, and associate/joint venture are disclosed in Notes 14 and 15 respectively.

(ii) Vessel useful life and impairment

The cost of vessels and vessels improvements of the Group and the Company is depreciated on a straight-line basis over the useful life of the vessels. The management estimates the useful life of these vessels and vessel improvements to be within 15 to 25 years and 2.5 to 5 years respectively. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

Management also reviews the vessels for impairment whenever there is an indication that the carrying amount of the vessel may not be recoverable. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost of disposal and value in use, which is the future cash flows that the vessel is expected to generate and the expected running cost thereof over its remaining useful life with a cash inflow in the final year equal to the expected residual value of the vessels. The future cash flows is discounted to their present value using a pre-tax discount rate that reflects the time value of money. If the vessel is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts and details of the Group's and Company's vessels, deferred charges, vessel improvements and impairment at the end of the reporting period are disclosed in Note 13.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (cont'd)

(iii) Residual values of vessels

The Group reviews the residual values of vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. Significant judgement is required in determining the residual values of its vessels.

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.

(iv) Allowance for doubtful trade and other receivables

The Group and the Company make allowances for bad and doubtful debts based on ongoing evaluation of recoverability and ageing analysis of individual receivables by reference to their past default experience. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be recoverable. The identification of bad and doubtful debts requires the use of judgment and estimates. In relation to the filing of receivership by Hanjin Shipping, the Group has made an allowance of doubtful debts amounted to US$2,800,000 during the financial year. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 6 and 7 respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Fair value through profit or loss (FVTPL):				
Investment securities	–	990	–	–
Loan and receivables (including cash and bank balances)	**106,624**	110,418	**79,716**	79,598
Financial liabilities				
At amortised cost	**124,585**	143,967	**63,757**	75,353

(b) Financial risk management policies and objectives

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, bunker price risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The Group uses a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk including:

- forward currency contracts to hedge the exchange rate risks arising from trade receivables and trade payables.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including Singapore dollar ("SGD") and Indonesian rupiah ("IDR") and therefore is exposed to foreign exchange risk.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances approximately amount to US$10,916,000 (2015 : US$8,347,000) and US$2,315,000 (2015 : US$2,027,000) for the Group and the Company respectively.

The Company is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, India, Vietnam and United Arab Emirates.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of foreign currencies are converted, as soon as possible, to SGD or USD.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2016	2015	2016	2015	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
SGD	**24,909**	25,640	**17,886**	17,156	**23,981**	25,520	**17,794**	17,082
IDR	**5,382**	4,150	**7,140**	2,812	**578**	709	**-**	-
Others	**446**	841	**2,734**	3,546	**247**	169	**2,718**	3,447

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% (2015 : 10%) increase and decrease in the exchange rate of SGD and IDR against USD. It is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in SGD and IDR and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis of monetary items denominated in currencies other than SGD and IDR is not significant.

	Group		Company	
	Strengthen (weaken) in exchange %	Effect on profit or loss US$'000	Strengthen (weaken) in exchange %	Effect on profit or loss US$'000
2016				
Singapore dollar	**10**	**(702)**	**10**	**(619)**
	(10)	**702**	**(10)**	**619**
Indonesian rupiah	**10**	**176**	**10**	**(58)**
	(10)	**(176)**	**(10)**	**58**
2015				
Singapore dollar	10	(704)	10	(700)
	(10)	704	(10)	700
Indonesian rupiah	10	(111)	10	(59)
	(10)	111	(10)	59

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and fixed deposits.

The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management (cont'd)

The Group may enter into various interest rate swap contracts to hedge its interest rate risk, where appropriate, over the duration of its borrowings. The contracts limit the Group's exposure to both favourable and unfavourable interest rate fluctuations. It is the Group's policy not to trade in derivative contracts.

As at the end of the reporting period, there is no outstanding interest rate swap contract.

Surplus funds are placed with reputable banks and financial institutions which generate interest income for the Group.

Information relating to the Group's and the Company's financial instrument balances which are interest bearing are disclosed in Notes 5, 8, 16 and 19.

Interest rate sensitivity

The following table demonstrates the sensitivity to a 25 basis points (2015 : 25 basis points) increase and decrease in the SGD and USD interest rates, with all other variables held constant, of the Group's and the Company's profit or loss (through the net impact of interest expense on floating loans and borrowings and interest income on fixed deposits). It is the sensitivity rate used when reporting interest rate risks internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Group		Company	
	Increase (decrease) in basis points	Effect on profit or loss US$'000	Increase (decrease) in basis points	Effect on profit or loss US$'000
2016				
Singapore dollar	**25**	**(26)**	**25**	**(26)**
	(25)	**26**	**(25)**	**26**
United States dollar	**25**	**(71)**	**25**	**3**
	(25)	**71**	**(25)**	**(3)**
2015				
Singapore dollar	25	(29)	25	(29)
	(25)	29	(25)	29
United States dollar	25	(126)	25	(38)
	(25)	126	(25)	38

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company may request bankers' guarantee from its customers if it is necessary. In addition, debtors balances are monitored on an ongoing basis.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the end of the reporting period is as follows:

	Group				Company			
	2016		2015		2016		2015	
	US$'000	% of total	US$'000	% of total	US$'000	% of total	US$'000	% of total
By customers:								
Main line operators	**26,895**	**60.8**	39,786	74.0	**24,383**	**65.0**	37,452	82.4
Agents	**2,913**	**6.6**	1,681	3.1	**3,191**	**8.5**	2,219	4.9
Others	**14,406**	**32.6**	12,304	22.9	**9,916**	**26.5**	5,771	12.7
	44,214	**100.0**	53,771	100.0	**37,490**	**100.0**	45,442	100.0

At the end of the reporting period, approximately 33.6% (2015 : 46.9%) of the Group's and Company's trade receivables were due from 5 (2015 : 5) major customers who are main line operators located in Singapore.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Bunker price risk management

The Group's earnings are affected by changes in bunker prices. 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.

As at December 31, 2016 and 2015, the Group has no outstanding bunker price hedging contracts.

(v) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuation of cash flows.

Liquidity and interest risk analyses

Non-derivative financial instruments

The following tables detail the remaining contractual maturity for non-derivative financial instruments. The tables have been drawn up based on the discounted cash flows of financial liabilities that include both interest and principal cash flows based on the earliest date on which the Group and Company can be required to pay and on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets and liabilities on the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Group						
2016						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		45,221	–	–	–	45,221
Due from related companies		7,307	–	–	–	7,307
Variable interest rate instruments:						
Cash and bank balances	0.25 to 7.25	54,164	–	–	(68)	54,096
Total financial assets		106,692	–	–	(68)	106,624
Financial liabilities						
Non-interest bearing:						
Trade payables		20,987	–	–	–	20,987
Other payables and liabilities		18,154	–	–	–	18,154
Due to related companies		736	–	–	–	736
Fixed interest rate instruments:						
Finance leases	3.87 to 5.12	30	10	–	(4)	36
Variable interest rate instruments:						
Bank term loans	2.05	22,425	50,376	16,550	(4,679)	84,672
Total financial liabilities		62,332	50,386	16,550	(4,683)	124,585

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Group						
2015						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		55,716	–	–	–	55,716
Due from related companies		9,291	–	–	–	9,291
Investment securities		990	–	–	–	990
Variable interest rate instruments:						
Cash and bank balances	0.32 to 8.50	45,454	–	–	(43)	45,411
Total financial assets		111,451	–	–	(43)	111,408
Financial liabilities						
Non-interest bearing:						
Trade payables		17,283	–	–	–	17,283
Other payables and liabilities		18,676	–	–	–	18,676
Due to related companies		1,240	–	–	–	1,240
Fixed interest rate instruments:						
Finance leases	3.87 to 5.12	49	41	–	(10)	80
Variable interest rate instruments:						
Bank term loans	1.87	23,723	64,298	24,671	(6,004)	106,688
Total financial liabilities		60,971	64,339	24,671	(6,014)	143,967

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Company						
2016						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		37,568	–	–	–	37,568
Due from related companies		7,022	–	–	–	7,022
Variable interest rate instruments:						
Due from subsidiary	1.49	1,617	–	–	–	1,617
Cash and bank balances	0.25 to 1.00	33,534	–	–	(25)	33,509
Total financial assets		**79,741**	**–**	**–**	**(25)**	**79,716**
Financial liabilities						
Non-interest bearing:						
Trade payables		15,121	–	–	–	15,121
Other payables and liabilities		11,207	–	–	–	11,207
Due to related companies		280	–	–	–	280
Fixed interest rate instruments:						
Finance leases	3.87	26	–	–	(3)	23
Variable interest rate instruments:						
Bank term loans	2.27	12,225	20,045	7,155	(2,299)	37,126
Total financial liabilities		**38,859**	**20,045**	**7,155**	**(2,302)**	**63,757**

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Company						
2015						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		45,880	–	–	–	45,880
Due from related companies		8,778	–	–	–	8,778
Variable interest rate instruments:						
Due from subsidiary	1.03	1,307	–	–	–	1,307
Cash and bank balances	0.32 to 0.62	23,643	–	–	(10)	23,633
Total financial assets		79,608	–	–	(10)	79,598
Financial liabilities						
Non-interest bearing:						
Trade payables		13,392	–	–	–	13,392
Other payables and liabilities		11,805	–	–	–	11,805
Due to related companies		623	–	–	–	623
Fixed interest rate instruments:						
Finance leases	3.87	39	27	–	(8)	58
Variable interest rate instruments:						
Bank term loans	2.16	13,022	31,145	8,870	(3,562)	49,475
Total financial liabilities		38,881	31,172	8,870	(3,570)	75,353

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Fair value of financial assets and financial liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – 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 – Inputs for the asset and liability that are not based on observable market data (unobservable inputs)

Management considers that the carrying amount of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values, whose measurements are categorised as level 2 in the Group's and the Company's fair value hierarchy, except for financial assets mentioned below.

The following table presents the financial assets of the Group measured at fair value at December 31, 2016.

	Level 3 $'000
Group	
At December 31, 2016	–
Financial assets at fair value through profit or loss	
At December 31, 2015	
Financial assets at fair value through profit or loss	990

The following table presents the reconciliation of financial assets of the Group measured at fair value based on significant unobservable inputs (Level 3):

	2016 $'000	2015 $'000
At January 1	990	–
Addition	–	990
Disposal	(990)	–
At December 31	–	990

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Fair value of financial assets and financial liabilities (cont'd)

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at ($'000) 2016	2015	Valuation techniques	Unobservable input	Range of unobservable input
Financial assets at fair value through profit or loss	–	990	Note	Note	Not applicable

Note:

The fair value is determined directly by reference to the valuation report by the investment advisors of the investment funds. The mutual fund uses the Net Asset Value ("NAV") to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

(c) Capital risk management policies and objectives

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2016 and 2015.

The Group is required to maintain certain financial ratios within a given range to comply with loan covenants imposed by its lenders. The Group monitors the financial covenants on bank borrowings to ensure there is no breach of covenants.

5 CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Call and fixed deposits	**42,008**	33,176	**26,427**	17,103
Cash at bank and on hand	**12,088**	12,235	**7,082**	6,530
	54,096	45,411	**33,509**	23,633

Cash and cash equivalents in the consolidated statement of cash flows comprise:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances (as above)	**54,096**	45,411	**33,509**	23,633
Less: Pledged deposits (Note A)	**(12,131)**	(11,316)	**(1,502)**	(806)
Cash and cash equivalents	**41,965**	34,095	**32,007**	22,827

Note A:

The Group's fixed deposits totaling US$1,570,000 (2015 : US$877,000) have been pledged to certain banks to secure bankers' guarantee facilities of US$3,227,000 (2015 : US$3,295,000) given to suppliers of goods and services in the ordinary course of business.

Included in the cash at bank of the Group is an amount of US$10,561,000 (2015 : US$10,439,000) pledged to certain banks to secure loans and other banking facility of the Group amounting to US$41,607,000 (2015 : US$48,108,000).

6 TRADE RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Trade receivables	**48,038**	54,562	**41,231**	46,170
Less: Allowance for doubtful debts	**(3,824)**	(791)	**(3,741)**	(728)
	44,214	53,771	**37,490**	45,442

6 TRADE RECEIVABLES (CONT'D)

Movement in allowance for doubtful debts:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Balance at beginning of the year	**(791)**	(814)	**(728)**	(507)
Increase in allowance recognised in profit or loss	**(3,239)**	(385)	**(3,217)**	(368)
Reversal during the year	**204**	166	**204**	125
Amounts written off during the year	**2**	232	**–**	22
Translation difference	**–**	10	**–**	–
Balance at end of the year	**(3,824)**	(791)	**(3,741)**	(728)

The average credit period given to customers is 30 to 60 days (2015: 30 to 60 days). No interest is charged on the outstanding trade receivables.

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit terms by customer.

Trade receivables that are past due but not impaired

The Group and the Company respectively have trade receivables with carrying amount of US$4,308,000 (2015 : US$8,097,000) and US$2,843,000 (2015 : US$4,365,000) which are past due at the end of the reporting period for which the Group and the Company have not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. These trade receivables are unsecured and the analysis of their ageing at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Aging of trade receivables that are past due but not impaired:				
Less than 31 days	**2,442**	5,120	**1,753**	2,463
31 to 60 days	**699**	1,439	**524**	1,182
61 to 90 days	**507**	774	**319**	659
More than 90 days	**660**	764	**247**	61
	4,308	8,097	**2,843**	4,365

6 TRADE RECEIVABLES (CONT'D)

Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the end of the reporting period are as follows:

	Individually impaired			
	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Trade receivables	**3,824**	791	**3,741**	728
Less: Allowance for impairment	**(3,824)**	(791)	**(3,741)**	(728)
	–	–	**–**	–

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to debts that have delayed in payments or has indication of default in payments. These trade receivables are not secured by any collaterals or credit enhancements.

7 OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Other receivables	**99**	68	**16**	10
Deposits	**745**	832	**49**	46
Loans to employees	**92**	89	**13**	27
Insurance claims receivable	**71**	956	**–**	355
	1,007	1,945	**78**	438

The insurance claim receivable represents the best estimate of losses or damages incurred on various accidents which are recoverable from insurance companies. During the year, the Group and the Company had written off US$234,000 (2015 : US$183,000) and US$138,000 (2015 : US$12,000) of insurance claim receivable to profit or loss, respectively. The written off claims relates to claims submitted in prior year.

8 DUE FROM SUBSIDIARIES (NON-TRADE)

These balances are unsecured, interest-free and expected to be settled within 12 months from the end of the reporting period, except for an amount of US$1,617,000 (2015 : US$1,307,000) which is interest-bearing at 0.5% above London Interbank Offered Rate ("LIBOR") per annum (2015 : 0.5% above LIBOR per annum).

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9 INVESTMENT SECURITIES

	Group 2016 US$'000	Group 2015 US$'000
Unquoted investment fund, at fair value	–	990

Unquoted investment funds refer to the DWS Cash Opportunity Fund ("Fund"). The fund seeks to generate regular income by investing primarily in investment grade fixed income securities or money market instruments.

The fair value is determined directly by reference to the valuation report by the investment advisors of the investment funds. The mutual fund uses the Net Asset Value ("NAV") to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

10 INVENTORIES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Spare parts	–	640	–	–
Lubricant oil	643	706	198	233
Bunker	1,963	2,028	1,063	906
	2,606	3,374	1,261	1,139

11 ASSETS HELD FOR SALE

The vessels which are expected to be sold within twelve months have been classified as assets held for sale and presented separately in the statement of financial position. The revenue generated are included in the Group's Container Shipping activities for segment reporting purposes (Note 38).

	Group 2016 US$'000	Group 2015 US$'000
Balance at beginning of the year	2,762	–
Reclass from property, plant and equipment (Note 13)	2,365	10,272
Disposal during the year (Note A)	(1,381)	(4,846)
Impairment loss	(413)	(2,664)
Balance at end of the year	3,333	2,762

11 ASSETS HELD FOR SALE (CONT'D)

Note A:

During the year, the Group had disposed of MV Sinar Demak owned by PT Samudera Shipping Services ("PT SSS") to a company that the Group owns minority stake. The selling value approximates the carrying value.

12 INVESTMENT PROPERTIES

	Group and Company	
	2016	2015
	US$'000	US$'000
Cost		
Beginning balance	897	897
Accumulated depreciation		
Balance at beginning of the year	215	189
Depreciation for the year	25	26
Balance at end of the year	240	215
Carrying amount at end of the year	657	682

The Group and the Company have adopted the cost model under FRS 40 for its investment properties.

The fair values of the Group's and the Company's investment properties at December 31, 2016 have been determined on the basis of valuations carried out at the end of the reporting period by independent appraisers having an appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In valuing the investment properties, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate market value for the investment properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

12 INVESTMENT PROPERTIES (CONT'D)

The Group and the Company classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at December 31, 2016, the fair value measurement of the Group's and the Company's investment properties, amounting to US$1,331,000 (2015 : US$1,369,000) are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

The following information is relevant, in regards to the investment properties:

Valuation technique	Significant unobservable inputs	Sensitivity
Market Comparable Approach	Recent transaction prices of the residential property in the vicinity, taking into account the length of tenure, floor area and condition of the units.	A decrease in the market conditions would result in a decrease in fair value and vice versa.

The property rental income from the Group's and the Company's investment properties, freehold residential properties located in Singapore, all of which are leased out under operating leases, amounted to US$6,000 (2015 : US$48,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to US$20,000 (2015 : US$16,000).

The Group's and the Company's investment properties have been placed under legal mortgage to secure the Group's and the Company's bank term loans (Note 16). The legal mortgage was released during the financial year.

13 PROPERTY, PLANT AND EQUIPMENT

Group	Vessels US$'000	Vessel improvements US$'000	Deferred charges US$'000
Cost			
At January 1, 2015	396,802	3,918	23,901
Additions	–	–	5,411
Disposals	–	–	–
Written off	–	–	–
Reclass to assets held for sale (Note 11)	(18,997)	(154)	(2,641)
Write off of fully depreciated deferred charges component	–	–	(5,839)
Translation difference	–	–	–
At December 31, 2015	377,805	3,764	20,832
Additions	–	–	7,045
Disposals	(15,580)	(1,484)	(5,855)
Written off	–	–	–
Reclass to assets held for sale (Note 11)	(2,813)	–	(1,152)
Write off of fully depreciated deferred charges component	–	–	(5,741)
Translation difference	–	–	–
At December 31, 2016	359,412	2,280	15,129
Accumulated depreciation			
At January 1, 2015	119,319	3,371	14,897
Depreciation for the year	15,175	251	8,187
Disposals	–	–	–
Written off	–	–	–
Reclass to assets held for sale (Note 11)	(9,389)	(154)	(1,977)
Write off of fully depreciated deferred charges component	–	–	(5,839)
Translation difference	–	–	–
At December 31, 2015	125,105	3,468	15,268
Depreciation for the year	13,633	194	5,768
Disposals	(14,891)	(1,484)	(5,458)
Written off	–	–	–
Reclass to assets held for sale (Note 11)	(951)	–	(649)
Write off of fully depreciated deferred charges component	–	–	(5,741)
Translation difference	–	–	–
At December 31, 2016	122,896	2,178	9,188

Motor vehicles US$'000	Equipment US$'000	Furniture and fittings US$'000	Renovation US$'000	Freehold land US$'000	Freehold properties US$'000	Total US$'000
875	7,395	974	1,179	15,031	7,104	457,179
22	129	10	17	–	218	5,807
(33)	(10)	(21)	–	–	–	(64)
(9)	–	–	(409)	–	–	(418)
–	–	–	–	–	–	(21,792)
–	–	–	–	–	–	(5,839)
(8)	(42)	(16)	(15)	–	(62)	(143)
847	7,472	947	772	15,031	7,260	434,730
61	99	15	–	–	737	7,957
(113)	(621)	(1)	–	–	–	(23,654)
–	(388)	–	(7)	–	–	(395)
–	–	–	–	–	–	(3,965)
–	–	–	–	–	–	(5,741)
(4)	(15)	(6)	(2)	–	(52)	(79)
791	6,547	955	763	15,031	7,945	408,853
706	7,034	500	1,144	–	1,068	148,039
91	193	107	9	–	228	24,241
(33)	(10)	(14)	–	–	–	(57)
(9)	–	–	(403)	–	–	(412)
–	–	–	–	–	–	(11,520)
–	–	–	–	–	–	(5,839)
(4)	(33)	(9)	(8)	–	(5)	(59)
751	7,184	584	742	–	1,291	154,393
40	142	88	10	–	186	20,061
(113)	(621)	(1)	–	–	–	(22,568)
–	(386)	–	(7)	–	–	(393)
–	–	–	–	–	–	(1,600)
–	–	–	–	–	–	(5,741)
(2)	(13)	(4)	(2)	–	(3)	(24)
676	6,306	667	743	–	1,474	144,128

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Vessels US$'000	Vessel improvements US$'000	Deferred charges US$'000
Impairment			
At January 1, 2015	3,326	–	–
Impairment loss recognised during the year	11,075	–	–
At December 31, 2015	14,401	–	–
Impairment loss recognised during the year	7,330	–	–
At December 31, 2016	21,731	–	–
Carrying amount			
At December 31, 2016	214,785	102	5,941
At December 31, 2015	238,299	296	5,564

Motor vehicles US$'000	Equipment US$'000	Furniture and fittings US$'000	Renovation US$'000	Freehold land US$'000	Freehold properties US$'000	Total US$'000
–	–	–	–	–	–	3,326
–	–	–	–	–	–	11,075
–	–	–	–	–	–	14,401
–	–	–	–	–	–	7,330
–	–	–	–	–	–	21,731
115	241	288	20	15,031	6,471	242,994
96	288	363	30	15,031	5,969	265,936

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Vessels US$'000	Vessel improvements US$'000	Deferred charges US$'000
Cost			
At January 1, 2015	152,256	1,284	5,476
Additions	–	–	1,444
Write off of fully depreciated deferred charges component	–	–	(2,176)
Written off	–	–	–
At December 31, 2015	152,256	1,284	4,744
Additions	–	–	1,089
Disposals	–	–	–
Write off of fully depreciated deferred charges component	–	–	(1,714)
Written off	–	–	–
At December 31, 2016	152,256	1,284	4,119
Accumulated depreciation			
At January 1, 2015	36,615	737	3,801
Depreciation for the year	6,306	252	1,831
Write off of fully depreciated deferred charges component	–	–	(2,176)
Written off	–	–	–
At December 31, 2015	42,921	989	3,456
Depreciation for the year	6,306	194	1,265
Disposals	–	–	–
Write off of fully depreciated deferred charges component	–	–	(1,714)
Written off	–	–	–
At December 31, 2016	49,227	1,183	3,007
Carrying amount			
At December 31, 2016	103,029	101	1,112
At December 31, 2015	109,335	295	1,288

Motor vehicles US$'000	Equipment US$'000	Furniture and fittings US$'000	Renovation US$'000	Freehold land US$'000	Freehold properties US$'000	Total US$'000
441	4,908	182	1,067	14,293	5,311	185,218
–	85	–	–	–	–	1,529
–	–	–	–	–	–	(2,176)
–	–	–	(393)	–	–	(393)
441	4,993	182	674	14,293	5,311	184,178
–	57	8	–	–	–	1,154
(76)	(124)	–	–	–	–	(200)
–	–	–	–	–	–	(1,714)
–	–	–	(7)	–	–	(7)
365	4,926	190	667	14,293	5,311	183,411
400	4,756	182	1,067	–	985	48,543
41	120	–	–	–	124	8,674
–	–	–	–	–	–	(2,176)
–	–	–	(393)	–	–	(393)
441	4,876	182	674	–	1,109	54,648
–	66	1	–	–	124	7,956
(76)	(124)	–	–	–	–	(200)
–	–	–	–	–	–	(1,714)
–	–	–	(7)	–	–	(7)
365	4,818	183	667	–	1,233	60,683
–	108	7	–	14,293	4,078	122,728
–	117	–	–	14,293	4,202	129,530

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the year, the Group carried out a review of the recoverable amount of its vessels, in consideration of its depressed charter rate in the shipping industry. The review led to the recognition of an impairment loss of US$7,330,000 (US$6,637,000 and US$693,000 for its dry bulk carriers and Indonesian flag container vessels respectively) (2015 : US$11,075,000) that has been recognised in profit or loss, and included in other operating expenses (Note 28).

Dry bulk carriers

The recoverable amounts of the dry bulk carriers of US$64,560,000 (2015 : US$73,458,000) were determined based on value in use calculations. Cash flow projections used in these calculations are based on financial budgets approved by management covering a period of approximately 19 years, which is based on the remaining useful life of the vessels.

Management determined the budgeted cash flows based on past performance and their expectations of market development. Cash inflows are based on existing charter contracts and management's estimate of the average charter rates over the recent observable shipping industry cycle, which are higher than the prevailing short-term spot charter rates at the year end with the revenue growth rate ranging from 0% to 25% (2015 : 0% to 34%) in certain years. A period of more than 5 years for cash flow projections is prepared as management is able to reasonably estimate the cash flows over the periods using observable market trends. A Weighted Average Cost of Capital ("WACC") of 6.70% (2015 : 6.70%) was used to discount the cash flows. The cost of the equity component of the WACC was derived using the capital asset pricing model.

Indonesian flag container vessels

The recoverable amount of Indonesian flag container vessels was determined based on fair value less cost of disposal, which were determined based on the market comparable approach that reflects recent transaction prices for similar vessels, with similar age and specifications. In valuing the vessels, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate market value for the vessels.

The fair value measurement of the Indonesian flag container vessels as at December 31, 2016 was performed by Kantor Jasa Penilai Publik Herly Ariawan and Rekan, independent valuer not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the vessel in the relevant sectors.

As at December 31, 2016, the fair value measurement of the vessels was US$6,036,000 (2015 : US$10,219,000).

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Sensitivity analysis

Based on the value in use calculations for vessels as determined by management, possible increase or decrease by 1.0% (2015 : 1.0%) to the following estimates used in management's assessment will affect the value in use increase/(decrease) as follows:

	Discount rate		Charter rate	
	Increase	Decrease	Increase	Decrease
Dry bulk carriers	US$'000	US$'000	US$'000	US$'000
December 31, 2016	**(6,553)**	**7,490**	**1,153**	**(1,153)**
December 31, 2015	(6,720)	7,644	1,295	(1,295)

As at December 31, 2016, a possible change to the following estimates used in management's assessment will result in the recoverable amount to be below the carrying amounts of the vessels (on the basis that each of other key assumptions remain unchanged):

Dry bulk carriers[1]

- 0.01% (2015 : 0.01%) decrease in the charter rate; or
- 0.01% (2015 : 0.01%) increase in the discount rate.

Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the recoverable amounts of the vessels are appropriate. Accordingly, no further allowance impairment loss is required.

[1] An impairment loss of US$6,637,000 (2015 : US$7,175,000) has been recognised in profit or loss in regards to the dry bulk carriers resulting in carrying amounts approximate its recoverable amounts.

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The carrying amount of motor vehicles of the Group under finance leases amounted to US$18,000 (2015 : US$27,000) respectively.

(b) The Group's and the Company's vessels, freehold land and freehold properties with carrying amount of US$231,315,000 and US$115,016,000 (2015 : US$259,894,000 and US$129,413,000) respectively have also been placed under legal mortgage to secure the Company's and subsidiaries' bank term loans (Note 16).

(c) The following shows the carrying amount of the vessels of the Group being chartered out to third parties (Time charter) under operating leases:

	Group	
	2016	2015
	US$'000	US$'000
Cost	191,040	201,278
Accumulated depreciation	(75,441)	(70,220)
Carrying amount	115,599	131,058

The depreciation charge for vessels chartered out under operating leases in the year is US$10,718,000 (2015 : US$12,444,000).

The charter hire income for the year amounted to US$19,961,000 (2015 : US$24,638,000).

(d) During the financial year, the Group acquired property, plant and equipment with aggregate cost of US$7,957,000 (2015 : US$5,807,000) of which US$NIL (2015 : US$21,000) was acquired by means of finance leases. Cash payment of US$7,957,000 (2015 : US$5,786,000) was made to purchase property, plant and equipment of the Group.

14 SUBSIDIARIES

	Company 2016 US$'000	Company 2015 US$'000
Unquoted equity share at cost	**73,240**	73,131
Addition during the year	–	109
Capital distribution	–	(352)
Liquidation	**(405)**	–
Less: Allowance for impairment loss	**(345)**	(398)
	72,490	72,490

Movement in allowance for impairment loss:

	Company 2016 US$'000	Company 2015 US$'000
Balance at beginning of the year	**(398)**	(398)
Impairment written off	**53**	–
Balance at end of the year	**(345)**	(398)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest 2016 %	Proportion of ownership interest 2015 %	Cost of investment held by the Company 2016 US$'000	Cost of investment held by the Company 2015 US$'000
Foremost Maritime Pte Ltd ("Foremost") [(1)]	Owning and chartering of vessels	Singapore	**100**	100	**72,021**	72,021
SILkargo Logistics (Singapore) Pte Ltd ("SILkargo") [(1)]	Sea freight forwarding, shipping agency and container freight station services	Singapore	**100**	100	**345**	345
Galaxy Shipping Services Sdn Bhd ("GAL") [#]	Shipping agency	Malaysia	–	100	–	352
Samudera Logistics DWC LLC ("SL DWC")	Sea freight forwarding and shipping agency	United Arab Emirates	**40**	40	**109**	109

14 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest 2016 %	2015 %	Cost of investment held by the Company 2016 US$'000	2015 US$'000
Samudera Intermodal Sdn Bhd ("SISB")	Shipping agency	Malaysia	**65**	65	**217**	217
Samudera Shipping Line (India) Pvt Ltd	Shipping agency	India	**100**	100	**28**	28
Samudera Traffic Co. Ltd ("STC") (3)	Shipping agency	Thailand	**49**	49	**114**	114
Samudera Shipping Line (Vietnam) Co., Ltd #	Shipping agency	Vietnam	–	51	–	53
Held by subsidiaries						
PT Samudera Shipping Services ("PT SSS") (2)	Owning and chartering of vessels	Indonesia	**95**	95	–	–
Samudera Logistics DWC LLC ("SL DWC")	Sea freight forwarding and shipping agency	United Arab Emirates	**60**	60	–	–
Samudera Cargo Services LLC ("SCS") (3)	Sea freight forwarding, shipping agency and custom broker	United Arab Emirates	**49**	49	–	–
					72,834	73,239

These subsidiaries were liquidated during the financial year.

(1) Audited by Deloitte & Touche LLP, Singapore

(2) Audited by overseas practice of Deloitte Touche Tohmatsu Limited

(3) STC and SCS are accounted for as subsidiaries and the results are consolidated in the Group's financial statements as the Group has effective control over these entities. For details, refer to Notes 3(a)(iv) and 3(a)(v).

14 SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		December 31, 2016	December 31, 2015
Owning and chartering of vessels	Singapore	1	1
Sea freight forwarding, shipping agency and container freight station services	Singapore	1	1
Sea freight forwarding and shipping agency	United Arab Emirates	1	1
Shipping agency	Malaysia	–	1
Shipping agency	India	1	1
		4	5

Principal activities	Place of incorporation and operation	Number of non-wholly-owned subsidiaries	
		December 31, 2016	December 31, 2015
Sea freight forwarding, shipping agency and custom broker	United Arab Emirates	1	1
Shipping agency	Malaysia	1	1
Shipping agency	Thailand	1	1
Shipping agency	Vietnam	–	1
Owning and chartering of vessels	Indonesia	1	1
		4	5

14 SUBSIDIARIES (CONT'D)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interest		Accumulated non-controlling interests	
		2016	2015	2016	2015	2016	2015
		%	%	US$'000	US$'000	US$'000	US$'000
PT Samudera Shipping Services	Indonesia	**5**	5	**(59)**	(245)	**4,211**	4,277
Individually immaterial subsidiaries with non-controlling interests				**183**	185	**513**	386
Total				**124**	(60)	**4,724**	4,663

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name of subsidiary	PT Samudera Shipping Services	
	2016	2015
	US$'000	US$'000
Current assets	**46,653**	41,486
Non-current assets	**53,517**	61,347
Current liabilities	**(13,065)**	(11,269)
Non-current liabilities	**(2,708)**	(6,017)
Net assets	**84,397**	85,547
Equity attributable to owners of the subsidiary	**80,186**	81,270
Non-controlling interests	**4,211**	4,277
Total equity	**84,397**	85,547
Total income	**32,696**	41,305
Total expenses	**(33,877)**	(46,197)
Loss for the year	**(1,181)**	(4,892)

14 SUBSIDIARIES (CONT'D)

Name of subsidiary	PT Samudera Shipping Services	
	2016 US$'000	2015 US$'000
Attributable to:		
Owners of the subsidiary	(1,122)	(4,647)
Non-controlling interests	(59)	(245)
Other comprehensive income (loss) for the year	32	(919)
Attributable to:		
Owners of the subsidiary	30	(873)
Non-controlling interests	2	(46)
Total comprehensive loss for the year	(1,149)	(5,811)
Attributable to:		
Owners of the subsidiary	(1,092)	(5,520)
Non-controlling interests	(57)	(291)
Dividends paid to non-controlling interest	–	–
Net cash inflow from operating activities	14,023	8,528
Net cash outflow from investing activities	(10,999)	(3,798)
Net cash outflow from financing activities	(3,684)	(8,621)
Net cash outflow	(660)	(3,891)

15 ASSOCIATE/JOINT VENTURE

Associate	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Unquoted equity shares, at cost	12,117	12,117	12,117	12,117
Dividend received	(1,341)	(1,321)	–	–
Share of post-acquisition profits	2,062	1,834	–	–
Share of hedging reserve	(3,458)	(4,579)	–	–
Less: Allowance for impairment loss	–	–	(2,018)	(2,018)
Translation difference	(759)	(759)	–	–
	8,621	7,292	10,099	10,099

15 ASSOCIATE/JOINT VENTURE (CONT'D)

Joint Venture	Group 2016 US$'000	Group 2015 US$'000
Unquoted equity shares, at cost	396	–
Share of post-acquisition losses	(9)	–
	387	–

Details of the associate/joint venture are as follows:

Name	Principal activities	Country of incorporation	Proportion of ownership interest 2016 %	Proportion of ownership interest 2015 %
Associate				
LNG East-West Shipping Company (Singapore) Pte. Limited [1]	Owning, managing and chartering of vessels and ship brokering	Singapore	25	25
Joint Venture				
Samudera Bharat Feeder Pvt Ltd	Owning and operating of vessel	India	49	–

[1] Audited by Ernst & Young LLP, Singapore

Summarised financial information in respect of the Group's material associate, not adjusted for the proportion of interest held by the Group is set out below:

	2016 US$'000	2015 US$'000
Current assets	21,266	18,671
Non-current assets	140,830	146,883
Total assets	162,096	165,554
Current liabilities	9,583	10,040
Non-current liabilities	129,012	137,329
Total liabilities	138,595	147,369
Net assets	23,501	18,185
Revenue	24,824	23,950
Profit for the year	6,195	4,992
Other comprehensive income for the year	4,485	2,836
Total comprehensive income for the year	10,680	7,828

15 ASSOCIATE/JOINT VENTURE (CONT'D)

Reconciliation of the above financial information to the carrying amount of the interest in the Group's associate recognised in the consolidated financial statements:

	2016 US$'000	2015 US$'000
Net assets	23,501	18,185
Proportion of the Group's ownership interest	25%	25%
Share of net assets	5,875	4,546
Goodwill (included in cost of investment of associate)	2,724	2,724
Other costs (included in cost of investment of associate)	22	22
Carrying amount of the Group's interest in associate	8,621	7,292

Aggregate information of joint venture that are not individually material:

	2016 US$'000	2015 US$'000
The Group's share of the loss for the year	(9)	-
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive income	(9)	-
Aggregate carrying amount of the Group's interests	387	-

16 BANK TERM LOANS

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Current – secured at amortised cost				
Amounts due not later than one year	20,910	21,954	11,488	12,055
Non-current – secured at amortised cost				
Amounts due:				
Later than one year but not later than five years	47,807	61,134	18,970	29,423
Later than five years	15,955	23,600	6,668	7,997
	63,762	84,734	25,638	37,420
Total	84,672	106,688	37,126	49,475

16 BANK TERM LOANS (CONT'D)

The details of bank term loans are as follows:

		2016 US$'000	2015 US$'000
a)	**The Company**		
(i)	SGD21,590,000 repayable in 119 monthly instalments commencing September 2006 with a certain remaining amount to be paid at the end of the term with an option to extend for a further 10 years. Interest is payable at 0.95% above Swap Offer Rate per annum. The loan was extended for 5 years in July 2016.	**7,131**	8,099
(ii)	SGD2,053,000 repayable in 120 monthly instalments commencing October 2007. Interest is payable at 0.95% above Swap Offer Rate per annum.	**106**	255
(iii)	SGD10,000,000 repayable in 59 equal monthly instalments commencing April 2012 with a certain remaining amount to be paid at the end of the term. Interest is payable at 1.80% above Swap Offer Rate per annum.	**5,121**	5,636
(iv)	USD23,120,000 repayable in 40 quarterly instalments commencing May 2008 with a certain remaining amount to be paid at the end of the term. Interest is payable at 1.22% above LIBOR per annum.	**6,734**	8,652
(v)	USD33,600,000 repayable in 48 quarterly instalments commencing June 2008. Interest is payable at 1.35% above LIBOR per annum.	**7,313**	10,102
(vi)	USD28,400,000 repayable in 48 quarterly instalments commencing October 2008. Interest is payable at 1.35% above LIBOR per annum.	**6,656**	9,010
(vii)	USD9,703,000 repayable in 83 equal monthly instalments commencing April 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 2.20% above LIBOR per annum.	**1,650**	3,044
(viii)	USD12,160,000 repayable in 27 equal quarterly instalments commencing September 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 1.90% above LIBOR per annum.	**2,415**	4,181
(ix)	USD7,735,000 repayable in 59 equal monthly instalments commencing May 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 2.20% above LIBOR per annum.	**–**	496
		37,126	49,475

16 BANK TERM LOANS (CONT'D)

The details of bank term loans are as follows:

	2016 US$'000	2015 US$'000
b) Subsidiaries		
(i) USD8,150,000 repayable in 24 equal quarterly instalments commencing April 2008 with interest payable at 1.625% above SIBOR. On June 6, 2008, the loan agreement was amended to 30 equal quarterly instalments of USD252,000 each commencing July 2008, and a final instalment of USD250,000. Interest is payable at 2.5% above SIBOR.	–	250
(ii) USD7,136,000 repayable in 83 equal monthly instalments commencing in March 2012 with the remaining amount to be paid at the end of the term. Interest is payable at 2.30% above LIBOR.	2,209	3,228
(iii) USD8,225,000 repayable in 83 equal monthly instalments commencing in March 2012 with the remaining amount to be paid at the end of the term. Interest is payable at 2.30% above LIBOR.	2,546	3,721
(iv) USD78,012,000 repayable in 48 equal quarterly instalments commencing July 2011. Interest is payable at 0.55% above LIBOR per annum.	41,607	48,108
(v) IDR41,884,125,000 repayable in 24 consecutive quarterly instalments commencing January 2012. Interest is payable at 10.00% per annum.	311	1,214
(vi) IDR23,854,163,000 repayable in 23 consecutive quarterly instalments commencing January 2012. Interest is payable at 10.00% per annum.	355	692
(vii) Thai Baht ("THB") 20,000,000 repayable in 96 monthly instalments commencing May 2016. Interest is payable at Minimum Loan Rate ("MLR") less 1% per annum.	518	–
	47,546	57,213
Total	84,672	106,688

16 BANK TERM LOANS (CONT'D)

The bank term loans are secured as follows:

1. Bank term loans (a)(i) to (a)(iii) and (b)(vii)

   - legal mortgage over freehold land and freehold properties of the Company and a subsidiary (Notes 12 and 13);
   - assignment of insurance; and
   - assignment of income or proceeds of sale if any.

2. Bank term loans (a)(iv) and (a)(viii)

   - corporate guarantee[1] from a subsidiary;
   - legal mortgages over certain vessels of the Group (Note 13);
   - assignment of income from charter hire contracts; and
   - assignment of insurance of the vessels.

3. Bank term loans (a)(v), (a)(vi) and (a)(ix)

   - legal mortgages over certain vessels of the Company (Note 13);
   - assignment of income from charter hire contracts; and
   - assignment of insurance of the vessels.

4. Bank term loan (a)(vii)

   - legal mortgage over certain vessels of the Group (Note 13);
   - assignment of income from charter hire contracts; and
   - assignment of insurance of the vessels.

5. Bank term loans (b)(i) to (b)(iii)

   - corporate guarantee[1] from the Company;
   - legal mortgages over certain vessels of the subsidiaries (Note 13);
   - assignment of income from charter hire contracts; and
   - assignment of insurance of the vessels.

6. Bank term loan (b)(iv)

   - corporate guarantee[1] from the Company and a subsidiary;
   - legal mortgages over certain vessels of the subsidiaries (Note 13);
   - legal charges over certain bank accounts of the subsidiaries (Note 5);
   - assignment of income from charter hire contracts; and
   - assignment of insurance of the vessels.

7. Bank term loans (b)(v) and (b)(vi)

   - legal mortgages over certain vessels of a subsidiary (Note 12); and
   - assignment of insurance of the vessels.

(1) The fair value of the corporate guarantee is assessed by the management to be insignificant.

17 TRADE PAYABLES

The average credit period granted by suppliers ranged from 30 to 60 days (2015: 30 to 60 days). No interest is charged on the outstanding balances.

18 OTHER PAYABLES AND LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Accrued operating expenses	**17,128**	17,231	**11,095**	11,714
Other payables	**1,026**	1,445	**112**	91
Deferred income	**1,301**	1,851	**1,279**	1,724
	19,455	20,527	**12,486**	13,529

19 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Amounts payable under finance leases:				
Within one year	**30**	49	**27**	44
In the second to fifth years inclusive	**10**	41	**9**	36
	40	90	**36**	80
Less: Future finance charges	**(4)**	(10)	**N/A**	N/A
Present value of lease obligations	**36**	80	**36**	80
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(27)**	(44)
Amount due for settlement after 12 months			**9**	36

19 FINANCE LEASES (CONT'D)

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Amounts payable under finance leases:				
Within one year	26	39	23	35
In the second to fifth years inclusive	N/A	27	N/A	23
	26	66	23	58
Less: Future finance charges	(3)	(8)	N/A	N/A
Present value of lease obligations	23	58	23	58
Less: Amount due for settlement within 12 months (shown under current liabilities)			(23)	(35)
Amount due for settlement after 12 months			-	23

It is the Group's and the Company's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 5 years. For the year ended December 31, 2016, the borrowing rate ranged from 3.9% to 5.1% (2015 : 3.9% to 5.1%) per annum. Interest rates are fixed at the contract date, and thus expose the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

20 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Singapore (the Company and its subsidiary)

The employees of the Company and its subsidiary that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Fund Board, operated by the Government of Singapore. The Company and its subsidiary are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Defined benefit plan

Indonesia (PT SSS)

PT SSS provides a defined benefit pension plan, covering substantially all their permanent employees, which is funded through monthly contributions to a separately administered fund in Indonesia. The benefits under such pension plan have been adjusted to cover minimum benefit under Labor Law No.13/2003 of Indonesia. The additional benefits under the Law are unfunded. In addition, PT SSS also provides their employees with other unfunded long-term benefit in the form of vacation leave based on the number of years of service.

The pension plan is managed by Dana Pensiun Samudera Indonesia ("DPSI"), a related party. The deed of establishment of which was approved by the Minister of Finance of the Republic of Indonesia in his decision letter reference: KEP-042/KM.12/2006 dated July 28, 2006.

The plan in Indonesia typically exposes PT SSS to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and deposits. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's assets.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out by an independent actuary in 2016 and 2015. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2016	2015
Mortality rate	**IMT 3 [1]**	IMT 3 [1]
Normal pension age	**55 years**	55 years
Salary incremental rate	**7.0% per annum**	7.0% per annum
Discount rate	**8.0% per annum**	9.0% per annum
Expected return on investment rate	**10.0% per annum**	10.0% per annum
Resignation rate	**10.0% up to age 25 and reducing linearly to 0% at age 55**	10.0% up to age 25 and reducing linearly to 0% at age 55

(1) The mortaility rate was derived from observation of Indonesian life insurance policyholders (IMT III) released in 2011 and load 10% to allow for morbidity or disability.

Amounts recognised in the statement of profit or loss in respect of these defined benefit plans are as follows:

	Group	
	2016 US$'000	2015 US$'000
Current service cost	**252**	66
Interest cost	**74**	84
Interest income	**(64)**	(132)
Components of defined benefit costs recognised in profit or loss	**262**	18

The charge for the year is included in the administrative expenses in profit or loss.

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	Group	
	2016 US$'000	2015 US$'000
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding interest income)	**42**	835
Actuarial gains arising from changes in financial assumptions	**53**	(68)
Actuarial losses arising from changes in experience adjustments	**(127)**	152
Components of defined benefit costs recognised in other comprehensive income	**(32)**	919

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The amount recognised in the statement of financial position in respect of the Group's defined benefit retirement benefit plan is as follow:

	Group	
	2016	2015
	US$'000	US$'000
Present value of unfunded obligations	793	1,023
Fair value of plan assets	(644)	(713)
Net liability recognised	149	310

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2016	2015
	US$'000	US$'000
Opening defined benefit obligation	1,023	1,068
Retirement benefit obligations adjustment	(41)	–
Current service cost	252	66
Interest cost	74	84
Remeasurement (losses) gains:		
From changes in financial assumptions	53	(68)
From experience adjustments	(127)	152
Benefit paid	(470)	(204)
Exchange difference	29	(75)
Closing defined benefit obligation	793	1,023

Changes in the fair value of the plan assets are as follows:

	2016	2015
	US$'000	US$'000
Opening fair value of plan assets	713	1,755
Assets adjustment	(26)	–
Interest income	64	132
Remeasurement loss:		
Return on plan assets (excluding interest income)	(42)	(835)
Contributions by plan participants	8	9
Benefit paid	(93)	(189)
Exchange difference	20	(159)
Closing fair value of plan assets	644	713

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The fair value of plan assets at the end of the reporting period is analysed as follows:

	2016 US$'000	2015 US$'000
Deposit	**157**	279
Equity instruments	**113**	121
Debt instruments	**153**	178
Other assets	**221**	135
Total	**644**	713

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The Group had assessed that any reasonably possible change to the key assumptions applied is not likely to cause the retirement benefit obligations to increase or decrease significantly. Accordingly, no sensitivity analysis is performed.

PT SSS funds the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed 4% of pensionable salary. The residual contribution (including back service payments) is paid by PT SSS. Apart from paying the costs of the entitlements, PT SSS is not liable to pay additional contributions in case the fund does not hold sufficient assets.

The average duration of the benefit obligation at December 31, 2016 is 8 years (2015 : 8 years).

21 SHARE CAPITAL

	Group and Company			
	2016		2015	
	No. of shares	US$'000	No. of shares	US$'000
Issued and paid up:				
At the beginning and end of the year	**539,131,199**	**68,761**	539,131,199	68,761

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

22 TREASURY SHARES

	Group and Company			
	2016		2015	
	No. of shares	US$'000	No. of shares	US$'000
Issued and paid up:				
At the beginning and end of the year	**(1,093,000)**	**(174)**	(1,093,000)	(174)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

23 CAPITAL RESERVE

The capital reserve represents the effects of change in ownership in subsidiaries when there is no change in control (see Note 14).

24 OTHER RESERVES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Statutory reserve (a)	**15**	27	–	–
Hedging reserve (b)	**(3,458)**	(4,579)	–	–
Employee benefits obligation reserve (c)	**571**	539	–	–
	(2,872)	(4,013)	–	–

(a) *Statutory reserve*

A subsidiary in Thailand is required to set aside a statutory reserve equal to the least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of the subsidiary's registered share capital. The statutory reserve cannot be used to offset any deficit and dividend payment.

(b) *Hedging reserve*

The hedging reserve represent the Group's interest portion of the fair value changes on derivative financial instruments held by the associate which is designated as hedging instruments in cash flow hedges that is determined to be an effective hedge by the associate.

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Balance at beginning of the year	**(4,579)**	(5,288)	–	–
Share of net change in associate's hedging reserve	**1,121**	709	–	–
Balance at end of the year	**(3,458)**	(4,579)	–	–

24 OTHER RESERVES (CONT'D)

(c) *Employee benefits obligation reserve*

The employee benefits obligation reserve represents the effects of the remeasurement of defined benefit obligation (Note 20).

25 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26 REVENUE

	Group	
	2016	2015
	US$'000	US$'000
Freight operations	208,965	249,844
Charter hire	23,642	38,245
Pool revenue	1,016	–
Ship management and operation services	7,268	6,878
Sea freight forwarding services	2,755	3,242
Other services	16,820	19,467
	260,466	317,676

27 OTHER OPERATING INCOME

	Group	
	2016	2015
	US$'000	US$'000
Gain on disposal of property, plant and equipment, net	–	863
Gain on disposal of assets held for sale (vessel)	18	35
Rental income	297	374
Net foreign exchange gains	848	3,022
Gain on disposal of investment at fair value through profit or loss – investment securities	48	70
Insurance and other claims	2,396	–
Others	361	365
	3,968	4,729

28 OTHER OPERATING EXPENSES

	Group 2016 US$'000	Group 2015 US$'000
Property, plant and equipment written off	2	6
Impairment of property, plant and equipment (vessels)	7,330	11,075
Impairment of assets held for sale (vessels)	413	2,664
Loss on disposal of property, plant and equipment	121	–
Others	–	35
	7,866	13,780

29 FINANCE INCOME

	Group 2016 US$'000	Group 2015 US$'000
Interest income from call deposits and bank balances	450	350

30 FINANCE COSTS

	Group 2016 US$'000	Group 2015 US$'000
Interest on bank term loans	1,874	2,221
Interest on obligation under finance leases	6	9
	1,880	2,230

31 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	Group 2016 US$'000	Group 2015 US$'000
Current income tax:		
Current year	1,226	1,085
Under (Over) provision in respect of prior years	317	(6)
Deferred tax:		
Current year	(33)	14
Overprovision in respect of prior years	(3)	(1)
	1,507	1,092

31 INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Company has been granted an extension of the status of the Approved International Shipping Enterprise ("AIS") with effect from September 15, 2014 for a period of 10 years. The AIS incentive exempts certain income derived by the Company from Singapore Income Tax, subject to compliance with the relevant conditions under the scheme and those income not qualifying for incentive will be taxable at the existing corporate income tax rate.

The income of Foremost Maritime Pte Ltd, a subsidiary, which arises from shipping activities, is exempted from income tax in accordance with section 13A of the Singapore Income Tax Act, Cap. 134.

Income arising from other activities do not enjoy the above-mentioned income tax incentives and exemption. The income of the other companies in the Group are subject to the relevant income tax laws and regulations in the respective countries in which they operate.

The tax charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2016	2015
	US$'000	US$'000
(Loss)/Profit before tax	(3,797)	5,205
Income tax (credit) expense calculated at 17% (2015 : 17%)	(645)	885
Effect of income that is not taxable/deductible in determining taxable profit	(254)	(1,591)
Effect of different tax rates for foreign subsidiaries and associate	775	816
Effect of tax losses disallowed	1,141	788
Under (Over) provision in respect of prior years	314	(7)
Others	176	201
	1,507	1,092

As at the end of the reporting period, the Group has tax losses of approximately US$30,775 (2015 : US$287,000) that are available for offset against future taxable profits of the subsidiary in the Group in which the losses arose. There is no deferred tax asset recognised due to uncertainty of recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in which the subsidiary operates.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$28.4 million (2015 : US$34.4 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

32 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging (crediting):

	Group	
	2016	2015
	US$'000	US$'000
Operating lease expenses (included in cost of sales)	49,918	52,769
Directors' fees	149	137
Audit fee:		
Auditors of the Company	160	158
Member firms of the auditors of the Company	37	35
Other auditors	28	23
Non-audit fee:		
Auditors of the Company	14	14
Other auditors	4	11
Depreciation of property, plant and equipment	20,061	24,241
Depreciation of investment property	25	26
Allowance for doubtful trade debts	3,239	385
Write off of amount due from related company	–	388
Write-back of doubtful trade debts	(204)	(166)
Employee benefits:		
Wages, salaries and benefits	9,817	10,068
Central Provident Fund and other pension costs	915	874
	10,732	10,942

33 (LOSS) EARNINGS PER SHARE

The (loss) earnings per share for respective years has been computed based on the loss attributable to owners of the Company of $5,428,000 (2015 : profit attributable to the owners of the company of $4,173,000) and the weighted average number of shares in issue during the financial year is 538,038,199 (2015 : 538,038,199).

	Group	
	2016	2015
Basic and diluted (loss) earnings per share (cents)	(1.01)	0.78

34 DIVIDENDS

	Group and Company 2016 US$'000	2015 US$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend paid: 0.27 Singapore cents per ordinary share (tax exempt) in respect of previous financial year (2015 : 0.8750 Singapore cents per ordinary share (tax exempt) in respect of previous financial year)	1,084	3,566
Special dividend paid: 0.45 Singapore cents per ordinary share (tax exempt) in respect of previous financial year (2015 : 0.8750 Singapore cents per ordinary share (tax exempt) in respect of previous financial year)	1,807	3,566
	2,891	7,132
Proposed and not recognised as a liability as at the end of the reporting period:		
Dividends on ordinary shares subject to shareholders' approval at the Annual General Meeting:		
Final one-tier tax exempt dividend for financial year ended December 31, 2016 of 0.50 Singapore cents per share, total dividend payable amounting to SGD 2,690,000 (Final one-tier tax exempt dividend for financial year ended December 31, 2015 of 0.27 Singapore cents per share, total dividend payable amounting to SGD 1,453,000)	1,885	1,030
Special tax exempt dividend for financial year ended December 31, 2016 of NIL Singapore cents per share (Special tax exempt dividend for financial year ended December 31, 2015 of 0.45 Singapore cents per share, total dividend payable amounting to SGD 2,421,000)	–	1,717

35 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of PT Samudera Indonesia Tbk, incorporated in Indonesia, which is a public limited company listed on the Jakarta Stock Exchange. The ultimate holding company is PT Samudera Indonesia Tangguh, also incorporated in Indonesia. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and expected to be settled within 12 months from the end of the reporting period unless otherwise stated.

During the year, Group entities entered into the following transactions with related companies that are not members of the Group:

	Group	
	2016	2015
	US$'000	US$'000
Expenses		
Immediate holding company:		
Vessel charter hire	2,392	–
Agency commissions	2,373	2,332
Office rental	80	85
Related companies:		
Ship management fees	1,100	1,158
Vessel charter hire	1,696	1,430
Container depot storage/repair	206	219
Slot space purchase	108	289
Income		
Related companies:		
Sale of vessels	492	4,860
Vessel charter hire	3,052	3,417

36 OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the year, Group entities entered into the following transactions with related parties:

	Group	
	2016	2015
	US$'000	US$'000
Expenses		
Fees paid to a director of the immediate holding company	144	145
Compensation of directors and key management personnel		
Short-term employee benefits	2,613	3,383
Pension contributions	95	86
Total	2,708	3,469
Comprise of:		
Directors of the Company	1,352	2,027
Key management personnel	1,356	1,442
	2,708	3,469

37 OPERATING LEASE ARRANGEMENTS

(a) *Non-cancellable operating lease commitments – Group as lessee*

The Group has various operating lease agreements for rental of office, containers and charter hire of vessels. Most leases contain renewable options. Lease terms do not contain escalation clauses or contingent rentals and do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2016	2015
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an expense in the year	49,918	52,769

At the end of the reporting period, the Group has outstanding commitments under operating leases which fall due as follows:

	Group	
	2016	2015
	US$'000	US$'000
Within one year	21,858	32,738
In the second to third years inclusive	7,855	13,066
	29,713	45,804

37 OPERATING LEASE ARRANGEMENTS (CONT'D)

(a) *Non-cancellable operating lease commitments – Group as lessee (cont'd)*

Operating lease commitments in respect of the Group's charter hire of vessels are calculated based on the charter hire rates applicable as at the end of the financial year. These lease contracts contain provisions for renegotiation of the charter hire rates on a 3 monthly, 6 monthly or annual basis.

(b) *Operating lease commitments – Group as lessor*

The Group has various operating lease agreements with third parties relating to the rental of office, residential premises and charter hire of vessels. These non-cancellable leases have remaining non-cancellable lease terms of between one and three years. Some leases include a clause to enable the charterer to extend the charter hire contract at the charterer's option for a specified period.

At the end of the reporting period, the Group has contracted with lessees for the following future minimum lease payments:

	Group	
	2016	2015
	US$'000	US$'000
Within one year	5,851	8,307
In the second to third years inclusive	277	112
	6,128	8,419

38 SEGMENT INFORMATION

For management purposes, the Group is organised on a world-wide basis into three main operating divisions, namely:

– Container Shipping

Providing feeder services for the transportation of containerised cargo between Singapore as a "hub" port and other outgoing "spoke" ports in Asia, as well as inter-region and intra-region container shipping services to end users.

– Bulk and Tanker

Providing transportation of special dry bulk, liquid and gas cargo in the international as well as Indonesian domestic market.

– Agency and Logistics (formerly categorised as others)

Include forwarding, agency and other services.

38 SEGMENT INFORMATION (CONT'D)

The Group's risks and rates of return are affected predominantly by differences in the services rendered.

Management monitors the operating results of its operating divisions separately for the purpose of making decisions about resource allocation and performance assessment.

	Container Shipping US$'000	Bulk and Tanker US$'000	Agency and Logistics US$'000	Eliminations US$'000	Group US$'000
2016					
Revenue					
– External customers	225,470	30,303	4,693	–	260,466
– Inter-segment	49	18	2,326	(2,393)	–
	225,519	30,321	7,019	(2,393)	260,466
Segment results	4,882	(8,860)	1,294	(1,223)	(3,907)
Finance income	166	388	126	(230)	450
Finance costs	(1,184)	(891)	(35)	230	(1,880)
Share of results of associate/joint venture	(9)	1,549	–	–	1,540
Profit/(loss) before tax	3,855	(7,814)	1,385	(1,223)	(3,797)
Income tax expense					(1,507)
Loss after tax					(5,304)
Segment assets	224,446	134,415	13,496	–	372,357
Unallocated assets					58
					372,415
Segment liabilities	(66,432)	(55,222)	(4,381)	–	(126,035)
Unallocated liabilities					(1,537)
					(127,572)
Capital expenditure	1,657	5,455	845	–	7,957
Depreciation	9,775	10,124	120	42	20,061
Impairment of vessels	1,106	6,637	–	–	7,743
Allowance for doubtful trade debts	3,217	22	–	–	3,239

38 SEGMENT INFORMATION (CONT'D)

	Container Shipping US$'000	Bulk and Tanker US$'000	Agency and Logistics US$'000	Eliminations US$'000	Group US$'000
2015					
Revenue					
– External customers	269,335	43,103	5,238	–	317,676
– Inter-segment	925	18	2,168	(3,111)	–
	270,260	43,121	7,406	(3,111)	317,676
Segment results	14,385	(8,352)	1,307	(1,503)	5,837
Finance income	143	274	74	(141)	350
Finance costs	(1,585)	(782)	(4)	141	(2,230)
Share of results of associate	–	1,248	–	–	1,248
Profit/(loss) before tax	12,943	(7,612)	1,377	(1,503)	5,205
Income tax expense					(1,092)
Profit after tax					4,113
Segment assets	213,286	172,807	13,852	–	399,945
Unallocated assets					29
					399,974
Segment liabilities	(80,674)	(60,635)	(4,819)	–	(146,128)
Unallocated liabilities					(1,807)
					(147,935)
Capital expenditure	1,748	3,969	90	–	5,807
Depreciation	11,352	12,720	100	69	24,241
Impairment of vessels	6,228	7,511	–	–	13,739
Allowance for doubtful trade debts	368	–	17	–	385

38 SEGMENT INFORMATION (CONT'D)

Geographical information

The revenue of Container Shipping and Agency and Logistics segments (see (i) below) based on geographical location is as follows:

	Revenue 2016 US$'000	Revenue 2015 US$'000
Indonesia	**67,669**	90,449
South East Asia (excluding Indonesia)	**113,332**	122,273
Middle East and Indian Sub-continent	**34,334**	42,475
Far East	**3,796**	5,376
Others	**11,032**	14,000
Total revenue for Container Shipping and Agency and Logistics	**230,163**	274,573

(i) Revenue is allocated to each geographical segment based on the destination of the service routes. The directors believe it could be inaccurate to analyse assets and capital expenditure by geographical segment because these cannot be meaningfully allocated to the different routes as the vessels do not operate on fixed routes.

For Bulk and Tanker, charterers of the Group's vessels have the discretion to operate within a wide trading area and are not constrained by a specific sea-route. As such, no geographical segment information is presented.

Other information

The Group has three (2015: three) major customers from Bulk and Tanker that contribute greater than 10% of the total revenue for Bulk and Tankers:

	Revenue 2016 US$'000	Revenue 2015 US$'000
Customer A	**13,330**	13,947
Customer B	**7,272**	8,134
Customer C	**3,688**	4,674

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

39 REVISION AND COMPARATIVE FIGURES

A revision of impairment assessment in relation to a subsidiary of US$3,321,000 has been made to the prior year's financial statements. As a result, certain line items have been revised in the statement of financial position and statement of changes in equity.

A third statement of financial position of the Company was not presented at the beginning of the preceding period as the effect of item revised is isolated to the prior year.

The items were revised as follows:

(i) Statement of financial position

Company	2015 Previously reported US$'000	2015 After revision US$'000
Non-current assets		
Subsidiaries	69,169	72,490
Capital, reserves and non-controlling interests		
Retained earnings	148,568	151,889

(ii) Statement of changes in equity

Company	2015 Previously reported US$'000	2015 After revision US$'000
Profit for the year, representing total comprehensive income for the year	15,027	18,348

40 EVENT AFTER REPORTING PERIOD

In January 2017, the Group had completed the sale of MV Sinar Jambi and MV Sinar Jimbaran, both owned by PT SSS, which were classified as assets held for sale at the end of the reporting period.

As at the date of this report, the Board does not foresee any significant impact to the business and financials of the Group.

Shareholdings
Statistics
as at 17 March 2017

No. of Issued Shares	:	539,131,199
No. of Issued Shares (excluding Treasury Shares)	:	538,038,199
No. of Treasury Shares Held	:	1,093,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share (no vote for treasury shares)

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	10	0.22	145	0.00
100 – 1,000	131	2.85	69,099	0.01
1,001 - 10,000	2,659	57.87	11,507,371	2.14
10,001 - 1,000,000	1,765	38.41	82,436,889	15.32
1,000,001 and above	30	0.65	444,024,695	82.53
	4,595	100.00	538,038,199	100.00

PERCENTAGE OF SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 March 2017, approximately 34.11% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	PT. Samudera Indonesia Tbk	312,500,000	58.08
2	UOB Nominees (2006) Private Limited	38,920,000	7.23
3	DB Nominees (Singapore) Pte Ltd	14,234,000	2.65
4	Ang Ah Beng	12,687,900	2.36
5	DBS Nominees (Private) Limited	9,544,100	1.77
6	Citibank Nominees Singapore Pte Ltd	6,830,600	1.27
7	Chua Wee Meng	4,533,000	0.84
8	United Overseas Bank Nominees (Private) Limited	3,863,700	0.72
9	Ng Hwee Koon	2,966,100	0.55
10	Ang Hao Yao (Hong Haoyao)	2,952,000	0.55
11	HSBC (Singapore) Nominees Pte Ltd	2,764,000	0.51
12	Phillip Securities Pte Ltd	2,560,300	0.48
13	UOB Kay Hian Private Limited	2,483,300	0.46
14	OCBC Nominees Singapore Private Limited	2,334,800	0.43
15	NBU International Limited	2,220,000	0.41
16	Low Wai Ming	2,033,000	0.38
17	Hexacon Construction Pte Ltd	1,960,000	0.36
18	Toh Ong Tiam	1,777,000	0.33
19	Peh Kok Kah	1,721,300	0.32
20	Teo Cheng Tuan Donald	1,680,000	0.31
		430,565,100	80.01

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 17 March 2017 of 538,038,199 shares (which excludes 1,093,000 shares which are held as treasury shares representing approximately 0.2% of the total number of issued shares excluding treasury shares).

Shareholdings
Statistics
as at 17 March 2017

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
PT Samudera Indonesia Tbk (note 1)	351,180,000	65.27	-	-
PT Samudera Indonesia Tangguh (note 2)	-	-	351,180,000	65.27
PT Ngrumat Bondo Utomo (note 3)	-	-	351,180,000	65.27

Note:

1. 38,680,000 shares are held by UOB Nominees (2006) Private Limited.

2. PT Samudera Indonesia Tangguh's deemed interest arises from its direct interest of 57.98% in PT Samudera Indonesia Tbk.

3. PT Ngrumat Bondo Utomo's deemed interest arises from its direct interest of 14.21% and 27.40% in PT Samudera Indonesia Tbk and PT Samudera Indonesia Tangguh respectively.

Notice of
Annual General Meeting

SAMUDERA SHIPPING LINE LTD
Company Registration No. 199308462C
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Samudera Shipping Line Ltd (the "Company") will be held at M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908, on Thursday, 27 April 2017, at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 0.50 Singapore cents per ordinary share for the financial year ended 31 December 2016. (*2015: a final one-tier tax exempt dividend of 0.27 Singapore cents per ordinary share and a special one-tier tax exempt dividend of 0.45 Singapore cents per ordinary share*) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Constitution of the Company:

   Mr Masli Mulia **(Resolution 3)**
   Mr Quah Ban Huat **(Resolution 4)**
   Mr Ng Chee Keong **(Resolution 5)**

   Mr Quah Ban Huat will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent.

   Mr Ng Chee Keong will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and will be considered independent.

4. To approve the payment of Directors' fees of S$209,000 for the financial year ending 31 December 2017 to be paid half yearly in arrears. (*FY2016: S$209,000*) **(Resolution 6)**

5. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

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

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

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

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

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

8. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on page 4 of the Appendix to the Annual Report to Shareholders dated 12 April 2017 (the "Appendix") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "Shareholders' Mandate");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.
[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Lynn Wan Tiew Leng
Secretary
Singapore, 12 April 2017

Explanatory Notes:

(i) The Chairman of this Annual General Meeting will exercise his right under Article 61(a) of the Company's Constitution to demand for a Poll in respect of each of the resolutions to be put to the vote of the members at the Annual General Meeting of the Company and at any adjournment thereof. **Accordingly, each resolution at the Annual General Meeting of the Company will be voted on by way of a poll.**

(ii) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 9 in item 8 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

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

Notice of Books Closure and
Payment Date for First and Final Dividend

SAMUDERA SHIPPING LINE LTD
(Company Registration No. 199308462C)
(Incorporated in Singapore with limited liability)
(the "Company")

NOTICE IS HEREBY GIVEN that, subject to the approval by the shareholders of the First and Final Dividend at the Company's Annual General Meeting to be held on 27 April 2017, the Share Transfer Books and Register of Members of the Company will be closed on 9 May 2017 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 8 May 2017 will be registered to determine shareholders' entitlements to the proposed first and final one-tier tax exempt dividend of 0.50 Singapore cents per ordinary share. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2017 will be entitled to the proposed First and Final Dividend.

Payment of the First and Final Dividend, if approved by the shareholders, will be paid on 18 May 2017.

By Order of the Board

Lynn Wan Tiew Leng
Secretary
Singapore, 12 April 2017

SAMUDERA SHIPPING LINE LTD
(Company Registration No. 199308462C)
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Samudera Shipping Line Ltd's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________

of ______________________________

being a member/members of Samudera Shipping Line Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on **27 April 2017 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

NOTE:
The Chairman of the Meeting will exercise his right under Article 61(a) of the Company's Constitution to demand for a Poll in respect of each of the resolutions to be put to the vote of the members at the Meeting and at any adjournment thereof. Accordingly, each resolution at Meeting will be voted on by way of a poll.

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	Payment of proposed first and final one-tier tax exempt dividend		
3	Re-election of Mr Masli Mulia as a Director		
4	Re-election of Mr Quah Ban Huat as a Director		
5	Re-election of Mr Ng Chee Keong as a Director		
6	Approval of Directors' fees amounting to S$209,000 for the year ending 31 December 2017		
7	Re-appointment of Messrs Deloitte & Touche LLP as Auditors		
8	Authority to issue new shares		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		

(1) If you wish to exercise all your votes "For" or "Against" please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ________________ 2017

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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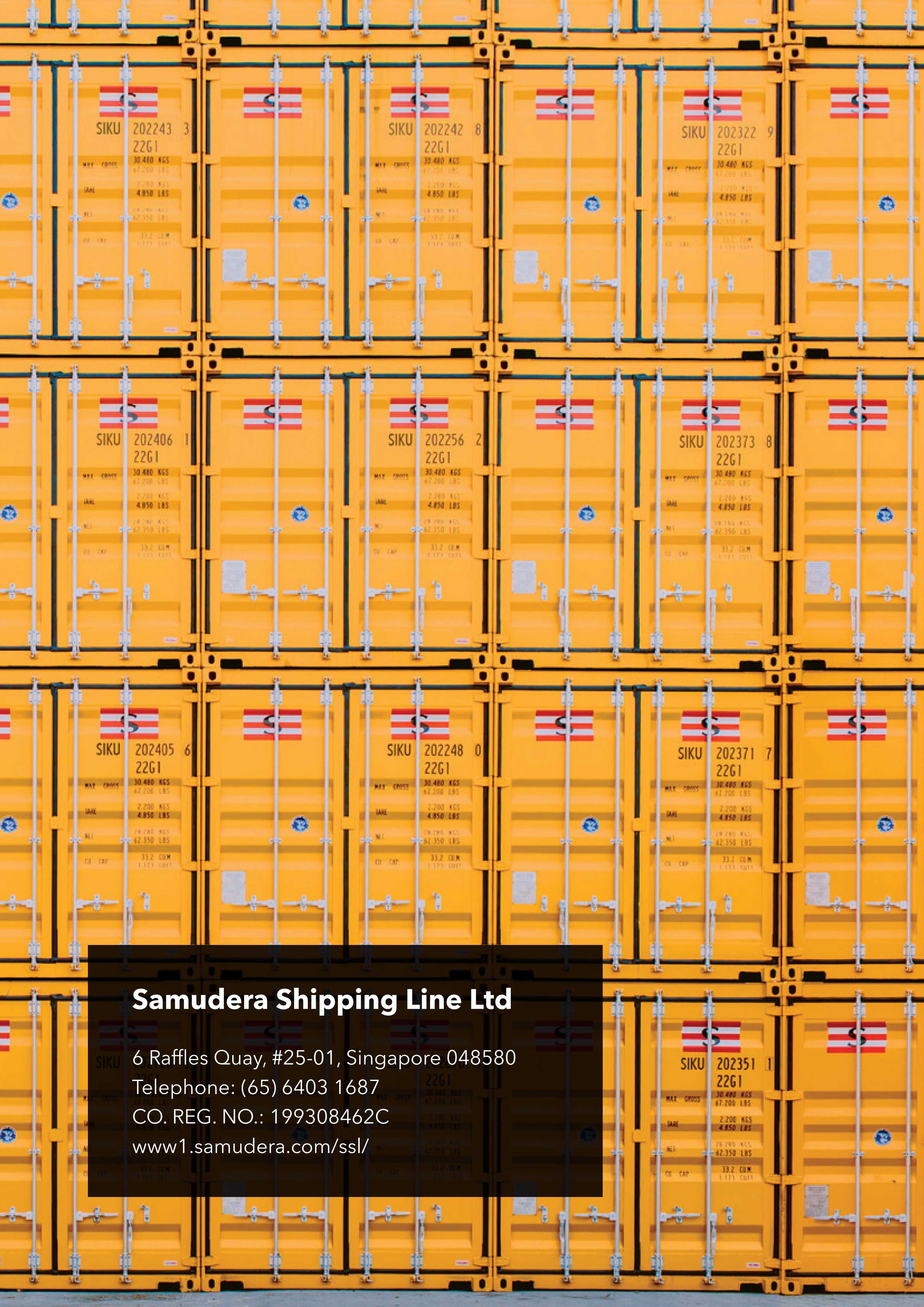

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