

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2018
PART I: Information required for announcements of Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Results
1 (a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	3 months ended 31/03/2018 US\$'000	3 months ended 31/03/2017 US\$'000	Increase/ (Decrease) %
Revenue	8,264	7,888	4.8
Cost of services	(7,429)	(7,327)	1.4
Gross profit	835	561	48.8
Other (losses)/gains	(89)	27	n.m.
Expenses			
- Administrative	(841)	(916)	(8.2)
- Finance	(153)	(253)	(39.5)
Share of results of associated companies	-	(52)	(100.0)
Loss before income tax	(248)	(633)	(60.8)
Income tax expense	(89)	(85)	4.7
Net loss	(337)	(718)	(53.1)
Foreign currency translation	(32)	17	n.m.
Total comprehensive loss for the period	(369)	(701)	(47.4)
Net loss attributable to:			
Equity holders of the Company	(272)	(425)	(36.0)
Non-controlling interests	(65)	(293)	(77.8)
	(337)	(718)	(53.1)
Total comprehensive loss attributable to:			
Equity holders of the Company	(287)	(417)	(31.2)
Non-controlling interests	(82)	(284)	(71.1)
	(369)	(701)	(47.4)

n.m. – not meaningful

1(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements

Group

	3 months ended 31/03/2018 US\$'000	3 months ended 31/03/2017 US\$'000	Increase/ (Decrease) %
Loss before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	2,894	2,352	23.0
Loss/(gain) on foreign exchange	98	(21)	n.m.
Interest expense	153	253	(39.5)
Interest income	(9)	(6)	50.0

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/03/2018 US\$'000	31/12/2017 US\$'000	31/03/2018 US\$'000	31/12/2017 US\$'000
ASSETS				
Current assets				
Cash and bank balances	3,207	3,643	1,392	1,570
Trade and other receivables	7,947	8,385	6,908	6,905
Inventories	2,766	2,163	-	-
Other current assets	3,299	3,033	55	46
	<u>17,219</u>	<u>17,224</u>	<u>8,355</u>	<u>8,521</u>
Non-current assets				
Investments in subsidiary corporations	-	-	22,305	22,305
Investments in associated companies	313	313	-	-
Property, plant and equipment	60,409	62,308	-	2
	<u>60,722</u>	<u>62,621</u>	<u>22,305</u>	<u>22,307</u>
Total assets	<u><u>77,941</u></u>	<u><u>79,845</u></u>	<u><u>30,660</u></u>	<u><u>30,828</u></u>
LIABILITIES				
Current liabilities				
Trade and other payables	4,453	4,300	225	183
Finance lease liabilities	516	501	-	-
Borrowings	5,625	5,938	-	-
	<u>10,594</u>	<u>10,739</u>	<u>225</u>	<u>183</u>
Non-current liabilities				
Finance lease liabilities	497	632	-	-
Borrowings	4,413	5,646	-	-
Deferred income tax liabilities	163	174	-	-
Post employment benefits	702	713	-	-
	<u>5,775</u>	<u>7,165</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>16,369</u></u>	<u><u>17,904</u></u>	<u><u>225</u></u>	<u><u>183</u></u>
NET ASSETS	<u><u>61,572</u></u>	<u><u>61,941</u></u>	<u><u>30,435</u></u>	<u><u>30,645</u></u>
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	31,801	31,801	56,951	56,951
Currency translation reserves	(524)	(509)	-	-
Other reserves	(305)	(305)	-	-
Accumulated losses	(3,636)	(3,364)	(26,516)	(26,306)
	<u>27,336</u>	<u>27,623</u>	<u>30,435</u>	<u>30,645</u>
Non-controlling interests	34,236	34,318	-	-
	<u><u>61,572</u></u>	<u><u>61,941</u></u>	<u><u>30,435</u></u>	<u><u>30,645</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	Group	
	31/03/2018 US\$'000	31/12/2017 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	6,141	6,439
Unsecured	-	-
	6,141	6,439
<u>Amount repayable after one year:</u>		
Secured	4,910	6,278
Unsecured	-	-
	4,910	6,278
Total borrowings	11,051	12,717

Details of any collateral

Borrowings of the Group are secured by the following:

- mortgage over certain vessels of subsidiary corporations;
- an assignment of all rights in respect of certain coal barging contracts;
- an assignment of all moneys and rights to receive money in respect of any of the pledged vessels and their respective insurances;
- pledge of the shares of subsidiary corporation, PT Pulau Seroja Jaya ("PT PSJ") by certain shareholders of PT PSJ;
- a charge on the cash, receivables and inventories of PT PSJ; and
- corporate guarantees by certain directors of related parties.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	For the 3 months ended	
	31 March	
	2018	2017
	US\$'000	US\$'000
Cash Flows from Operating Activities		
Loss before income tax	(248)	(633)
Adjustments for:		
Depreciation of property, plant and equipment	2,894	2,352
Interest expense	153	253
Interest income	(9)	(6)
Share of results of associated companies	-	52
Unrealised currency translation gain	(20)	(23)
Operating profit before working capital changes	<u>2,770</u>	<u>1,995</u>
Changes in working capital:		
Inventories	(603)	(120)
Trade and other receivables	437	260
Other current assets	(266)	487
Trade and other payables	165	1,420
Post employment benefits	(11)	-
Cash generated from operating activities	<u>2,492</u>	<u>4,042</u>
Income tax paid	(100)	(96)
Interest received	9	6
Net cash provided by operating activities	<u>2,401</u>	<u>3,952</u>
Cash Flows from Investing Activities		
Payment to non-controlling interests from capital reduction	-	(280)
Purchase of property, plant and equipment	(1,006)	(2,450)
Net cash used in investing activities	<u>(1,006)</u>	<u>(2,730)</u>
Cash Flows from Financing Activities		
Repayment of borrowings	(1,562)	(2,150)
Repayment of finance lease	(120)	(500)
Restricted cash	25	84
Interest paid	(148)	(223)
Net cash used in financing activities	<u>(1,805)</u>	<u>(2,789)</u>
Net decrease in cash and cash equivalents	(410)	(1,567)
Cash and cash equivalents at the beginning of the financial period	<u>3,102</u>	<u>4,908</u>
Cash and cash equivalents at the end of the financial period	<u>2,692</u>	<u>3,341</u>
Represented by:		
Restricted cash	515	520
Short-term bank deposits	1,326	1,807
Cash and bank balances	1,366	1,534
	<u>3,207</u>	<u>3,861</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital US\$'000	Translation reserve US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance as at 1 January 2017	31,801	(500)	(305)	(4,419)	32,818	59,395
Net loss for the period	-	-	-	(425)	(293)	(718)
Other comprehensive income for the period	-	8	-	-	9	17
Capital reduction in a subsidiary corporation	-	-	-	-	(280)	(280)
Balance as at 31 March 2017	31,801	(492)	(305)	(4,844)	32,254	58,414
Balance as at 1 January 2018	31,801	(509)	(305)	(3,364)	34,318	61,941
Net loss for the period	-	-	-	(272)	(65)	(337)
Other comprehensive loss for the period	-	(15)	-	-	(17)	(32)
Balance as at 31 March 2018	31,801	(524)	(305)	(3,636)	34,236	61,572

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 January 2017	56,951	(25,376)	31,575
Total comprehensive loss for the period	-	(153)	(153)
Balance as at 31 March 2017	<u>56,951</u>	<u>(25,529)</u>	<u>31,422</u>
Balance as at 1 January 2018	56,951	(26,306)	30,645
Total comprehensive loss for the period	-	(210)	(210)
Balance as at 31 March 2018	<u>56,951</u>	<u>(26,516)</u>	<u>30,435</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital during the 3 months ended 31 March 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued ordinary shares as at 31 March 2018 is 390,388,110. (31 March 2017: 390,388,110 shares).

1(d)(iv) A statement showing all shares, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the three months ended 31 March 2018 as compared with those for the audited consolidated financial statements ended 31 December 2017 except the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of SFRS(I) has no significant impact on the Group's financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6. (Loss)/Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	3 months ended 31/03/2018 US cents	3 months ended 31/03/2017 US cents
(a) Basic	(0.07)	(0.11)
(b) Fully diluted basis	(0.07)	(0.11)

Note 1:

The loss per ordinary share of the Group for the financial period ended 31 March 2018 has been computed based on 390,388,110 ordinary shares. (31 March 2017: 390,388,110 shares).

7. Net asset value per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/03/18	31/12/17	31/03/18	31/12/17
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	7.00	7.08	7.80	7.85

Net asset value per ordinary share of the Group and the Company have been computed based on the total issued share capital as at 31 March 2018 of 390,388,110 shares (31 December 2017: 390,388,110 shares).

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Statement of Comprehensive Income

The Group's revenue breakdown for FY2018Q1 and FY2017Q1 are summarised in the table below:-

	FY2018Q1		FY2017Q1	
	US\$'000	%	US\$'000	%
Freight charter	8,264	100.0	7,768	98.5
Time charter	-	-	120	1.5
Total revenue	8,264	100.0	7,888	100.0

Revenue

Revenue increased by 4.8% or US\$0.4 million from US\$7.9 million in FY2017Q1 to US\$8.3 million in FY2018Q1 due to higher freight charter revenue which is partly offset by lower time charter revenue for the period under review. Freight charter revenue increased by US\$0.5 million from US\$7.8 million in FY2017Q1 to US\$8.3 million in FY2018Q1 due mainly to higher cargo volume delivered for major customers for the period under review. There was no time charter revenue for FY2018Q1 as compared to US\$0.1 million for FY2017Q1 due to no time charter contract secured for the current period under review.

Gross profit

Gross profit increased by 48.8% or US\$0.3 million from US\$0.5 million in FY2017Q1 to US\$0.8 million in FY2018Q1 due mainly to higher revenue which was partly offset by higher operating expenses incurred for the period under review. Gross profit margin increased from 7.1% in FY2017Q1 to 10.1% in FY2018Q1. This was mainly attributed to higher revenue and lower fuel costs which were partly offset by higher depreciation charges for the current period under review.

Other (losses)/gains

Other losses of US\$89k for FY2018Q1 is mainly from exchange losses from foreign currency fluctuations as compared to other gains of only US\$27k in FY2017Q1.

Expenses

Administrative expenses decreased by US\$0.1 million from US\$0.9 million in FY2017Q1 to US\$0.8 million in FY2018Q1 mainly due to professional fees incurred for loan refinancing of about US\$0.1 million for FY2017Q1 as compared to no such fees for current period under review. The decrease in finance cost by US\$0.1 million from US\$0.3 million in FY2017Q1 to US\$0.2 million in FY2018Q1 was mainly due to decrease in bank borrowings from repayments made.

Share of results of associates

There is no share of results of associated companies for FY2018Q1 as these companies are currently dormant after the disposal of a FSO vessel.

Net loss / Total comprehensive loss

Arising from the above, net loss and total comprehensive loss attributable to equity holders of the Company decreased by 36.0% or US\$0.1 million from US\$0.4 million in FY2017Q1 to US\$0.3 million in FY2018Q1.

Review of the Group's Financial Position as at 31 March 2018 as compared to the Group's Financial Position as at 31 December 2017

Trade and other receivables decreased by US\$0.4 million from US\$8.4 million as at 31 December 2017 to US\$8.0 million as at 31 March 2018 due to prompt collection from its major customers. Inventories increased by US\$0.6 million from US\$2.2 million as at 31 December 2017 to US\$2.8 million as at 31 March 2018 was mainly due to more vessel spare parts and supplies purchased for its vessel fleet in Indonesia for operations and maintenance. Other current assets increased by US\$0.3 million was mainly due to higher prepaid insurance expense for our vessel fleet in Indonesia.

The decrease in property, plant and equipment of US\$1.9 million from US\$62.3 million as at 31 December 2017 to US\$60.4 million as at 31 March 2018 was mainly due to depreciation charges during the period under review which was partly offset by drydocking costs capitalized.

The increase in trade and other payables from US\$4.3 million as at 31 December 2017 to US\$4.5 million as at 31 March 2018 was in line with the increase in business activities. Total borrowings (current and non-current) decreased by US\$1.6 million from US\$12.7 million as at 31 December 2017 to US\$11.1 million as at 31 March 2018 due to instalment repayments of bank loans and finance lease obligations during the period under review.

Net cash provided by operating activities amounted to US\$2.4 million which was partly offset by net cash used in investing activities and financing activities of US\$1.0 million and US\$1.8 million respectively. Cash used in investing activities was for drydocking expenditures incurred for the vessel fleet in Indonesia. Cash used in financing activities was for repayments of bank loan, finance lease obligations and interest. Arising from the above, the Group generated a net decrease in cash and cash equivalents of US\$0.4 million from US\$3.1 million as at 31 December 2017 to US\$2.7 million as at 31 March 2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Average freight rate in current quarter is marginally higher as compared to FY2017 despite competition from other shippers in Indonesia. The Group will continue to enhance operational efficiency and monitor operating expenses closely to ensure its vessel fleet is managed and utilized efficiently.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended during the period under review.

13. Interested Person Transactions

Name of Interested Persons	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate (excluding transactions less than S\$100,000) pursuant to Rule 920
	US\$ '000	US\$ '000
Freight charter revenue from PT. Maritim Barito Perkasa	-	3,539

14. Confirmation of procurement of Undertakings from all Directors and Executive Officers

The Company confirmed that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

CONFIRMATION BY THE BOARD ON FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the First Quarter Results of the Group for the financial period ended 31 March 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Andreas Tjahjadi
Director

Masdjani
Director

By Order of The Board

**Andreas Tjahjadi
Director
14 May 2018**