

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2016
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		
	12 months ended 31/12/2016 US\$'000	12 months ended 31/12/2015 US\$'000	Increase/ (Decrease) %
Revenue	34,653	46,974	(26.2)
Cost of services	(29,795)	(35,681)	(16.5)
Gross profit	4,858	11,293	(57.0)
Other losses	(6,998)	(10,802)	(35.2)
Expenses			
- Administrative	(5,581)	(3,246)	71.9
- Finance	(1,832)	(2,155)	(15.0)
Share of results of associated companies	(4,479)	810	n.m.
Loss before income tax	(14,032)	(4,100)	242.2
Income tax expense	(376)	(511)	(26.4)
Net loss	(14,408)	(4,611)	212.5
Foreign currency translation	44	(180)	n.m.
Remeasurements of post-employment benefits plan	57	60	(5.0)
Total comprehensive loss for the year	(14,307)	(4,731)	202.4
Net (loss)/profit attributable to:			
Equity holders of the Company	(7,376)	(8,496)	(13.2)
Non-controlling interests	(7,032)	3,885	n.m.
	(14,408)	(4,611)	212.5
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(7,330)	(8,554)	(14.3)
Non-controlling interests	(6,977)	3,823	n.m.
	(14,307)	(4,731)	202.4

n.m. – not meaningful

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

	Group		
	12 months ended 31/12/2016 US\$'000	12 months ended 31/12/2015 US\$'000	Increase/ (Decrease) %
Loss before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	11,020	10,288	7.1
(Gain)/Loss on foreign exchange	(112)	496	n.m.
Impairment loss of property, plant and equipment	7,132	-	n.m.
Loss on disposal of property, plant equipment	-	10,320	(100.0)
Allowances for impairment of trade receivables	178	-	n.m.
VAT receivables written off	2,342	-	n.m.
Interest expense	1,832	2,155	(15.0)
Interest income	(22)	(14)	57.1

n.m. – not meaningful

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,512	9,557	2,172	2,537
Trade and other receivables	7,759	9,103	6,905	24,265
Inventories	1,301	949	-	-
Other current assets	2,762	512	45	52
	<u>17,334</u>	<u>20,121</u>	<u>9,122</u>	<u>26,854</u>
Non-current assets				
Investments in subsidiary corporations	-	-	22,916	23,440
Investments in associated companies	367	5,446	-	-
Property, plant and equipment	65,718	79,933	4	46
	<u>66,085</u>	<u>85,379</u>	<u>22,920</u>	<u>23,486</u>
Total assets	<u>83,419</u>	<u>105,500</u>	<u>32,042</u>	<u>50,340</u>
LIABILITIES				
Current liabilities				
Trade and other payables	4,167	4,717	467	174
Finance lease liabilities	-	2,496	-	-
Borrowings	8,600	20,271	-	-
	<u>12,767</u>	<u>27,484</u>	<u>467</u>	<u>174</u>
Non-current liabilities				
Borrowings	10,500	3,600	-	-
Deferred income tax liabilities	219	264	-	-
Provision for post employment benefits	538	450	-	-
	<u>11,257</u>	<u>4,314</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>24,024</u>	<u>31,798</u>	<u>467</u>	<u>174</u>
NET ASSETS	<u>59,395</u>	<u>73,702</u>	<u>31,575</u>	<u>50,166</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	(500)	(519)	-	-
Other reserves	(305)	(305)	-	-
(Accumulated losses)/retained earnings	(4,419)	2,930	(25,376)	(6,785)
	<u>26,577</u>	<u>33,907</u>	<u>31,575</u>	<u>50,166</u>
Non-controlling interests	32,818	39,795	-	-
	<u>59,395</u>	<u>73,702</u>	<u>31,575</u>	<u>50,166</u>

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

	Group	
	31/12/2016 US\$'000	31/12/2015 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	8,600	22,767
Unsecured	-	-
	8,600	22,767
<u>Amount repayable after one year:</u>		
Secured	10,500	3,600
Unsecured	-	-
	10,500	3,600
Total borrowings	19,100	26,367

Details of any collateral

Bank borrowings and finance lease of the Group are secured by the following:

- mortgage over certain vessels of subsidiaries;
- 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, 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 related parties of certain directors.

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 12 months ended	
	31 December	
	2016	2015
	US\$'000	US\$'000
Cash Flows from Operating Activities		
Loss before income tax	(14,032)	(4,100)
Adjustments for:		
Depreciation of property, plant and equipment	11,020	10,288
Impairment loss of property, plant and equipment	7,132	-
Loss on disposal of property, plant and equipment	-	10,320
Interest expense	1,832	2,155
Interest income	(22)	(14)
Share of results of associated companies	4,479	(810)
Unrealised currency translation loss	13	186
Operating cash flow before working capital changes	<u>10,422</u>	<u>18,025</u>
Changes in working capital:		
Inventories	(352)	609
Trade and other receivables	1,344	(1,572)
Other current assets	(250)	608
Trade and other payables	(559)	(481)
Provision for post employment benefits	145	55
Cash generated from operating activities	<u>10,750</u>	<u>17,244</u>
Income tax paid	(421)	(556)
Interest received	22	14
Net cash generated from operating activities	<u>10,351</u>	<u>16,702</u>
Cash Flows from Investing Activities		
Capital reduction in an associated company	600	-
Deposits for purchase of property, plant and equipment	(2,000)	-
Purchase of property, plant and equipment	(3,907)	(3,993)
Proceeds from disposal of property, plant and equipment	-	13,002
Net cash (used in)/generated from investing activities	<u>(5,307)</u>	<u>9,009</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	17,588	7,750
Repayment of borrowings	(22,359)	(25,568)
Repayment of finance lease liabilities	(2,496)	(3,010)
Interest paid	(1,823)	(1,821)
Net cash used in financing activities	<u>(9,090)</u>	<u>(22,649)</u>
Net (decrease)/increase in cash and cash equivalents	(4,046)	3,062
Cash and cash equivalents at the beginning of the financial year	9,557	6,511
Effects of currency translation on cash and cash equivalents	1	(16)
Cash and cash equivalents at the end of the financial year	<u>5,512</u>	<u>9,557</u>
Represented by:		
Short-term bank deposits	1,805	2,301
Cash and bank balances	3,707	7,256
	<u>5,512</u>	<u>9,557</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	Currency translation reserve US\$'000	Other reserve US\$'000	Retained earnings/ (accumulated losses) US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance as at 1 January 2015	31,801	(432)	(305)	11,397	35,972	78,433
Net (loss)/profit for the year	-	-	-	(8,496)	3,885	(4,611)
Other comprehensive (loss)/income for the year	-	(87)	-	29	(62)	(120)
Balance as at 31 December 2015	<u>31,801</u>	<u>(519)</u>	<u>(305)</u>	<u>2,930</u>	<u>39,795</u>	<u>73,702</u>
Balance as at 1 January 2016	31,801	(519)	(305)	2,930	39,795	73,702
Net loss for the year	-	-	-	(7,376)	(7,032)	(14,408)
Other comprehensive income for the year	-	19	-	27	55	101
Balance as at 31 December 2016	<u>31,801</u>	<u>(500)</u>	<u>(305)</u>	<u>(4,419)</u>	<u>32,818</u>	<u>59,395</u>

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 January 2015	56,951	(5,962)	50,989
Total comprehensive loss for the year	-	(823)	(823)
Balance as at 31 December 2015	<u>56,951</u>	<u>(6,785)</u>	<u>50,166</u>
Balance as at 1 January 2016	56,951	(6,785)	50,166
Total comprehensive loss for the year	-	(18,591)	(18,591)
Balance as at 31 December 2016	<u>56,951</u>	<u>(25,376)</u>	<u>31,575</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 12 months ended 31 December 2016.

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 December 2016 is 390,388,110. (31 December 2015: 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.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the financial year ended 31 December 2016 as compared with those for the audited consolidated financial statements as at 31 December 2015.

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. 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.

	12 months ended 31/12/2016 US cents	12 months ended 31/12/2015 US cents
(a) Basic	(1.89)	(2.18)
(b) Fully diluted basis	(1.89)	(2.18)

Note 1:

The (losses)/earnings per ordinary share of the Group for the financial year ended 31 December 2016 has been computed based on weighted average of 390,388,110 ordinary shares. (31 December 2015: 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	
	31/12/16	31/12/15	31/12/16	31/12/15
Net asset value per ordinary share based on issued share capital as at the end of the year (US cents)	6.81	8.69	8.09	12.85

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 December 2016 of 390,388,110 shares (31 December 2015: 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 FY2016 and FY2015 are summarised in the table below:-

	FY2016		FY2015	
	US\$'000	%	US\$'000	%
Freight charter	34,599	99.8	45,867	97.6
Time charter	54	0.2	1,107	2.4
Total revenue	34,653	100.0	46,974	100.0

Revenue

The Group's revenue decreased by 26.2% or US\$12.3 million from US\$47.0 million in FY2015 to US\$34.7 million in FY2016. The lower revenue was due to decrease in both the freight charter revenue as well as time charter revenue. Freight charter revenue decreased by US\$11.3 million from US\$45.9 million in FY2015 to US\$34.6 million in FY2016 due to lower average freight rate for the current financial year despite increase in tonnage shipped. Time charter revenue decreased by US\$1.0 million from US\$1.1 million in FY2015 to US\$0.1 million in FY2016. This was mainly due to no contribution from a panamax vessel which was disposed of in September 2015. There was also no significant time charter contract secured in Indonesia for tugboats and barges as customers prefer to charter under spot or per voyage basis due to prevailing weak freight rates.

Gross profit

Gross profit decreased by 57.0% or US\$6.4 million from US\$11.3 million in FY2015 to US\$4.9 million in FY2016 mainly due to lower revenue which is partly offset by lower operating expenses incurred for the current financial year. Gross profit margin decreased from 24.0% in FY2015 to 14.0% in FY2016. This was mainly attributed to the lower average freight rate and higher depreciation charges which was partly offset by lower fuel costs from lower fuel price for the current financial year.

Other losses

Other losses in FY2016 was mainly due to impairment loss on property, plant and equipment of US\$7.1 which is partly offset by foreign exchange gain of US\$0.1 million from currency fluctuation. The impairment loss on property, plant and equipment was due to writing down the net book value of tugboats and barges without contracts to its market value as at year end. Other losses in FY2015 comprise mainly loss on disposal of a panamax vessel amounting to US\$10.3 million as well as foreign exchange loss of US\$0.5 million from currency fluctuation.

Expenses

Administrative expenses increased by 71.9% or US\$2.4 million from US\$3.2 million in FY2015 to US\$5.6 million in FY2016 mainly due to write off of VAT receivables and impairment of trade receivables of US\$2.3 million and US\$0.2 million respectively. The write off of VAT receivables by a subsidiary ("PT PSJ") was required under a tax amnesty program implemented in FY2016. The tax amnesty program will waive the requirements for audit by tax authority for 10 years prior to 31 December 2015. The impairment of trade receivables was due to debts

outstanding from 2 customers for more than a year due to one customer undergoing bankruptcy and no resolution of dispute with another customer over some invoices billed. Excluding the VAT receivables written off and impairment of trade receivables, administrative expenses would be US\$3.1 million for FY2016 which is US\$0.1 million lower than administrative expenses of US\$3.2 million for FY2015 due mainly to cost control. Finance expenses decreased by 15.0% or US\$0.3 million from US\$2.1 million in FY2015 to US\$1.8 million in FY2016. The decrease was mainly due to lower bank borrowings as a result of repayments made which is partly offset by one-off upfront fee of US\$0.3 million incurred for refinancing of loan by PT PSJ.

Share of results of associated companies

The share of results of associated companies turned from profits of US\$0.8 million in FY2015 to a loss of US\$4.5 million in FY2016 as a result of disposal by an associated company of its sole operating FSO vessel.

Other comprehensive income/(loss)

Other comprehensive income for FY2016 comprised of foreign currency translation gain of overseas subsidiaries of US\$44k and gains on remeasurement of post employment benefits plan amounting to US\$57k whereas other comprehensive loss for FY2015 comprised of foreign currency translation loss of overseas subsidiaries of US\$180k which is partly offset by gains on remeasurement of post employment benefits plan amounting to US\$60k.

Net loss / Total comprehensive loss

Arising from the above, net loss attributable to shareholders decreased by 13.2% or US\$1.1 million from US\$8.5 million in FY2015 to US\$7.4 million in FY2016. Total comprehensive loss attributable to shareholders decreased by 14.3% or US\$1.2 million from US\$8.5 million in FY2015 to US\$7.3 million in FY2016.

Review of the Group's Financial Position as at 31 December 2016 as compared to the Group's Financial Position as at 31 December 2015

Trade and other receivables decreased from US\$9.1 million as at 31 December 2015 to US\$7.8 million as at 31 December 2016 was mainly due to VAT receivables written off and allowance for impairment of trade receivables as abovementioned under "Expenses" in Review of Statement of Comprehensive Income. Inventories increased by US\$0.4 million from US\$0.9 million as at 31 December 2015 to US\$1.3 million as at 31 December 2016 was mainly due to more purchase of fuel at low price to hedge against expected price increase. The increase in other current assets of US\$2.3 million from US\$0.5 million as at 31 December 2015 to US\$2.8 million as at 31 December 2016 was mainly due to deposits made of US\$2.0 million for 2 tugboats pending construction as well as advance payments made for spare parts and supplies ordered for vessels' use and maintenance.

Investments in associated companies decreased by US\$5.1 million from US\$5.5 million as at 31 December 2015 to US\$0.4 million as at 31 December 2016 due to the share of losses of US\$4.5 million from associated companies and remittance of US\$0.6 million from capital reduction exercise undertaken by an associated company. Property, plant and equipment decreased from US\$79.9 million as at 31 December 2015 to US\$65.7 million as at 31 December 2016. This was mainly due to depreciation charges as well as impairment losses made as abovementioned under "Other losses" in Review of Statement of Comprehensive Income. The decrease was partly offset by addition of a tugboat under construction as well as drydocking costs capitalized.

The decrease in trade and other payables from US\$4.7 million as at 31 December 2015 to US\$4.2 million as at 31 December 2016 was in line with the decrease in business activities for the year under review. Total borrowings (current and non-current) decreased by US\$7.3 million from US\$26.4 million as at 31 December 2015 to US\$19.1 million as at 31 December 2016. The decrease was due to partial repayment of bank borrowings and full repayment of finance lease obligations during the year under review which was partly offset by a bank loan obtained from refinancing by PT PSJ to finance its working capital.

The Group overcame its negative working capital position of US\$7.4 million as at 31 December 2015 to have positive working capital position of US\$4.6 million as at 31 December 2016. This was mainly due to refinancing a bank loan as well as full repayment of its finance lease liabilities for the current year under review which resulted in significant lower current liabilities of US\$12.8 million for FY2016 as compared to current liabilities of US\$27.5 million for FY2015.

Net cash generated from operating activities amounted to US\$10.3 million which was partly offset by net cash used in investing activities and financing activities of US\$5.3 million and US\$9.1 million respectively. Cash used in investing activities was mainly due to deposits made for 2 tugboats vessels pending construction, payments made for one tugboat under construction as well as drydocking expenditures incurred for existing fleet of tugboats and barges in Indonesia which was partly offset by funds received from capital reduction of an associated company which has disposed of its FSO vessel. Cash used in financing activities was for repayments of bank borrowings, finance lease obligations and interest costs which was partly offset by a bank loan obtained from refinancing. Arising from the above, the Group generated a net decrease in cash and cash equivalents of US\$4.1 million from US\$9.6 million as at 31 December 2015 to US\$5.5 million as at 31 December 2016.

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 is expected to remain weak going into first quarter of FY2017. However, 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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the financial year under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2 & Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group is principally engaged in the provision of marine transportation of dry bulk freight. Besides reviewing segment revenue by type of charter (time charter and freight charter), the Management also reviews segment revenue by geography. However, management is of the opinion that it is not practicable to separate the costs, assets and liabilities for each business segment as well as geographical segment.

(I) Revenue by type of charter – Please refer “Revenue” under item 8

(II) Revenue by geography

	FY2016		FY2015	
	US\$'000	%	US\$'000	%
Indonesia	34,653	100.0	45,914	97.7
Singapore	-	-	1,060	2.3
Total revenue	34,653	100.0	46,974	100.0

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The decrease in revenue in Indonesia from US\$45.9 million in FY2015 to US\$34.7 million in FY2016 was mainly due to lower average freight rate for freight charter revenue. For time charter revenue, there was no significant contract secured in Indonesia for tugboats and barges as customers prefer to charter under spot or per voyage basis due to prevailing weak freight rates. The time charter revenue in Singapore for FY2015 is contributed solely by the panamax vessel which was disposed on 1 September 2015.

15. Breakdown of sales.

	Group		
	Year ended 31.12.16 US\$'000	Year ended 31.12.15 US\$'000	Change (%)
Revenue reported for the first half year	18,986	23,760	(20.1)
Profit after income tax for the first half year	966	1,104	(12.5)
Revenue reported for the second half year	15,667	23,214	(32.5)
Loss after income tax for the second half year	(15,374)	(5,715)	169.0

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

17. Interested Person Transactions

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year 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 year 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 Adaro Indonesia	-	7,316
Freight charter revenue from PT Maritim Barito Perkasa	-	9,962

18. 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.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr Bobby Susanto	34	Son of Executive Director, Mr Masdjan	Director of PT PSJ, a subsidiary of the Company, since 2014.	Not Applicable.
Ms Fatmawati	35	Daughter of Executive Director, Mr Masdjan	Commissioner of PT PSJ, a subsidiary of the Company, since 2014.	Not Applicable.

By Order of The Board

**Andreas Tjahjadi
Executive Director**

01 March 2017