

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2017
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 31/12/2017 US\$'000	12 months ended 31/12/2016 US\$'000	Increase/ (Decrease) %
Revenue	35,747	34,653	3.2
Cost of services	(28,087)	(29,795)	(5.7)
Gross profit	7,660	4,858	57.7
Other gains/(losses)	5	(6,998)	n.m.
Expenses			
- Administrative	(3,280)	(5,581)	(41.2)
- Finance	(1,062)	(1,832)	(42.0)
Share of results of associated companies	(54)	(4,479)	(98.8)
Profit/(Loss) before income tax	3,269	(14,032)	n.m.
Income tax expense	(389)	(376)	3.5
Net profit/(loss)	2,880	(14,408)	n.m.
Foreign currency translation	(18)	44	n.m.
Remeasurements of post-employment benefits plan	(36)	57	n.m.
Total comprehensive income/(loss) for the period	2,826	(14,307)	n.m.
Net profit/(loss) attributable to:			
Equity holders of the Company	1,072	(7,376)	n.m.
Non-controlling interests	1,808	(7,032)	n.m.
	2,880	(14,408)	n.m.
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	1,046	(7,330)	n.m.
Non-controlling interests	1,780	(6,977)	n.m.
	2,826	(14,307)	n.m.

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 31/12/2017 US\$'000	12 months ended 31/12/2016 US\$'000	Increase/ (Decrease) %
Profit/(Loss) before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	9,749	11,020	(11.5)
Write-off of trade and other receivables	35	178	(80.3)
Loss/(gain) on foreign exchange	99	(112)	n.m.
VAT receivables written off	-	2,342	(100.0)
Gain on disposal of property, plant and equipment	(76)	-	n.m.
Impairment loss on property, plant and equipment	-	7,132	(100.0)
Interest expense	1,062	1,832	(42.0)
Interest income	(28)	(22)	27.3

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	3,643	5,512	1,570	2,172
Trade and other receivables	8,384	7,759	6,905	6,905
Inventories	2,163	1,301	-	-
Other current assets	3,033	2,762	46	45
	<u>17,223</u>	<u>17,334</u>	<u>8,521</u>	<u>9,122</u>
Non-current assets				
Investments in subsidiary corporations	-	-	22,305	22,916
Investments in associated companies	313	367	-	-
Property, plant and equipment	62,308	65,718	2	4
	<u>62,621</u>	<u>66,085</u>	<u>22,307</u>	<u>22,920</u>
Total assets	<u><u>79,844</u></u>	<u><u>83,419</u></u>	<u><u>30,828</u></u>	<u><u>32,042</u></u>
LIABILITIES				
Current liabilities				
Trade and other payables	4,299	4,167	183	467
Finance lease liabilities	501	-	-	-
Borrowings	5,938	8,600	-	-
	<u>10,738</u>	<u>12,767</u>	<u>183</u>	<u>467</u>
Non-current liabilities				
Finance lease liabilities	632	-	-	-
Borrowings	5,646	10,500	-	-
Deferred income tax liabilities	174	219	-	-
Post employment benefits	713	538	-	-
	<u>7,165</u>	<u>11,257</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>17,903</u></u>	<u><u>24,024</u></u>	<u><u>183</u></u>	<u><u>467</u></u>
NET ASSETS	<u><u>61,941</u></u>	<u><u>59,395</u></u>	<u><u>30,645</u></u>	<u><u>31,575</u></u>
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	31,801	31,801	56,951	56,951
Translation reserves	(509)	(500)	-	-
Other reserves	(305)	(305)	-	-
Accumulated losses	(3,364)	(4,419)	(26,306)	(25,376)
	<u>27,623</u>	<u>26,577</u>	<u>30,645</u>	<u>31,575</u>
Non-controlling interests	34,318	32,818	-	-
	<u><u>61,941</u></u>	<u><u>59,395</u></u>	<u><u>30,645</u></u>	<u><u>31,575</u></u>

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

	Group	
	31/12/2017 US\$'000	31/12/2016 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	6,439	8,600
Unsecured	-	-
	6,439	8,600
<u>Amount repayable after one year:</u>		
Secured	6,278	10,500
Unsecured	-	-
	6,278	10,500
Total borrowings	12,717	19,100

Details of any collateral

Bank borrowings and finance lease 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 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.

	For the 12 months ended 31 December	
	2017	2016
	US\$'000	US\$'000
Cash Flows from Operating Activities		
Profit/(Loss) before income tax	3,269	(14,032)
Adjustments for:		
Depreciation of property, plant and equipment	9,749	11,020
Impairment loss on property, plant and equipment	-	7,132
Gain on disposal of property, plant and equipment	(76)	-
Interest expense	1,062	1,832
Interest income	(28)	(22)
Share of results of associated companies	54	4,479
Unrealised currency translation (gain)/loss	(37)	13
Operating cash flow before working capital changes	<u>13,993</u>	<u>10,422</u>
Changes in working capital:		
Inventories	(862)	1,344
Trade and other receivables	(625)	(352)
Other current assets	(272)	(250)
Trade and other payables	234	(559)
Provision for post employment benefits	139	145
Cash generated from operating activities	<u>12,607</u>	<u>10,750</u>
Income tax paid	(434)	(421)
Interest received	28	22
Net cash provided by operating activities	<u>12,201</u>	<u>10,351</u>
Cash Flows from Investing Activities		
Capital reduction in an associated company	-	600
Payment to non-controlling interests from capital reduction	(280)	-
Deposits for purchase of property, plant and equipment	-	(2,000)
Purchase of property, plant and equipment	(4,779)	(3,907)
Proceeds from disposal of property, plant and equipment	76	-
Net cash used in investing activities	<u>(4,983)</u>	<u>(5,307)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	-	17,588
Repayment of borrowings	(7,663)	(22,359)
Repayment of finance lease liabilities	(406)	(2,496)
Restricted cash	64	(604)
Interest paid	(1,018)	(1,823)
Net cash used in financing activities	<u>(9,023)</u>	<u>(9,694)</u>
Net decrease in cash and cash equivalents	(1,805)	(4,650)
Cash and cash equivalents at the beginning of the financial period	4,908	9,557
Effects of currency translation on cash and cash equivalents	(1)	1
Cash and cash equivalents at the end of the financial period	<u>3,102</u>	<u>4,908</u>
Represented by:		
Restricted cash	541	604
Short-term bank deposits	1,518	1,805
Cash and bank balances	1,584	3,103
	<u>3,643</u>	<u>5,512</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.

	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 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>
Balance as at 1 January 2017	31,801	(500)	(305)	(4,419)	32,818	59,395
Net income for the year	-	-	-	1,072	1,808	2,880
Other comprehensive loss for the year	-	(9)	-	(17)	(28)	(54)
Capital reduction in a subsidiary corporation	-	-	-	-	(280)	(280)
Balance as at 31 December 2017	<u>31,801</u>	<u>(509)</u>	<u>(305)</u>	<u>(3,364)</u>	<u>34,318</u>	<u>61,941</u>

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
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>
Balance as at 1 January 2017	56,951	(25,376)	31,575
Total comprehensive loss for the year	-	(930)	(930)
Balance as at 31 December 2017	<u>56,951</u>	<u>(26,306)</u>	<u>30,645</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 2017.

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 2017 is 390,388,110. (31 December 2016: 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 2017 as compared with those for the audited consolidated financial statements as at 31 December 2016.

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 31/12/2017 US cents	12 months ended 31/12/2016 US cents
(a) Basic	0.27	(1.89)
(b) Fully diluted basis	0.27	(1.89)

Note 1:

The earnings/(losses) per ordinary share of the Group for the financial year ended 31 December 2017 has been computed based on weighted average of 390,388,110 ordinary shares. (31 December 2016: 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	
	31/12/17	31/12/16	31/12/17	31/12/16
Net asset value per ordinary share based on issued share capital as at the end of the year (US cents)	7.08	6.81	7.85	8.09

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 2017 of 390,388,110 shares (31 December 2016: 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 FY2017 and FY2016 are summarised in the table below:-

	FY2017		FY2016	
	US\$'000	%	US\$'000	%
Freight charter	35,227	98.5	34,599	99.8
Time charter	520	1.5	54	0.2
Total revenue	35,747	100.0	34,653	100.0

Revenue

The Group's revenue increased by 3.2% or US\$1.0 million from US\$34.7 million in FY2016 to US\$35.7 million in FY2017 due to both higher freight charter revenue as well as time charter revenue. Freight charter revenue increased by US\$0.6 million from US\$34.6 million in FY2016 to US\$35.2 million in FY2017 due to higher average freight rate for the current financial year which is partly offset by lower shipment volume. Time charter revenue increased by US\$0.4 million from US\$0.1 million in FY2016 to US\$0.5 million in FY2017. This was due to time charter contract secured with a new customer for the current financial year as compared to no significant time charter contract secured for FY2016 as customers prefer to charter under spot or per voyage basis due to weak freight rates.

Gross profit

Gross profit increased by 57.7% or US\$2.8 million from US\$4.9 million in FY2016 to US\$7.7 million in FY2017 mainly due to lower operating expenses incurred as well as higher revenue generated for the current financial year. Gross profit margin increased from 14.0% in FY2016 to 21.4% in FY2017. This was mainly attributed to the higher average freight rate, lower depreciation charges and lower fuel costs for the current financial year.

Other gains/(losses)

Other gains in FY2017 comprise gain on disposal of property, plant and equipment of US\$76k and interest income from fixed deposits of US\$28k which is partly offset by foreign exchange loss of US\$99k from currency fluctuation. Other losses in FY2016 was mainly due to impairment loss on property, plant and equipment of US\$7.1 million 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 ended 31 December 2016.

Expenses

Administrative expenses decreased by 41.2% or US\$2.3 million from US\$5.6 million in FY2016 to US\$3.3 million in FY2017 mainly due to write off of VAT receivables of US\$2.3 million in FY2016 by a subsidiary ("PT PSJ") under a tax amnesty program. The tax amnesty program waived the requirements for audit by tax authority for 10 years prior to 31 December 2015. Finance expenses decreased by 42.0% or US\$0.7 million from US\$1.8 million in FY2016 to US\$1.1 million in FY2017 due to lower bank borrowings as a result of repayments made.

Share of results of associated companies

The share of results of associated companies was a loss of US\$0.1 million for current financial year as compared to a significant loss of US\$4.5 million in FY2016 which was due to losses from disposal of a FSO vessel by an associated company.

Other comprehensive income/(loss)

Other comprehensive loss for FY2017 comprised of foreign currency translation loss of overseas subsidiaries of US\$18k and losses on remeasurement of post employment benefits plan amounting to US\$36k whereas other comprehensive gain 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.

Net profit/(loss) / Total comprehensive income/(loss)

Arising from the above, net profit attributable to shareholders was US\$1.1 million for FY2017 reversing from a net loss attributable to shareholders of US\$7.4 million in FY2016 and total comprehensive income attributable to shareholders was US\$1.0 million for FY2017 reversing from a comprehensive loss attributable to shareholders of US\$7.3 million in FY2016.

Review of the Group's Financial Position as at 31 December 2017 as compared to the Group's Financial Position as at 31 December 2016

Trade and other receivables increased by US\$0.6 million from US\$7.8 million as at 31 December 2016 to US\$8.4 million as at 31 December 2017 mainly due to higher revenue generated during the last 2 months of FY2017. Inventories increased by US\$0.9 million from US\$1.3 million as at 31 December 2016 to US\$2.2 million as at 31 December 2017 mainly due to more vessel spare parts and supplies purchased for its vessel fleet in Indonesia for operations and maintenance. The increase in other current assets of US\$0.2 million from US\$2.8 million as at 31 December 2016 to US\$3.0 million as at 31 December 2017 was mainly due to insurance claims receivables for damages caused to a barge vessel.

Investments in associated companies decreased by US\$0.1 million from US\$0.4 million as at 31 December 2016 to US\$0.3 million as at 31 December 2017 due to the share of losses from an associated company during the current financial year. Property, plant and equipment decreased from US\$65.7 million as at 31 December 2016 to US\$62.3 million as at 31 December 2017. This was mainly due to depreciation charges which was partly offset by addition of two tugboats and one barge as well as drydocking costs capitalized during the year under review.

The increase in trade and other payables from US\$4.2 million as at 31 December 2016 to US\$4.3 million as at 31 December 2017 was in line with the increase in business activities for the year under review. Total borrowings (current and non-current) decreased by US\$6.4 million from US\$19.1 million as at 31 December 2016 to US\$12.7 million as at 31 December 2017. The decrease was due to partial repayment of bank borrowings and finance lease obligations which was partly offset by new finance lease obligations incurred for one set of tugboat and barge as well as two vehicles during the year under review.

Net cash generated from operating activities amounted to US\$12.2 million which was partly offset by net cash used in investing activities and financing activities of US\$5.0 million and US\$9.0 million respectively. Cash used in investing activities was mainly due to payment to non-controlling interests from capital reduction of a subsidiary, payments for drydocking expenditures incurred and balance payment made for purchase of one tugboat which was partly offset by proceeds from disposal of property, plant and equipment. Cash used in financing activities was for repayments of bank borrowings, finance lease obligations and interest costs. Arising from the above, the Group generated a net decrease in cash and cash equivalents of US\$1.8 million from US\$4.9 million as at 31 December 2016 to US\$3.1 million as at 31 December 2017.

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 not expected to increase significantly under current economic condition. The Group will continue to strengthen its relationship with existing major customers who have provided sustained cargo volume for its fleet of vessels. At the same time, the Group will also 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. No separate segmental information by business segment is presented, except for segment revenue (time charter and freight charter) as both business segments use the same resources and share the same costs. No geographical segment is presented as the Group generated all its revenue in Indonesia for both FY2017 and FY2016.

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.

Please refer "Revenue" under item 8 for change in revenue by type of charter.

15. Breakdown of sales.

	Group		
	Year ended 31.12.17 US\$'000	Year ended 31.12.16 US\$'000	Change (%)
Revenue reported for the first half year	16,232	18,986	(14.5)
(Loss)/Profit after income tax for the first half year	(1,034)	966	n.m.
Revenue reported for the second half year	19,515	15,667	24.6
Profit/(Loss) after income tax for the second half year	3,914	(15,374)	n.m.

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 Maritim Barito Perkasa	-	14,698

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	35	Son of Executive Director, Mr Masdjan	Director of PT PSJ, a subsidiary of the Company, since 2014.	Not Applicable.
Ms Fatmawati	36	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**

27 February 2018