

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 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			Group		
	3 months ended 30/09/2017 US\$'000	3 months ended 30/09/2016 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2017 US\$'000	9 months ended 30/09/2016 US\$'000	Increase/ (Decrease) %
Revenue	9,422	7,780	21.1	25,654	26,766	(4.2)
Cost of services	(7,881)	(7,226)	9.1	(22,793)	(23,092)	(1.3)
Gross profit	1,541	554	178.2	2,861	3,674	(22.1)
Other gains	18	117	(84.6)	59	601	(90.2)
Expenses						
- Administrative	(798)	(620)	28.7	(2,437)	(2,146)	13.6
- Finance	(147)	(354)	(58.5)	(675)	(1,537)	(56.1)
Share of results of associated companies	-	(4,331)	n.m.	(53)	(4,052)	(98.7)
Profit/(Loss) before income tax	614	(4,634)	n.m.	(245)	(3,460)	(92.9)
Income tax expense	(103)	(83)	24.1	(278)	(291)	(4.5)
Net profit/(loss)	511	(4,717)	n.m.	(523)	(3,751)	(86.1)
Foreign currency translation	(26)	28	n.m.	(9)	109	n.m.
Total comprehensive income/(loss) for the period	485	(4,689)	n.m.	(532)	(3,642)	(85.4)
Net profit/(loss) attributable to:						
Equity holders of the Company	203	(2,443)	n.m.	(465)	(2,163)	(78.5)
Non-controlling interests	308	(2,274)	n.m.	(58)	(1,588)	(96.3)
	511	(4,717)	n.m.	(523)	(3,751)	(86.1)
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	191	(2,429)	n.m.	(469)	(2,112)	(77.8)
Non-controlling interests	294	(2,260)	n.m.	(63)	(1,530)	(95.9)
	485	(4,689)	n.m.	(532)	(3,642)	(85.4)

n.m. – not meaningful

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

	Group			Group		
	3 months ended 30/09/2017 US\$'000	3 months ended 30/09/2016 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2017 US\$'000	9 months ended 30/09/2016 US\$'000	Increase/ (Decrease) %
Profit/(Loss) before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	3,039	2,854	6.5	8,979	8,624	4.1
Loss/(gain) on foreign exchange	66	(110)	n.m.	37	(587)	n.m.
Gain on disposal of property, plant equipment	(76)	-	n.m.	(76)	-	n.m.
Interest expense	147	354	(58.5)	675	1,537	(56.1)
Interest income	(8)	(7)	14.3	(20)	(14)	42.9

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	
	30/09/2017 US\$'000	31/12/2016 US\$'000	30/09/2017 US\$'000	31/12/2016 US\$'000
ASSETS				
Current assets				
Cash and bank balances	3,163	5,512	1,721	2,172
Trade and other receivables	7,214	7,759	6,905	6,905
Inventories	1,952	1,301	-	-
Other current assets	2,551	2,762	51	45
	<u>14,880</u>	<u>17,334</u>	<u>8,677</u>	<u>9,122</u>
Non-current assets				
Investments in subsidiary corporations	-	-	22,636	22,916
Investments in associated companies	314	367	-	-
Property, plant and equipment	62,754	65,718	3	4
	<u>63,068</u>	<u>66,085</u>	<u>22,639</u>	<u>22,920</u>
Total assets	<u><u>77,948</u></u>	<u><u>83,419</u></u>	<u><u>31,316</u></u>	<u><u>32,042</u></u>
LIABILITIES				
Current liabilities				
Trade and other payables	4,151	4,167	154	467
Finance lease liabilities	563	-	-	-
Borrowings	6,000	8,600	-	-
	<u>10,714</u>	<u>12,767</u>	<u>154</u>	<u>467</u>
Non-current liabilities				
Finance lease liabilities	803	-	-	-
Borrowings	7,125	10,500	-	-
Deferred income tax liabilities	186	219	-	-
Provision for post employment benefits	537	538	-	-
	<u>8,651</u>	<u>11,257</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>19,365</u></u>	<u><u>24,024</u></u>	<u><u>154</u></u>	<u><u>467</u></u>
NET ASSETS	<u><u>58,583</u></u>	<u><u>59,395</u></u>	<u><u>31,162</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	(504)	(500)	-	-
Other reserves	(305)	(305)	-	-
Accumulated losses	(4,884)	(4,419)	(25,789)	(25,376)
	<u>26,108</u>	<u>26,577</u>	<u>31,162</u>	<u>31,575</u>
Non-controlling interests	32,475	32,818	-	-
	<u><u>58,583</u></u>	<u><u>59,395</u></u>	<u><u>31,162</u></u>	<u><u>31,575</u></u>

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

	Group	
	30/09/2017 US\$'000	31/12/2016 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	6,563	8,600
Unsecured	-	-
	6,563	8,600
<u>Amount repayable after one year:</u>		
Secured	7,928	10,500
Unsecured	-	-
	7,928	10,500
Total borrowings	14,491	19,100

Details of any collateral

Borrowings 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		Group	
	For the 3 months ended 30 September 2017 US\$'000	2016 US\$'000	For the 9 months ended 30 September 2017 US\$'000	2016 US\$'000
Cash Flows from Operating Activities				
Profit/(Loss) before income tax	614	(4,634)	(245)	(3,460)
Adjustments for:				
Depreciation of property, plant and equipment	3,039	2,854	8,979	8,624
Gain on disposal of property, plant and equipment	(76)	-	(76)	-
Interest expense	147	354	675	1,537
Interest income	(8)	(7)	(20)	(14)
Share of results of associated companies	-	4,331	53	4,052
Unrealised currency translation (gain)/loss	(15)	59	(42)	45
Operating cash flow before working capital changes	3,701	2,957	9,324	10,784
Changes in working capital:				
Inventories	(179)	63	(651)	(25)
Trade and other receivables	1,135	(900)	545	(1,453)
Other current assets	(9)	(144)	211	(475)
Trade and other payables	(1,418)	545	157	(21)
Cash generated from operating activities	3,230	2,521	9,586	8,810
Income tax paid	(115)	(95)	(312)	(325)
Interest received	8	7	20	14
Net cash generated from operating activities	3,123	2,433	9,294	8,499
Cash Flows from Investing Activities				
Payment to non-controlling interests for capital reduction	-	-	(280)	-
Deposits for purchase of property, plant and equipment	-	-	-	(3,086)
Purchase of property, plant and equipment	(479)	(1,243)	(3,775)	(2,170)
Proceeds from disposal of property, plant and equipment	76	-	76	-
Net cash used in investing activities	(403)	(1,243)	(3,979)	(5,256)
Cash Flows from Financing Activities				
Proceeds from borrowings	-	-	-	17,588
Repayment of borrowings	(1,800)	(1,739)	(6,100)	(20,209)
Repayment of finance lease liabilities	(151)	(752)	(901)	(2,257)
Restricted cash	(5)	-	93	-
Interest paid	(84)	(174)	(664)	(1,569)
Net cash used in financing activities	(2,040)	(2,665)	(7,572)	(6,447)
Net increase/(decrease) in cash and cash equivalents	680	(1,475)	(2,257)	(3,204)
Cash and cash equivalents at the beginning of the financial period	1,971	7,828	4,908	9,557
Cash and cash equivalents at the end of the financial period	2,651	6,353	2,651	6,353
Represented by:				
Restricted cash	512	-	512	-
Short-term bank deposits	1,615	2,802	1,615	2,802
Cash and bank balances	1,036	3,551	1,036	3,551
	3,163	6,353	3,163	6,353

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	Retained earnings/ (Accumulated losses) US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance as at 1 July 2016	31,801	(482)	(305)	3,210	40,525	74,749
Net loss for the period	-	-	-	(2,443)	(2,274)	(4,717)
Other comprehensive income for the period	-	14	-	-	14	28
Balance as at 30 September 2016	<u>31,801</u>	<u>(468)</u>	<u>(305)</u>	<u>767</u>	<u>38,265</u>	<u>70,060</u>
Balance as at 1 July 2017	31,801	(492)	(305)	(5,087)	32,181	58,098
Net profit for the period	-	-	-	203	308	511
Other comprehensive loss for the period	-	(12)	-	-	(14)	(26)
Balance as at 30 September 2017	<u>31,801</u>	<u>(504)</u>	<u>(305)</u>	<u>(4,884)</u>	<u>32,475</u>	<u>58,583</u>

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 July 2016	56,951	(7,145)	49,806
Total comprehensive loss for the period	-	(178)	(178)
Balance as at 30 September 2016	<u>56,951</u>	<u>(7,323)</u>	<u>49,628</u>
Balance as at 1 July 2017	56,951	(25,707)	31,244
Total comprehensive loss for the period	-	(82)	(82)
Balance as at 30 September 2017	<u>56,951</u>	<u>(25,789)</u>	<u>31,162</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 30 September 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 30 September 2017 is 390,388,110. (30 September 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 three months ended 30 September 2017 as compared with those audited consolidated financial statements for the financial year ended 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/Loss) 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.

	3 months ended 30/09/2017 US cents	3 months ended 30/09/2016 US cents	9 months ended 30/09/2017 US cents	9 months ended 30/09/2016 US cents
(a) Basic	0.05	(0.63)	(0.12)	(0.55)
(b) Fully diluted basis	0.05	(0.63)	(0.12)	(0.55)

Note 1:

The earnings/(loss) per ordinary share of the Group for the financial period ended 30 September 2017 has been computed based on 390,388,110 ordinary shares. (30 September 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	
	30/09/17	31/12/16	30/09/17	31/12/16
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	6.69	6.81	7.98	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 30 September 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 FY2017Q3 and FY2016Q3 are summarised in the table below:-

	FY2017Q3		FY2016Q3	
	US\$'000	%	US\$'000	%
Freight charter	9,242	98.1	7,780	100.0
Time charter	180	1.9	-	-
Total revenue	9,422	100.0	7,780	100.0

Revenue

Revenue increased by 21.1% or US\$1.6 million from US\$7.8million in FY2016Q3 to US\$9.4 million in FY2017Q3 due to higher freight charter revenue as well as time charter revenue. Freight charter revenue increased by US\$1.4 million from US\$7.8 million in FY2016Q3 to US\$9.2 million in FY2017Q3 due mainly to higher cargo volume delivered for major customers as well as higher average freight rate for the period under review. There was no time charter revenue in FY2016Q3 as compared to US\$0.2 million secured from an Indonesian customer in the current period under review

Gross profit

Gross profit increased by 178.2% or US\$1.0 million from US\$0.5 million in FY2016Q3 to US\$1.5 million in FY2017Q3 mainly due to higher revenue as well as lower operating expenses incurred for the period under review. Gross profit margin increased from 7.1% in FY2016Q3 to 16.4% in FY2017Q3. This was mainly attributed to higher average freight rate which was partly offset by higher fuel costs and higher depreciation charges for the period under review.

Other gains

Other gains decreased from US\$117k in FY2016Q3 to US\$18k in FY2017Q3 was due to exchange gain from foreign currency fluctuations of US\$110k and interest income from fixed deposits of US\$7k in FY2016Q3 as compared to exchange loss from foreign currency fluctuations of US\$66k in FY2017Q3 which is partly offset by gain on disposal of fixed assets of US\$76k and interest income from fixed deposits of US\$8k.

Expenses

Administrative expenses increased by US\$0.2 million from US\$0.6 million in FY2016Q3 to US\$0.8 million in FY2017Q3. The increase was mainly due to higher transport, entertainment, salaries and related costs incurred which was in line with the increase in business activities for the current quarter under review. The decrease in finance cost by US\$0.2 million from US\$0.3 million in FY2016Q3 to US\$0.1 million in FY2017Q3 was mainly due to lower bank borrowings due to repayments made.

Share of results of associates

The share of results of associated companies was nil in FY2017Q3 as compared to a loss of US\$4.3 million in FY2016Q3 due to loss on disposal by an associated company of its FSO vessel.

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

Arising from the above, net profit and total comprehensive income attributable to equity holders of the Company was US\$0.2 million in FY2017Q3, reversing from a net loss and total comprehensive loss attributable to equity holders of the Company of US\$2.4 million in FY2016Q3.

Review of the Group's Financial Position as at 30 September 2017 as compared to the Group's Financial Position as at 31 December 2016

Trade and other receivables decreased by US\$0.6 million from US\$7.8 million as at 31 December 2016 to US\$7.2 million as at 30 September 2017 due to prompt collection made from customers. Inventories increased by US\$0.7 million from US\$1.3 million as at 31 December 2016 to US\$2.0 million as at 30 September 2017 was mainly due to higher vessel spare parts and supplies purchased for its vessel fleet in Indonesia for operations and maintenance. Other current assets decreased by US\$0.2 million was mainly due to lower advance payments made for vessel spare parts and supplies.

The decrease in property, plant and equipment of US\$3.0 million from US\$65.7 million as at 31 December 2016 to US\$62.7 million as at 30 September 2017 was mainly due to depreciation charges during the period under review which was partly offset by addition of 2 tugboats and 1 barge as well as drydocking costs capitalized.

Total borrowings (current and non-current) decreased by US\$4.6 million from US\$19.1 million as at 31 December 2016 to US\$14.5 million as at 30 September 2017. The decrease was mainly due to instalment repayments of bank loans and finance lease obligations during the period under review which is partly offset by new finance lease obtained to purchase one set of tugboat and barge.

Net cash provided by operating activities amounted to US\$3.1 million which was partly offset by net cash used in investing activities and financing activities of US\$0.4 million and US\$2.0 million respectively. Cash used in investing activities was for drydocking expenditures incurred for the vessel fleet in Indonesia which is partly offset by proceeds from disposal of fixed assets. Cash used in financing activities was for repayments of bank loan, finance lease obligations and interest. Arising from the above, the Group is in a net increase in cash and cash equivalents position of US\$0.7 million from US\$2.0 million as at 30 June 2017 to US\$2.7 million as at 30 September 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 in current quarter is higher as compared to corresponding quarter of FY2016Q3. However, average freight rate for FY2017 is not expected to be significantly higher than in FY2016 under current economic conditions. 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	-	4,079

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 Second Quarter Results of the Group for the financial period ended 30 September 2017 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
13 November 2017**