

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2019
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 30/06/2019 US\$'000	3 months ended 30/06/2018 US\$'000	Increase/ (Decrease) %	6 months ended 30/06/2019 US\$'000	6 months ended 30/06/2018 US\$'000	Increase/ (Decrease) %
Revenue	9,636	9,197	4.8	18,402	17,461	5.4
Cost of services	(8,246)	(7,897)	4.4	(16,161)	(15,326)	5.4
Gross profit	1,390	1,300	6.9	2,241	2,135	5.0
Other gains/(losses)	8	(229)	n.m.	215	(318)	n.m.
Expenses						
- Administrative	(824)	(785)	5.0	(1,622)	(1,626)	(0.2)
- Finance	(44)	(198)	(77.8)	(134)	(351)	(61.8)
Share of results of associated companies	-	(2)	(100.0)	(9)	(2)	350.0
Profit/(Loss) before income tax	530	86	516.3	691	(162)	n.m.
Income tax expense	(105)	(101)	4.0	(200)	(190)	5.3
Net profit/(loss)	425	(15)	n.m.	491	(352)	n.m.
Other comprehensive income/(loss): <i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation arising from consolidation - gain/(loss)	8	(47)	n.m.	26	(62)	n.m.
<i>Items that may not be reclassified subsequently to profit or loss:</i>						
Currency translation arising from consolidation - gain/(loss)	8	(51)	n.m.	27	(68)	n.m.
Other comprehensive income/(loss)	16	(98)	n.m.	53	(130)	n.m.
Total comprehensive income/(loss) for the period	441	(113)	n.m.	544	(482)	n.m.
Net profit/(loss) attributable to:						
Equity holders of the Company	78	(120)	n.m.	18	(392)	n.m.
Non-controlling interests	347	105	230.5	473	40	1082.5
	425	(15)	n.m.	491	(352)	n.m.
to:						
Equity holders of the Company	86	(167)	n.m.	44	(454)	n.m.
Non-controlling interests	355	54	557.4	500	(28)	n.m.
	441	(113)	n.m.	544	(482)	n.m.

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

	Group			Group		
	3 months ended 30/06/2019 US\$'000	3 months ended 30/06/2018 US\$'000	Increase/ (Decrease) %	6 months ended 30/06/2019 US\$'000	6 months ended 30/06/2018 US\$'000	Increase/ (Decrease) %
Profit/(Loss) before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	3,326	3,834	(13.2)	6,641	6,728	(1.3)
Fair value loss on financial assets, at fair value through profit or loss	41	-	n.m.	41	-	n.m.
(Gain)/loss on foreign exchange	(33)	237	n.m.	(199)	335	n.m.
Gain on disposal of property, plant equipment	(3)	-	n.m.	(3)	-	n.m.
Interest expense	44	198	(77.8)	134	351	(61.8)
Interest income	(13)	(8)	62.5	(54)	(17)	217.6

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	
	30/06/2019 US\$'000	31/12/2018 US\$'000	30/06/2019 US\$'000	31/12/2018 US\$'000
ASSETS				
Current assets				
Cash and bank balances	5,614	5,024	309	742
loss	34	75	34	75
Trade and other receivables	9,455	9,377	-	1
Inventories	2,333	2,891	-	-
Other current assets	1,138	296	46	45
	<u>18,574</u>	<u>17,663</u>	<u>389</u>	<u>863</u>
Non-current assets				
Investments in subsidiary corporations	-	-	29,214	29,213
Investments in associated companies	306	315	-	-
Property, plant and equipment	53,999	56,518	-	1
	<u>54,305</u>	<u>56,833</u>	<u>29,214</u>	<u>29,214</u>
Total assets	<u>72,879</u>	<u>74,496</u>	<u>29,603</u>	<u>30,077</u>
LIABILITIES				
Current liabilities				
Trade and other payables	4,697	3,008	135	193
Finance lease liabilities	343	564	-	-
Borrowings	2,193	5,690	-	-
	<u>7,233</u>	<u>9,262</u>	<u>135</u>	<u>193</u>
Non-current liabilities				
Finance lease liabilities	15	68	-	-
Deferred income tax liabilities	107	129	-	-
Post-employment benefits	677	734	-	-
	<u>799</u>	<u>931</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,032</u>	<u>10,193</u>	<u>135</u>	<u>193</u>
Net Assets	<u>64,847</u>	<u>64,303</u>	<u>29,468</u>	<u>29,884</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	(550)	(576)	-	-
Other reserve	(305)	(305)	-	-
Accumulated losses	(2,540)	(2,558)	(27,483)	(27,067)
	<u>28,406</u>	<u>28,362</u>	<u>29,468</u>	<u>29,884</u>
Non-controlling interests	36,441	35,941	-	-
Total equity	<u>64,847</u>	<u>64,303</u>	<u>29,468</u>	<u>29,884</u>

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

	Group	
	30/6/2019 US\$'000	31/12/2018 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	2,536	6,254
Unsecured	-	-
	2,536	6,254
<u>Amount repayable after one year:</u>		
Secured	15	68
Unsecured	-	-
	15	68
Total borrowings	2,551	6,322

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		Group	
	For the 3 months ended		For the 6 months ended	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Cash Flows from Operating Activities				
Profit/(Loss) before income tax	530	86	691	(162)
Adjustments for:				
Depreciation of property, plant and equipment	3,326	3,834	6,641	6,728
Gain on disposal of property, plant and equipment	(3)	-	(3)	-
Interest expense	44	198	134	351
Interest income	(13)	(8)	(54)	(17)
Share of results of associated companies	-	2	9	2
Unrealised currency translation loss/(gain)	358	(66)	26	(86)
Operating profit before working capital changes	4,242	4,046	7,444	6,816
Changes in working capital:				
Inventories	514	(400)	558	(1,003)
Trade and other receivables	(510)	(1,685)	(78)	(1,248)
Other current assets	(752)	(396)	(842)	(662)
Trade and other payables	1,890	1,329	1,736	1,494
Fair value loss on financial assets, at fair value through profit or loss	41	-	41	-
Post employment benefits	(33)	(1)	(56)	(12)
Cash generated from operating activities	5,392	2,893	8,803	5,385
Income tax paid	(116)	(112)	(222)	(212)
Interest received	13	8	54	17
Net cash provided by operating activities	5,289	2,789	8,635	5,190
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(3,070)	(1,278)	(4,095)	(2,284)
Proceeds from disposal of property, plant and equipment	3	-	3	-
Net cash used in investing activities	(3,067)	(1,278)	(4,092)	(2,284)
Cash Flows from Financing Activities				
Repayment of borrowings	(1,250)	(1,563)	(3,500)	(3,125)
Repayment of finance lease	(139)	(123)	(274)	(243)
Restricted cash	28	13	247	38
Interest paid	(67)	(196)	(180)	(344)
Net cash used in financing activities	(1,428)	(1,869)	(3,707)	(3,674)
Net increase/(decrease) in cash and cash equivalents	794	(358)	836	(768)
Cash and cash equivalents at the beginning of the financial period	4,816	2,692	4,774	3,102
Cash and cash equivalents at the end of the financial period	5,610	2,334	5,610	2,334
Represented by:				
Restricted cash	4	504	4	504
Short-term bank deposits	4,342	1,131	4,342	1,131
Cash and bank balances	1,268	1,203	1,268	1,203
	5,614	2,838	5,614	2,838

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 April 2018	31,801	(524)	(305)	(3,636)	34,236	61,572
Net (loss)/profit for the period	-	-	-	(120)	105	(15)
Other comprehensive loss for the period	-	(47)	-	-	(51)	(98)
Balance as at 30 June 2018	31,801	(571)	(305)	(3,756)	34,290	61,459
Balance as at 1 April 2019	31,801	(558)	(305)	(2,618)	36,086	64,406
Net profit for the period	-	-	-	78	347	425
Other comprehensive income for the period	-	8	-	-	8	16
Balance as at 30 June 2019	31,801	(550)	(305)	(2,540)	36,441	64,847

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 April 2018	56,951	(26,516)	30,435
Total comprehensive loss for the period	-	(218)	(218)
Balance as at 30 June 2018	<u>56,951</u>	<u>(26,734)</u>	<u>30,217</u>
Balance as at 1 April 2019	56,951	(27,243)	29,708
Total comprehensive loss for the period	-	(240)	(240)
Balance as at 30 June 2019	<u>56,951</u>	<u>(27,483)</u>	<u>29,468</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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 June 2019.

The Company does not have any outstanding convertible securities, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 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 30 June 2019 is 390,388,110. (31 December 2018: 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.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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 30 June 2019 as compared with those audited consolidated financial statements for the financial year ended 31 December 2018 except for the adoption of Singapore Financial Reporting Standard (International) ("SFRS (I)") 16 Leases which is effective for the annual financial period beginning on or after 1 January 2019. The adoption of SFRS (I) 16 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 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 30/6/2019 US cents	3 months ended 30/6/2018 US cents	6 months ended 30/6/2019 US cents	6 months ended 30/6/2018 US cents
(a) Basic	0.02	(0.03)	0.00	(0.10)
(b) Fully diluted basis	0.02	(0.03)	0.00	(0.10)

Note 1:

The profit/(loss) per ordinary share of the Group for the financial period ended 30 June 2019 has been computed based on 390,388,110 ordinary shares. (30 June 2018: 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	
	30/06/19	31/12/18	30/06/19	31/12/18
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	7.28	7.27	7.55	7.65

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 June 2019 of 390,388,110 shares (31 December 2018: 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 FY2019Q2 and FY2018Q2 are summarised in the table below:-

	FY2019Q2		FY2018Q2	
	US\$'000	%	US\$'000	%
Freight charter	9,452	98.1	9,197	100.0
Time charter	184	1.9	-	-
Total revenue	9,636	100.0	9,197	100.0

Revenue

Revenue increased by 4.8% or US\$0.4 million from US\$9.2 million in FY2018Q2 to US\$9.6 million in FY2019Q2 due to higher freight charter revenue and time charter revenue for the period under review. Freight charter revenue increased by US\$0.2 million from US\$9.2 million in FY2018Q2 to US\$9.4 million in FY2019Q2 due mainly to higher cargo volume delivered for major customers for the period under review. There was time charter revenue for FY2019Q2 of US\$0.2 million compared to nil for FY2018Q2 as the customer commenced the time charter only in third quarter of FY2018.

Gross profit

Gross profit increased by 6.9% or US\$0.1 million from US\$1.3 million in FY2018Q2 to US\$1.4 million in FY2019Q2 due mainly to higher revenue which was partly offset by higher operating expenses incurred for the period under review. Gross profit margin increased marginally from 14.1% in FY2018Q2 to 14.4% in FY2019Q2. This was mainly attributed to higher revenue and lower depreciation expenses which were partly offset by higher fuel costs for the current period under review.

Other gains/(losses)

Other gains in FY2019Q2 was only US\$8k as compared to other losses of US\$0.2 million in FY2018Q2 mainly from foreign currency exchange fluctuations.

Expenses

There was no significant variance for administrative expenses for the period under review. The decrease in finance cost by from US\$0.2 million in FY2018Q2 to US\$44k in FY2019Q2 was mainly due to decrease in bank borrowings from repayments made.

Share of results of associates

There was no significant share of results of associated companies for FY2019Q2 and FY2018Q2 as such associated companies are currently dormant.

Net loss/Total comprehensive loss

Arising from the above, net profit attributable to equity holders of the Company was US\$0.1 million in FY2019Q2, reversing from a net loss attributable to equity holders of the Company of US\$0.1 million in FY2018Q2. Total comprehensive income attributable to equity holders of the Company was US\$0.1 million in FY2019Q2, reversing from total comprehensive loss attributable to equity holders of the Company of US\$0.2 million in FY2018Q2.

Review of the Group's Financial Position as at 30 June 2019 as compared to the Group's Financial Position as at 31 December 2018

Financial assets decreased by US\$41k from US\$75k as at 31 December 2018 to US\$34k as at 30 June 2019 was due to mark-to-market adjustment of quoted equity shares held. Trade and other receivables increased by US\$0.1 million from US\$9.4 million as at 31 December 2018 to US\$9.5 million as at 30 June 2019 was due to higher revenue generated during the last 2 months for the current quarter ended 30 June 2019. Inventories decreased by US\$0.6 million from US\$2.9 million as at 31 December 2018 to US\$2.3 million as at 30 June 2019 was due to less purchases made for vessel spare parts and supplies in the current quarter under review due to less stocking up of certain items required. Other current assets increased by US\$0.8 million was mainly due to prepaid insurance expense incurred for our vessel fleet in Indonesia.

The decrease in property, plant and equipment of US\$2.5 million from US\$56.5 million as at 31 December 2018 to US\$54.0 million as at 30 June 2019 was mainly due to depreciation charges during the period under review which was partly offset by addition of one tugboat and barge as well as drydocking costs capitalized.

The increase in trade and other payables from US\$3.0 million as at 31 December 2018 to US\$4.7 million as at 30 June 2019 was mainly due to other payable of US\$1 million from purchase of one tugboat and barge as well as due to the increase in business activities. Total borrowings (current and non-current) decreased by US\$3.8 million from US\$6.3 million as at 31 December 2018 to US\$2.5 million as at 30 June 2019 was 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\$5.3 million which was partly offset by net cash used in investing activities and financing activities of US\$3.1 million and US\$1.4 million respectively. Cash used in investing activities was for purchase of one tugboat and barge as well as 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 increase in cash and cash equivalents of US\$0.8 million from US\$4.8 million as at 31 March 2019 to US\$5.6 million as at 30 June 2019.

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.

The Group has paid off the bank loan arising from financing the purchase of some of its vessels and the balance bank loan of US\$2.2 million is for working capital purpose. Hence, interest expense is not expected to contribute significantly to the Group's expenses in current financial year unless new financing arrangement is made for purchase of vessels in the second half of FY2019.

The demand from major customers will be key to increasing cargo volume to be shipped. The Group will need to manage its customers well and negotiate for better freight rate when renewing charter contracts.

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 as the Company does not have profits available to declare dividends.

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
Revenue from PT. Maritim Barito Perkasa	-	3,842

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 June 2019 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 August 2019**