

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 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 30/09/2019 US\$'000	3 months ended 30/09/2018 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2019 US\$'000	9 months ended 30/09/2018 US\$'000	Increase/ (Decrease) %
Revenue	9,629	9,928	(3.0)	28,031	27,389	2.3
Cost of services	(8,642)	(7,752)	11.5	(24,803)	(23,078)	7.5
Gross profit	987	2,176	(54.6)	3,228	4,311	(25.1)
Other gains/(losses)	173	(308)	n.m.	388	(626)	n.m.
Expenses						
- Administrative	(863)	(778)	10.9	(2,485)	(2,404)	3.4
- Finance	(26)	(158)	(83.5)	(160)	(509)	(68.6)
Share of results of associated companies	16	(1)	n.m.	7	(3)	n.m.
Profit before income tax	287	931	(69.2)	978	769	27.2
Income tax expense	(105)	(109)	(3.7)	(305)	(299)	2.0
Net profit	182	822	(77.9)	673	470	43.2
Other comprehensive income/(loss): <i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation arising from consolidation - gain/(loss)	(4)	(37)	(89.2)	22	(99)	n.m.
<i>Items that may not be reclassified subsequently to profit or loss:</i>						
Currency translation arising from consolidation - gain/(loss)	(4)	(40)	(90.0)	23	(108)	n.m.
Other comprehensive income/(loss)	(8)	(77)	(89.6)	45	(207)	n.m.
Total comprehensive income for the period	174	745	(76.6)	718	263	173.0
Net (loss)/profit attributable to:						
Equity holders of the Company	(25)	308	n.m.	(7)	(84)	(91.7)
Non-controlling interests	207	514	(59.7)	680	554	22.7
	182	822	(77.9)	673	470	43.2
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(29)	271	n.m.	15	(183)	n.m.
Non-controlling interests	203	474	(57.2)	703	446	57.6
	174	745	(76.6)	718	263	173.0

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 30/09/2019 US\$'000	3 months ended 30/09/2018 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2019 US\$'000	9 months ended 30/09/2018 US\$'000	Increase/ (Decrease) %
Profit/(Loss) before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	3,552	2,752	29.1	10,193	9,480	7.5
Fair value loss on financial assets, at fair value through profit or loss	17	-	n.m.	58	-	n.m.
(Gain)/loss on foreign exchange	(140)	313	n.m.	(339)	648	n.m.
Gain on disposal of property, plant equipment	-	6	(100.0)	(3)	6	n.m.
Interest expense	26	158	(83.5)	160	509	(68.6)
Interest income	(50)	(11)	354.5	(104)	(28)	271.4

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	
	30/09/2019 US\$'000	31/12/2018 US\$'000	30/09/2019 US\$'000	31/12/2018 US\$'000
ASSETS				
Current assets				
Cash and bank balances	7,729	5,024	2,690	742
loss	17	75	17	75
Trade and other receivables	9,633	9,377	-	1
Inventories	1,352	2,891	-	-
Other current assets	1,079	296	53	45
	<u>19,810</u>	<u>17,663</u>	<u>2,760</u>	<u>863</u>
Non-current assets				
Investments in subsidiary corporations	-	-	28,938	29,213
Investments in associated companies	26	315	-	-
Property, plant and equipment	52,694	56,518	-	1
	<u>52,720</u>	<u>56,833</u>	<u>28,938</u>	<u>29,214</u>
Total assets	<u>72,530</u>	<u>74,496</u>	<u>31,698</u>	<u>30,077</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,394	3,008	2,446	193
Finance lease liabilities	217	564	-	-
Borrowings	1,191	5,690	-	-
	<u>6,802</u>	<u>9,262</u>	<u>2,446</u>	<u>193</u>
Non-current liabilities				
Finance lease liabilities	27	68	-	-
Deferred income tax liabilities	95	129	-	-
Post-employment benefits	585	734	-	-
	<u>707</u>	<u>931</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,509</u>	<u>10,193</u>	<u>2,446</u>	<u>193</u>
Net Assets	<u>65,021</u>	<u>64,303</u>	<u>29,252</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	(554)	(576)	-	-
Other reserve	(305)	(305)	-	-
Accumulated losses	(2,565)	(2,558)	(27,699)	(27,067)
	<u>28,377</u>	<u>28,362</u>	<u>29,252</u>	<u>29,884</u>
Non-controlling interests	36,644	35,941	-	-
Total equity	<u>65,021</u>	<u>64,303</u>	<u>29,252</u>	<u>29,884</u>

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

	Group	
	30/9/2019 US\$'000	31/12/2018 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	1,408	6,254
Unsecured	-	-
	1,408	6,254
<u>Amount repayable after one year:</u>		
Secured	27	68
Unsecured	-	-
	27	68
Total borrowings	1,435	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 30 September 2019 US\$'000	2018 US\$'000	For the 9 months ended 30 September 2019 US\$'000	2018 US\$'000
Cash Flows from Operating Activities				
Profit before income tax	287	931	978	769
Adjustments for:				
Depreciation of property, plant and equipment	3,552	2,752	10,193	9,480
(Gain)/Loss on disposal of property, plant and equipment	-	6	(3)	6
Interest expense	26	158	160	509
Interest income	(50)	(11)	(104)	(28)
Share of results of associated companies	(16)	1	(7)	3
Unrealised currency translation loss/(gain)	(10)	(466)	16	(552)
Operating profit before working capital changes	3,789	3,371	11,233	10,187
Changes in working capital:				
Inventories	981	104	1,539	(899)
Financial assets, at fair value through profit or loss	-	(75)	-	(75)
Trade and other receivables	(178)	776	(256)	(472)
Other current assets	58	861	(784)	199
Trade and other payables	(1,303)	(2,635)	433	(1,141)
Fair value loss on financial assets, at fair value through profit or loss	17	-	58	-
Post employment benefits	(92)	-	(148)	(12)
Cash generated from operating activities	3,272	2,402	12,075	7,787
Income tax paid	(117)	(120)	(339)	(332)
Interest received	50	11	104	28
Net cash provided by operating activities	3,205	2,293	11,840	7,483
Cash Flows from Investing Activities				
Security deposit for sale of a subsidiary corporation	2,000	-	2,000	-
Capital reduction in associated companies	296	-	296	-
Purchase of property, plant and equipment	(2,212)	(40)	(6,307)	(2,324)
Proceeds from disposal of property, plant and equipment	-	174	3	174
Net cash provided by/(used in) investing activities	84	134	(4,008)	(2,150)
Cash Flows from Financing Activities				
Repayment of borrowings	(1,000)	(1,563)	(4,500)	(4,688)
Repayment of finance lease	(145)	(138)	(419)	(381)
Restricted cash	(43)	250	204	288
Interest paid	(28)	(160)	(208)	(504)
Net cash used in financing activities	(1,216)	(1,611)	(4,923)	(5,285)
Net increase in cash and cash equivalents	2,073	816	2,909	48
Cash and cash equivalents at the beginning of the financial period	5,610	2,334	4,774	3,102
Cash and cash equivalents at the end of the financial period	7,683	3,150	7,683	3,150
Represented by:				
Restricted cash	46	252	46	252
Short-term bank deposits	3,975	895	3,975	895
Cash and bank balances	3,708	2,255	3,708	2,255
	7,729	3,402	7,729	3,402

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 July 2018	31,801	(571)	(305)	(3,756)	34,290	61,459
Net profit for the period	-	-	-	308	514	822
Other comprehensive loss for the period	-	(37)	-	-	(40)	(77)
Balance as at 30 September 2018	31,801	(608)	(305)	(3,448)	34,764	62,204
Balance as at 1 July 2019	31,801	(550)	(305)	(2,540)	36,441	64,847
Net (loss)/profit for the period	-	-	-	(25)	207	182
Other comprehensive loss for the period	-	(4)	-	-	(4)	(8)
Balance as at 30 September 2019	31,801	(554)	(305)	(2,565)	36,644	65,021

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 July 2018	56,951	(26,734)	30,217
Total comprehensive loss for the period	-	(167)	(167)
Balance as at 30 September 2018	<u>56,951</u>	<u>(26,901)</u>	<u>30,050</u>
Balance as at 1 July 2019	56,951	(27,483)	29,468
Total comprehensive loss for the period	-	(216)	(216)
Balance as at 30 September 2019	<u>56,951</u>	<u>(27,699)</u>	<u>29,252</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 September 2019.

The Company does not have any outstanding convertible securities, treasury shares and subsidiary holdings as at 30 September 2019 and 30 September 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 September 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 September 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)/profit 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 30/9/2019 US cents	3 months ended 30/9/2018 US cents	9 months ended 30/9/2019 US cents	9 months ended 30/9/2018 US cents
(a) Basic	(0.01)	0.08	(0.00)	(0.02)
(b) Fully diluted basis	(0.01)	0.08	(0.00)	(0.02)

Note 1:

The (loss)/profit per ordinary share of the Group for the financial period ended 30 September 2019 has been computed based on 390,388,110 ordinary shares. (30 September 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	
	30/09/19	31/12/18	30/09/19	31/12/18
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	7.27	7.27	7.49	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 September 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 FY2019Q3 and FY2018Q3 are summarised in the table below:-

	FY2019Q3		FY2018Q3	
	US\$'000	%	US\$'000	%
Freight charter	9,349	97.1	9,684	97.5
Time charter	280	2.9	244	2.5
Total revenue	9,629	100.0	9,928	100.0

Revenue

Revenue decreased by 3.0% or US\$0.3 million from US\$9.9 million in FY2018Q3 to US\$9.6 million in FY2019Q3 due to lower freight charter revenue for the period under review. Freight charter revenue decreased by US\$0.3 million from US\$9.6 million in FY2018Q3 to US\$9.3 million in FY2019Q3 due to lower cargo volume which is partly offset by higher freight rate for the period under review. The time charter revenue which is secured with a single customer only contributed less than 3% of total revenue for both current and corresponding period under review.

Gross profit

Gross profit decreased by 54.6% or US\$1.2 million from US\$2.2 million in FY2018Q3 to US\$1.0 million in FY2019Q3 due to lower revenue as well as higher operating expenses incurred for the period under review. Gross profit margin decreased from 21.9% in FY2018Q3 to 10.3% in FY2019Q3. This was mainly attributed to higher depreciation expenses, vessel maintenance costs as well as vessel supplies and spare parts utilized for drydocking vessels for the current period under review.

Other gains/(losses)

Other gains in FY2019Q3 was due to foreign currency exchange gain of US\$140k and interest income of US\$50k which is partly offset by fair value loss on quoted equity shares of US\$17k. Other losses of US\$0.3 million in FY2018Q3 was mainly due to foreign currency exchange fluctuations.

Expenses

Administrative expenses increased by US\$0.1 million from US\$0.8 million in FY2018Q3 to US\$0.9 million in FY2019Q3 due to more travelling, transport and entertainment expenses incurred to meet up with customers to negotiate contracts. The decrease in finance cost by US\$132k from US\$158k in FY2018Q3 to US\$26k in FY2019Q3 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 FY2019Q3 and FY2018Q3 as such associated companies remain dormant for the period under review.

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

Arising from the above, net profit attributable to equity holders of the Company reversed from a profit of US\$0.3 million in FY2018Q3 to a loss of US\$25k in FY2019Q3. Also, total comprehensive income attributable to equity holders of the Company reversed from a comprehensive income of US\$0.3 million in FY2018Q3 to a comprehensive loss of US\$29k in FY2019Q3.

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

Financial assets, at fair value through profit or loss decreased by US\$58k from US\$75k as at 31 December 2018 to US\$17k as at 30 September 2019 was due to mark-to-market adjustment of quoted equity shares held. Trade and other receivables increased by US\$0.2 million from US\$9.4 million as at 31 December 2018 to US\$9.6 million as at 30 September 2019 was due to a short term loan to a related party of US\$1 million. Excluding the short term loan, trade and other receivables would have decreased to US\$8.6 million as at 30 September 2019 mainly due to lower revenue generated during the last 2 months for the current quarter ended 30 September 2019. Inventories decreased by US\$1.5 million from US\$2.9 million as at 31 December 2018 to US\$1.4 million as at 30 September 2019 was due to less purchases made for vessel spare parts and supplies due to less stocking up of certain items required. Also, lower oil quantity was ordered due to more vessels drydocked for maintenance. 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\$3.8 million from US\$56.5 million as at 31 December 2018 to US\$52.7 million as at 30 September 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\$5.4 million as at 30 September 2019 was mainly due to security deposit of US\$2 million received as deposit under the sales and purchase agreement to dispose of the Group's entire shareholding in a subsidiary, Trans LK Marine Pte. Ltd., as announced through SGXNet on 15 August 2019. Total borrowings (current and non-current) decreased by US\$4.9 million from US\$6.3 million as at 31 December 2018 to US\$1.4 million as at 30 September 2019 was due to instalment repayments of bank loans and finance lease obligations during the period under review.

Net cash provided by operating activities and investing activities amounted to US\$3.2 million and US\$0.1 million respectively which was partly offset by net cash used in financing activities of US\$1.2 million. Cash provided by investing activities was from a security deposit of US\$2.0 million as abovementioned and from capital reduction of associated companies of US\$0.3 million which was offset by 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\$2.1 million from US\$5.6 million as at 30 June 2019 to US\$7.7 million as at 30 September 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.

Average freight rate is not expected to improve substantially due to competition from other shippers in Indonesia. In view of the competitive environment which the Group operates in, we will need to enhance operational efficiency and monitor operating costs closely to ensure our vessel fleet is managed and utilized efficiently.

As announced through SGXNet on 15 August 2019, the Group has entered into a conditional sale and purchase agreement to dispose of its entire shareholding in Trans LK Marine Pte. Ltd. ("TLM") to an executive director of the Company. As TLM owns the existing business and business assets of the Company, the Company will cease to

have any operating business upon the completion of the proposed disposal. The Company will be deemed a cash company under Rule 1018 of the SGX Listing Manual and will be required to comply with relevant rules as stipulated under SGX Listing Manual. As at the date of this announcement, the due diligence exercise is still in progress and the Company will make the necessary announcements through SGXNet during the course of the exercise.

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	-	3,645

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 Third Quarter Results of the Group for the financial period ended 30 September 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 November 2019**