

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 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		
	3 months ended 31/03/2017 US\$'000	3 months ended 31/03/2016 US\$'000	Increase/ (Decrease) %
Revenue	7,888	10,879	(27.5)
Cost of services	(7,327)	(8,137)	(10.0)
Gross profit	561	2,742	(79.5)
Other gains	27	289	(90.7)
Expenses			
- Administrative	(916)	(759)	20.7
- Finance	(253)	(328)	(22.9)
Share of results of associated companies	(52)	170	n.m.
(Loss)/Profit before income tax	(633)	2,114	n.m.
Income tax expense	(85)	(121)	(29.8)
Net (loss)/profit	(718)	1,993	n.m.
Foreign currency translation	17	71	(76.1)
Total comprehensive (loss)/income for the period	(701)	2,064	n.m.
Net (loss)/profit attributable to:			
Equity holders of the Company	(425)	866	n.m.
Non-controlling interests	(293)	1,127	n.m.
	(718)	1,993	n.m.
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(417)	900	n.m.
Non-controlling interests	(284)	1,164	n.m.
	(701)	2,064	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

	3 months ended 31/03/2017 US\$'000	3 months ended 31/03/2016 US\$'000	Increase/ (Decrease) %
(Loss)/Profit before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	2,352	2,825	(16.7)
Gain on foreign exchange	(21)	(285)	(92.6)
Interest expense	253	328	(22.9)
Interest income	(6)	(4)	50.0

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	
	31/03/2017 US\$'000	31/12/2016 US\$'000	31/03/2017 US\$'000	31/12/2016 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	3,861	5,512	2,039	2,172
Trade and other receivables	7,500	7,759	6,905	6,905
Inventories	1,421	1,301	-	-
Other current assets	2,274	2,762	46	45
	<u>15,056</u>	<u>17,334</u>	<u>8,990</u>	<u>9,122</u>
Non-current assets				
Investments in subsidiary companies	-	-	22,636	22,916
Investments in associated companies	315	367	-	-
Property, plant and equipment	68,156	65,718	4	4
	<u>68,471</u>	<u>66,085</u>	<u>22,640</u>	<u>22,920</u>
Total assets	<u>83,527</u>	<u>83,419</u>	<u>31,630</u>	<u>32,042</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,540	4,167	208	467
Finance lease liabilities	783	-	-	-
Borrowings	8,600	8,600	-	-
	<u>14,923</u>	<u>12,767</u>	<u>208</u>	<u>467</u>
Non-current liabilities				
Finance lease liabilities	1,045	-	-	-
Borrowings	8,399	10,500	-	-
Deferred income tax liabilities	208	219	-	-
Provision for post employment benefits	538	538	-	-
	<u>10,190</u>	<u>11,257</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>25,113</u>	<u>24,024</u>	<u>208</u>	<u>467</u>
NET ASSETS	<u>58,414</u>	<u>59,395</u>	<u>31,422</u>	<u>31,575</u>
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	31,801	31,801	56,951	56,951
Translation reserves	(492)	(500)	-	-
Other reserves	(305)	(305)	-	-
Accumulated losses	(4,844)	(4,419)	(25,529)	(25,376)
	<u>26,160</u>	<u>26,577</u>	<u>31,422</u>	<u>31,575</u>
Non-controlling interests	32,254	32,818	-	-
	<u>58,414</u>	<u>59,395</u>	<u>31,422</u>	<u>31,575</u>

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

	Group	
	31/03/2017 US\$'000	31/12/2016 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	9,383	8,600
Unsecured	-	-
	9,383	8,600
<u>Amount repayable after one year:</u>		
Secured	9,444	10,500
Unsecured	-	-
	9,444	10,500
Total borrowings	18,827	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	
	For the 3 months ended	
	31 March	
	2017	2016
	US\$'000	US\$'000
Cash Flows from Operating Activities		
(Loss)/Profit before income tax	(633)	2,114
Adjustments for:		
Depreciation of property, plant and equipment	2,352	2,825
Interest expense	253	328
Interest income	(6)	(4)
Share of results of associated companies	52	(170)
Unrealised currency translation loss/(gain)	(23)	25
Operating cash flow before working capital changes	<u>1,995</u>	<u>5,118</u>
Changes in working capital:		
Inventories	(120)	226
Trade and other receivables	260	(1,590)
Other current assets	487	(119)
Trade and other payables	<u>1,420</u>	<u>200</u>
Cash generated from operating activities	<u>4,042</u>	<u>3,835</u>
Income tax paid	(96)	(132)
Interest received	6	4
Net cash provided by operating activities	<u>3,952</u>	<u>3,707</u>
Cash Flows from Investing Activities		
Capital reduction in a subsidiary	(280)	-
Deposits for purchase of property, plant and equipment	-	(3,086)
Purchase of property, plant and equipment	<u>(2,450)</u>	<u>(689)</u>
Net cash used in investing activities	<u>(2,730)</u>	<u>(3,775)</u>
Cash Flows from Financing Activities		
Repayment of borrowings	(2,150)	(4,035)
Repayment of finance lease liabilities	(500)	(752)
Restricted cash	84	-
Interest paid	<u>(223)</u>	<u>(641)</u>
Net cash used in financing activities	<u>(2,789)</u>	<u>(5,428)</u>
Net decrease in cash and cash equivalents	(1,567)	(5,496)
Cash and cash equivalents at the beginning of the financial period	4,908	9,557
Cash and cash equivalents at the end of the financial period	<u>3,341</u>	<u>4,061</u>
Represented by:		
Restricted cash	520	-
Short-term bank deposits	1,807	2,303
Cash and bank balances	<u>1,534</u>	<u>1,758</u>
	<u>3,861</u>	<u>4,061</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	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 profit for the period	-	-	-	866	1,127	1,993
Other comprehensive loss for the period	-	34	-	-	37	71
Balance as at 31 March 2016	<u>31,801</u>	<u>(485)</u>	<u>(305)</u>	<u>3,796</u>	<u>40,959</u>	<u>75,766</u>
Balance as at 1 January 2017	31,801	(500)	(305)	(4,419)	32,818	59,395
Net loss for the period	-	-	-	(425)	(293)	(718)
Other comprehensive income for the period	-	8	-	-	9	17
Capital reduction in a subsidiary	-	-	-	-	(280)	(280)
Balance as at 31 March 2017	<u>31,801</u>	<u>(492)</u>	<u>(305)</u>	<u>(4,844)</u>	<u>32,254</u>	<u>58,414</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 period	-	(176)	(176)
Balance as at 31 March 2016	<u>56,951</u>	<u>(6,961)</u>	<u>49,990</u>
Balance as at 1 January 2017	56,951	(25,376)	31,575
Total comprehensive loss for the period	-	(153)	(153)
Balance as at 31 March 2017	<u>56,951</u>	<u>(25,529)</u>	<u>31,422</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 31 March 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 March 2017 is 390,388,110. (31 March 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 31 March 2017 as compared with those for the audited consolidated financial statements 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. (Loss)/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.

	Group	
	3 months ended 31/03/2017 US cents	3 months ended 31/03/2016 US cents
(a) Basic	(0.11)	0.22
(b) Fully diluted basis	(0.11)	0.22

Note 1:

The (loss)/earnings per ordinary share of the Group for the financial period ended 31 March 2017 has been computed based on 390,388,110 ordinary shares. (31 March 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	
	31/03/17	31/12/16	31/03/17	31/12/16
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	6.63	6.81	8.05	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 March 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 FY2017Q1 and FY2016Q1 are summarised in the table below:-

	FY2017Q1		FY2016Q1	
	US\$'000	%	US\$'000	%
Freight charter	7,768	98.5	10,879	100.0
Time charter	120	1.5	0	-
Total revenue	7,888	100.0	10,879	100.0

Revenue

Revenue decreased by 27.5% or US\$3.0 million from US\$10.9 million in FY2016Q1 to US\$7.9 million in FY2017Q1 due to lower freight charter revenue for the period under review. Freight charter revenue decreased by US\$3.1 million from US\$10.9 million in FY2016Q1 to US\$7.8 million in FY2017Q1 due mainly to lower cargo volume delivered for major customers as well as lower average freight rate for the period under review. There was no time charter revenue for FY2016Q1 as compared to US\$0.1 million in the current period under review from securing a 2 year contract with an Indonesian customer.

Gross profit

Gross profit decreased by 79.5% or US\$2.2 million from US\$2.7 million in FY2016Q1 to US\$0.5 million in FY2017Q1 mainly due to lower revenue which was partly offset by lower operating expenses incurred for the period under review. Gross profit margin decreased from 25.2% in FY2016Q1 to 7.1% in FY2017Q1. This was mainly attributed to lower average freight rate which was partly offset by lower fuel costs and depreciation charges for the current financial year.

Other gains

Other gains decreased from US\$0.3 million in FY2016Q2 to US\$27k was mainly due to lower exchange gain from foreign currency fluctuations.

Expenses

Administrative expenses increased by US\$0.1 million from US\$0.8 million in FY2016Q1 to US\$0.9 million in FY2017Q1 mainly due to professional fees incurred for loan refinancing. The decrease in finance cost by US\$0.1 million from US\$0.3 million in FY2016Q1 to US\$0.2 million in FY2017Q1 was mainly due to lower bank borrowings due to repayments made.

Share of results of associates

The share of results of associated companies turned from profits of US\$0.2 million in FY2016Q1 to a loss of US\$52k in FY2017Q1 as a result of disposal by an associated company of its FSO vessel in August 2016.

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

Arising from the above, net loss and total comprehensive loss attributable to equity holders of the Company was US\$0.4 million for the current period under review as compared to net profit and total comprehensive income attributable to equity holders of the Company of US\$0.9 million in FY2016Q1.

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

Trade and other receivables decreased by US\$0.3 million from US\$7.8 million as at 31 December 2016 to US\$7.5 million as at 31 March 2017 in line with the decrease in revenue. Inventories increased by US\$0.1 million from US\$1.3 million as at 31 December 2016 to US\$1.4 million as at 31 March 2017 was mainly due to higher fuel requirement from addition of 2 tugboats in January 2017. Other current assets decreased by US\$0.5 million was mainly due to lower advance payments made for spare parts and supplies which was partly offset by increase in prepaid insurance expense for our vessel fleet in Indonesia.

The increase in property, plant and equipment of US\$2.4 million from US\$65.7 million as at 31 December 2016 to US\$68.1 million as at 31 March 2017 was mainly due to addition of 2 tugboats and 1 barge as well as drydocking costs capitalized. The increase was partly offset by depreciation charges during the period under review

The increase in trade and other payables from US\$4.2 million as at 31 December 2016 to US\$5.5 million as at 31 March 2017 was due to longer credit period obtained from vendors to offset longer credit period extended to major customers since beginning of last financial year to facilitate cashflow. Total borrowings (current and non-current) decreased by US\$0.3 million from US\$19.1 million as at 31 December 2016 to US\$18.8 million as at 31 March 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\$3.9 million which was partly offset by net cash used in investing activities and financing activities of US\$2.7 million and US\$2.8 million respectively. Cash used in investing activities was for purchase of one tugboat and drydocking expenditures incurred for the vessel fleet in Indonesia. In addition, there was payment made to non-controlling interests arising from a capital reduction exercise of a subsidiary. 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 decrease in cash and cash equivalents of US\$1.6 million from US\$4.9 million as at 31 December 2016 to US\$3.3 million as at 31 March 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 last quarter of FY2016 but is not expected to improve significantly in FY2017Q2 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	-	3,511

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 First Quarter Results of the Group for the financial period ended 31 March 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
12 May 2017**