

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2018
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 31/12/2018 US\$'000	12 months ended 31/12/2017 US\$'000	Increase/ (Decrease) %
Revenue	37,189	35,747	4.0
Cost of services	(30,312)	(28,087)	7.9
Gross profit	6,877	7,660	(10.2)
Other (losses)/gains - net	(35)	5	n.m
Expenses			
- Administrative	(3,311)	(3,280)	0.9
- Finance	(694)	(1,062)	(34.7)
Share of results of associated companies	2	(54)	n.m.
Profit before income tax	2,839	3,269	(13.2)
Income tax expense	(406)	(389)	4.4
Net profit	2,433	2,880	(15.5)
Foreign currency translation	(140)	(18)	677.8
Remeasurements of post-employment benefits plan	69	(36)	n.m.
Total comprehensive income for the period	2,362	2,826	(16.4)
Net profit attributable to:			
Equity holders of the Company	773	1,072	(27.9)
Non-controlling interests	1,660	1,808	(8.2)
	2,433	2,880	(15.5)
Total comprehensive income attributable to:			
Equity holders of the Company	739	1,046	(29.3)
Non-controlling interests	1,623	1,780	(8.8)
	2,362	2,826	(16.4)

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 31/12/2018 US\$'000	12 months ended 31/12/2017 US\$'000	Increase/ (Decrease) %
Profit before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	11,697	9,749	20.0
Write-off of property, plant and equipment	25	-	n.m.
Allowance for impairment of trade and other receivables	-	18	(100.0)
Bad debts	-	17	(100.0)
Gain/(loss) on foreign exchange	(92)	99	n.m.
Loss/(gain) on disposal of property, plant equipment	136	(76)	n.m.
Interest expense	694	1,062	(34.7)
Interest income	(34)	(28)	21.4

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 31/12/2018 US\$'000	31/12/2017 US\$'000	Company 31/12/2018 US\$'000	31/12/2017 US\$'000
ASSETS				
Current assets				
Cash and bank balances	5,024	3,643	743	1,570
Financial assets, at fair value through profit or loss	75	-	75	-
Trade and other receivables	9,377	8,385	-	-
Inventories	2,891	2,163	-	-
Other current assets	296	3,033	45	45
	<u>17,663</u>	<u>17,224</u>	<u>863</u>	<u>1,615</u>
Non-current assets				
Investments in subsidiary corporations	-	-	29,213	29,211
Investments in associated companies	315	313	-	-
Property, plant and equipment	56,518	62,308	1	2
	<u>56,833</u>	<u>62,621</u>	<u>29,214</u>	<u>29,213</u>
Total assets	<u><u>74,496</u></u>	<u><u>79,845</u></u>	<u><u>30,077</u></u>	<u><u>30,828</u></u>
LIABILITIES				
Current liabilities				
Trade and other payables	3,008	4,300	193	183
Finance lease liabilities	564	501	-	-
Borrowings	5,690	5,938	-	-
	<u>9,262</u>	<u>10,739</u>	<u>193</u>	<u>183</u>
Non-current liabilities				
Finance lease liabilities	68	632	-	-
Borrowings	-	5,646	-	-
Deferred income tax liabilities	129	174	-	-
Post employment benefits	734	713	-	-
	<u>931</u>	<u>7,165</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>10,193</u></u>	<u><u>17,904</u></u>	<u><u>193</u></u>	<u><u>183</u></u>
NET ASSETS	<u><u>64,303</u></u>	<u><u>61,941</u></u>	<u><u>29,884</u></u>	<u><u>30,645</u></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	(576)	(509)	-	-
Other reserves	(305)	(305)	-	-
Accumulated losses	(2,558)	(3,364)	(27,067)	(26,306)
	<u>28,362</u>	<u>27,623</u>	<u>29,884</u>	<u>30,645</u>
Non-controlling interests	35,941	34,318	-	-
	<u><u>64,303</u></u>	<u><u>61,941</u></u>	<u><u>29,884</u></u>	<u><u>30,645</u></u>

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

	Group	
	31/12/2018 US\$'000	31/12/2017 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	6,254	6,439
Unsecured	-	-
	6,254	6,439
<u>Amount repayable after one year:</u>		
Secured	68	6,278
Unsecured	-	-
	68	6,278
Total borrowings	6,322	12,717

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.

	Group	
	For the 12 months ended	
	31 December	
	2018	2017
	US\$'000	US\$'000
Cash Flows from Operating Activities		
Profit before income tax	2,839	3,269
Adjustments for:		
Depreciation of property, plant and equipment	11,697	9,749
Write-off of property, plant and equipment	25	-
Loss/(Gain) on disposal of property, plant and equipment	136	(76)
Interest expense	694	1,062
Interest income	(34)	(28)
Share of results of associated companies	(2)	54
Unrealised currency translation gain	(219)	(35)
Operating profit before working capital changes	15,136	13,995
Changes in working capital:		
Inventories	(728)	(862)
Financial assets, at fair value through profit or loss	(75)	-
Trade and other receivables	(993)	(626)
Other current assets	737	77
Trade and other payables	(1,270)	234
Post employment benefits	90	139
Cash generated from operating activities	12,897	12,957
Income tax paid	(451)	(434)
Interest received	34	27
Net cash provided by operating activities	12,480	12,550
Cash Flows from Investing Activities		
Payment to non-controlling interests from capital reduction	-	(280)
Deposits for purchase of property, plant and equipment	-	(348)
Purchase of property, plant and equipment	(4,115)	(4,779)
Proceeds from disposal of property, plant and equipment	174	76
Net cash used in investing activities	(3,941)	(5,331)
Cash Flows from Financing Activities		
Repayment of borrowings	(5,938)	(7,663)
Repayment of finance lease	(501)	(406)
Restricted cash	291	63
Interest paid	(671)	(1,018)
Net cash used in financing activities	(6,819)	(9,024)
Net increase/(decrease) in cash and cash equivalents	1,720	(1,805)
Cash and cash equivalents at the beginning of the financial year	3,102	4,908
Effects of currency translation on cash and cash equivalents	(48)	(1)
Cash and cash equivalents at the end of the financial year	4,774	3,102
Represented by:		
Restricted cash	250	541
Short-term bank deposits	2,817	1,518
Cash and bank balances	1,957	1,584
	5,024	3,643

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	Currency translation reserve US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance as at 1 January 2017	31,801	(500)	(305)	(4,419)	32,818	59,395
Net profit for the year	-	-	-	1,072	1,808	2,880
Other comprehensive loss for the year	-	(9)	-	(17)	(28)	(54)
Capital reduction in a subsidiary	-	-	-	-	(280)	(280)
Balance as at 31 December 2017	31,801	(509)	(305)	(3,364)	34,318	61,941
Balance as at 1 January 2018	31,801	(509)	(305)	(3,364)	34,318	61,941
Net profit for the year	-	-	-	773	1,660	2,433
Other comprehensive (loss)/income for the year	-	(67)	-	33	(37)	(71)
Balance as at 31 December 2018	31,801	(576)	(305)	(2,558)	35,941	64,303

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 January 2017	56,951	(25,376)	31,575
Total comprehensive loss for the period	-	(930)	(930)
Balance as at 31 December 2017	<u>56,951</u>	<u>(26,306)</u>	<u>30,645</u>
Balance as at 1 January 2018	56,951	(26,306)	30,645
Total comprehensive loss for the period	-	(761)	(761)
Balance as at 31 December 2018	<u>56,951</u>	<u>(27,067)</u>	<u>29,884</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 31 December 2018.

The Company does not have any outstanding convertible securities, treasury shares and subsidiary holdings as at 31 December 2018 and 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 2018 is 390,388,110. (31 December 2017: 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.

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 2018 as compared with those for the audited consolidated financial statements as at 31 December 2017.

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 31/12/2018 US cents	12 months ended 31/12/2017 US cents
(a) Basic	0.20	0.27
(b) Fully diluted basis	0.20	0.27

Note 1:

The earnings per ordinary share of the Group for the financial year ended 31 December 2018 has been computed based on weighted average of 390,388,110 ordinary shares. (31 December 2017: 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	
	31/12/18	31/12/17	31/12/18	31/12/17
Net asset value per ordinary share based on issued share capital as at the end of the year (US cents)	7.27	7.08	7.65	7.85

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 2018 of 390,388,110 shares (31 December 2017: 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 FY2018 and FY2017 are summarised in the table below:-

	FY2018		FY2017	
	US\$'000	%	US\$'000	%
Freight charter	36,780	98.9	35,227	98.5
Time charter	409	1.1	520	1.5
Total revenue	37,189	100.0	35,747	100.0

Revenue

The Group's revenue increased by 4.0% or US\$1.5 million from US\$35.7 million in FY2017 to US\$37.2 million in FY2018 due to higher freight charter revenue. Freight charter revenue increased by US\$1.6 million from US\$35.2 million in FY2017 to US\$36.8 million in FY2018 due to higher shipment volume delivered for some major customers which is partly offset by lower average freight rate for the current financial year. Time charter revenue decreased by US\$0.1 million from US\$0.5 million in FY2017 to US\$0.4 million in FY2018. This was due to service provided was for a shorter period for time charter contract secured in current financial year as compared to a longer period in previous financial year.

Gross profit

Gross profit decreased by 10.2% or US\$0.8 million from US\$7.7 million in FY2017 to US\$6.9 million in FY2018 mainly due to higher operating expenses incurred which was partly offset by higher revenue generated for the current financial year. Gross profit margin decreased from 21.4% in FY2017 to 18.5% in FY2018. This was mainly attributed to the lower average freight rate, higher depreciation charges and higher fuel costs for the current financial year.

Other (losses)/gains

Other losses in FY2018 was due to loss from scrapping a barge of US\$136k with written off of its associated drydocking costs of US\$25k which is partly offset by foreign exchange gain of US\$92k from currency fluctuation and interest income from fixed deposits of US\$34k. Other gains in FY2017 comprised 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.

Expenses

Administrative expenses remained relatively unchanged at US\$3.3 million due to cost control measures to ensure no cost overrun from budgeted expenses. Finance expenses decreased by 34.7% or US\$0.4 million from US\$1.1 million in FY2017 to US\$0.7 million in FY2018 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 gain of US\$2k for current financial year as compared to a loss of US\$54k in FY2017.

Other comprehensive loss

Other comprehensive loss for FY2018 comprised of foreign currency translation loss of overseas subsidiaries of US\$140k and gains on remeasurement of post employment benefits plan amounting to US\$69k whereas 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.

Net profit / Total comprehensive income

Arising from the above, net profit attributable to shareholders decreased by US\$0.3 million or 27.9% from US\$1.1 million in FY2017 to US\$0.8 million in FY2018. Total comprehensive income attributable to shareholders also decreased by US\$0.3 million or 29.3% from US\$1.0 million in FY2017 to US\$0.7 million in FY2018.

Review of the Group's Financial Position as at 31 December 2018 as compared to the Group's Financial Position as at 31 December 2017

Trade and other receivables increased by US\$1.0 million from US\$8.4 million as at 31 December 2017 to US\$9.4 million as at 31 December 2018 mainly due to higher revenue generated during the last 2 months of FY2018. Financial assets at fair value through profit or loss of US\$75k as at 31 December 2018 pertain to an investment in a local listed company compared to no such investment as at 31 December 2017. Inventories increased by US\$0.7 million from US\$2.2 million as at 31 December 2017 to US\$2.9 million as at 31 December 2018 mainly due to more vessel spare parts and supplies purchased for its vessel fleet in Indonesia for operations and maintenance. The decrease in other current assets of US\$2.7 million from US\$3.0 million as at 31 December 2017 to US\$0.3 million as at 31 December 2018 was mainly due to reclassification of advance payment for purchase of vessels to property, plant and equipment as well as refund of balance deposit for vessel purchase.

Property, plant and equipment decreased from US\$62.3 million as at 31 December 2017 to US\$56.5 million as at 31 December 2018. This was mainly due to depreciation charges and scrapping of a barge which was partly offset by addition of two tugboats and one barge as well as drydocking costs capitalized during the year under review.

The decrease in trade and other payables from US\$4.3 million as at 31 December 2017 to US\$3.0 million as at 31 December 2018 was due to settlement of outstanding payments pertaining to drydocking services provided. Total borrowings (current and non-current) decreased by US\$6.4 million from US\$12.7 million as at 31 December 2017 to US\$6.3 million as at 31 December 2018 due to repayment of bank borrowings and finance lease obligations during the year under review.

Net cash generated from operating activities amounted to US\$12.5 million which was partly offset by net cash used in investing activities and financing activities of US\$4.0 million and US\$6.8 million respectively. Cash used in investing activities was mainly due to payments made for drydocking expenditures incurred which was partly offset by proceeds from scraping a barge. 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 increase in cash and cash equivalents of US\$1.7 million from US\$3.1 million as at 31 December 2017 to US\$4.8 million as at 31 December 2018.

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 significantly reduced its bank borrowings incurred for its vessel fleet and is expected to pay off fully the existing bank loan in the new financial year FY2019. Further financing may be obtained for purchase of new vessels as and when required for fleet renewal or expansion.

The utilization rate of our vessels remain high from more shipments secured from our existing major customers as demand for coal remains strong locally in Indonesia as well as for transshipments to overseas. 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 FY2018 and FY2017.

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 31.12.18 US\$'000	Year ended 31.12.17 US\$'000	Change (%)
Revenue reported for the first half year	17,461	16,232	7.6
Loss after income tax for the first half year	(352)	(1,034)	(66.0)
Revenue reported for the second half year	19,728	19,515	1.1
Profit after income tax for the second half year	2,785	3,914	(28.8)

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	-	16,112

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	36	Son of Executive Director, Mr Masdjan	Director of PT PSJ, a subsidiary of the Company, since 2014.	Not Applicable.
Ms Fatmawati	37	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**

25 February 2019