

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2014
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 31/12/2014 US\$'000	12 months ended 31/12/2013 US\$'000	Increase/ (Decrease) %
Revenue	65,329	69,586	(6.1)
Cost of services	(52,011)	(57,488)	(9.5)
Gross profit	13,318	12,098	10.1
Other gains/(losses)	910	(336)	n.m.
Expenses			
- Administrative	(5,748)	(16,399)	(64.9)
- Finance	(2,053)	(2,750)	(25.3)
Share of results of associates	29	621	(95.3)
Profit/(Loss) before income tax	6,456	(6,766)	n.m.
Income tax expense	(690)	(656)	5.2
Net profit/(loss)	5,766	(7,422)	n.m.
Other comprehensive income:			
Remeasurements of post-employment benefits plan	120	21	471.4
Total comprehensive income/(loss) for the period	5,886	(7,401)	n.m.
Net profit/(loss) attributable to:			
Equity holders of the Company	2,069	(10,447)	n.m.
Non-controlling interests	3,697	3,025	22.2
	5,766	(7,422)	n.m.
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	2,127	(10,437)	n.m.
Non-controlling interests	3,759	3,036	23.8
	5,886	(7,401)	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

	12 months ended 31/12/2014 US\$'000	12 months ended 31/12/2013 US\$'000	Increase/ (Decrease) %
Profit/(Loss) before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment,	11,976	12,545	(4.5)
Gain on foreign exchange	(176)	(156)	13.0
Gain on disposal of subsidiary	(697)	-	n.m.
Gain on disposal of property, plant equipment,	(13)	(15)	(13.3)
Fixed Asset written off	-	521	(100.0)
Impairment loss on property, plant and equipment	-	11,441	(100.0)
Interest expense	2,053	2,750	(25.3)
Interest income	(24)	(14)	71.4

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	
	31/12/2014 US\$'000	31/12/2013 US\$'000	31/12/2014 US\$'000	31/12/2013 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	6,511	4,292	463	346
Trade and other receivables	7,531	20,124	28,844	28,850
Non-current asset classified as held-for- sale	-	3,277	-	-
Inventories	1,558	2,193	-	-
Other current assets	1,121	585	57	56
	<u>16,721</u>	<u>30,471</u>	<u>29,364</u>	<u>29,252</u>
Non-current assets				
Investments in subsidiaries	-	-	23,440	22,138
Investments in associates	4,636	4,607	-	-
Property, plant and equipment	112,244	116,640	106	165
	<u>116,880</u>	<u>121,247</u>	<u>23,546</u>	<u>22,303</u>
Total assets	<u>133,601</u>	<u>151,718</u>	<u>52,910</u>	<u>51,555</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,228	18,471	321	339
Finance lease	2,647	2,741	-	-
Borrowings	23,518	27,155	1,600	-
	<u>31,393</u>	<u>48,367</u>	<u>1,921</u>	<u>339</u>
Non-current liabilities				
Finance lease	2,496	5,143	-	-
Borrowings	18,171	29,000	-	-
Deferred income tax liabilities	309	355	-	-
Provision for post employment benefits	456	418	-	-
	<u>21,432</u>	<u>34,916</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>52,825</u>	<u>83,283</u>	<u>1,921</u>	<u>339</u>
NET ASSETS	<u>80,776</u>	<u>68,435</u>	<u>50,989</u>	<u>51,216</u>
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	31,801	31,801	56,951	56,951
Translation reserve	3	3	-	-
Retained earnings/(accumulated losses)	12,834	10,707	(5,962)	(5,735)
	<u>44,638</u>	<u>42,511</u>	<u>50,989</u>	<u>51,216</u>
Non-controlling interests	36,138	25,924	-	-
	<u>80,776</u>	<u>68,435</u>	<u>50,989</u>	<u>51,216</u>

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

	Group	
	31/12/2014 US\$'000	31/12/2013 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	23,518	27,155
Unsecured	2,647	2,741
	26,165	29,896
<u>Amount repayable after one year:</u>		
Secured	18,171	29,000
Unsecured	2,496	5,143
	20,667	34,143
Total borrowings	46,832	64,039

Details of any collateral

Bank borrowings of the Group for FY2014 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.

In addition to above securities, bank borrowings of the Group for FY2013 are secured by the following:

- mortgage over vessels of joint venture companies;
- pledge of the shares of joint venture companies;
- a charge on the cash, receivables and inventories of joint venture companies;
- corporate guarantees by joint venture companies; and
- personal guarantees by certain directors of joint venture companies.

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	
	2014	2013
	US\$'000	US\$'000
Cash Flows from Operating Activities		
Profit before income tax	6,456	(6,766)
Adjustments for:		
Depreciation of property, plant and equipment	11,976	12,545
Impairment loss	-	11,441
Write-off of property, plant and equipment	-	521
Gain on disposal of subsidiary	(697)	-
Gain on disposal of property, plant and equipment	(13)	(15)
Non-controlling interests from reclassification of joint ventures to subsidiaries	5,152	-
Interest expense	2,053	2,750
Interest income	(24)	(14)
Share of results of associates	(29)	(621)
Operating cash flow before working capital changes	<u>24,874</u>	<u>19,841</u>
Changes in working capital:		
Inventories	635	(1,015)
Trade and other receivables	12,593	(4,358)
Other current assets	(536)	215
Trade and other payables	(13,130)	3,825
Post employment benefits	158	220
Cash generated from operating activities	<u>24,594</u>	<u>18,728</u>
Income tax paid	(735)	(701)
Interest received	24	14
Net cash generated from operating activities	<u>23,883</u>	<u>18,041</u>
Cash Flows from Investing Activities		
Disposal of subsidiary	2,000	-
Investments in associates	-	(360)
Purchase of property, plant and equipment	(7,582)	(2,885)
Proceeds from disposal of property, plant and equipment	3,291	15
Net cash used in investing activities	<u>(2,291)</u>	<u>(3,230)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	7,975	-
Repayment of borrowings	(22,440)	(15,271)
Payment of finance lease	(3,010)	(3,010)
Interest paid	(1,898)	(2,689)
Net cash used in financing activities	<u>(19,373)</u>	<u>(20,970)</u>
Net increase/(decrease) in cash and cash equivalents	2,219	(6,159)
Cash and cash equivalents at the beginning of the financial period	<u>4,292</u>	<u>10,451</u>
Cash and cash equivalents at the end of the financial period	<u>6,511</u>	<u>4,292</u>
Represented by:		
Short-term bank deposits	435	288
Cash and bank balances	6,076	4,004
	<u>6,511</u>	<u>4,292</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	Retained earnings US\$'000	Non-controlling Interests US\$'000	Total US\$'000
Balance as at 1 January 2013	31,801	3	21,144	22,888	75,836
Net loss/(gain) for the period	-	-	(10,447)	3,025	(7,422)
Other comprehensive income for the period	-	-	10	11	21
Balance as at 31 December 2013	<u>31,801</u>	<u>3</u>	<u>10,707</u>	<u>25,924</u>	<u>68,435</u>
Balance as at 1 January 2014	31,801	3	10,707	25,924	68,435
Non-controlling interests from 50% disposal of wholly owned subsidiary	-	-	-	1,303	1,303
Non-controlling interests from reclassification of joint ventures to subsidiaries	-	-	-	5,152	5,152
Net gain for the period	-	-	2,069	3,697	5,766
Other comprehensive income for the period	-	-	58	62	120
Balance as at 31 December 2014	<u>31,801</u>	<u>3</u>	<u>12,834</u>	<u>36,138</u>	<u>80,776</u>

Company

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2013	56,951	(4,848)	52,103
Total comprehensive loss for the period	-	(887)	(887)
Balance as at 31 December 2013	<u>56,951</u>	<u>(5,735)</u>	<u>51,216</u>
Balance as at 1 January 2014	56,951	(5,735)	51,216
Total comprehensive loss for the period	-	(227)	(227)
Balance as at 31 December 2014	<u>56,951</u>	<u>(5,962)</u>	<u>50,989</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 12 months ended 31 December 2014.

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 2014 is 390,388,110. (31 December 2013: 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 financial year ended 31 December 2014 as compared with those for the audited consolidated financial statements as at 31 December 2013.

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 31/12/14 US cents	12 months ended 31/12/13 US cents
(a) Basic	0.53	(2.68)
(b) Fully diluted basis	0.53	(2.68)

Note 1:

The earnings/(losses) per ordinary share of the Group for the financial year ended 31 December 2014 has been computed based on weighted average of 390,388,110 ordinary shares. (31 December 2013: 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	
	31/12/14	31/12/13	31/12/14	31/12/13
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	11.43	10.89	13.06	13.12

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 2014 of 390,388,110 shares (31 December 2013: 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 FY2014 and FY2013 are summarised in the table below:-

	FY2014		FY2013	
	US\$'000	%	US\$'000	%
Freight charter	59,308	90.8	53,753	77.2
Time charter	6,021	9.2	15,833	22.8
Total revenue	65,329	100.0	69,586	100.0

Revenue

The Group's revenue decreased by 6.1% from US\$69.6 million in FY2013 to US\$65.3 million in FY2014. The lower revenue was due to decrease in time charter revenue which is partly offset by increase in freight charter revenue. Freight charter revenue increased by US\$5.6 million from US\$53.7 million in FY2013 to US\$59.3 million in FY2014 due mainly to higher tonnage delivered as well as higher average freight rate to a major customer. Time charter revenue decreased by US\$9.8 million from US\$15.8 million in FY2013 to US\$6.0 million in FY2014. This was mainly due to disposal of a capesize vessel and a panamax vessel as well as less time charter contracts secured for tugboats and barges in Indonesia as customers prefer to charter on spot or per voyage basis due to the weak freight rates.

Gross Profit

Gross profit increased by 10.1% or US\$1.1 million from US\$12.1 million in FY2013 to US\$13.3 million in FY2014 mainly due to lower operating expenses which is partly offset by lower revenue generated for the year under review. Gross profit margin increased from 17.4% in FY2013 to 20.4% in FY2014. This was mainly attributed to the higher average freight rate, lower depreciation charges, lower management and maintenance fees as a result of the disposal of the capesize and panamax vessels as abovementioned.

Other gains/(losses)

Other gains in FY2014 comprise mainly gain on disposal of 50% equity stake in subsidiary, Seroja Shipping Services Pte Ltd amounting to US\$0.7 million and exchange gain amounting to US\$0.2 million as compared to other losses in FY2013 which pertain mainly to write-off of damaged tugboat of US\$0.5 million which is partly offset by exchange gain of US\$0.2 million.

Expenses

Administrative expenses decreased by 64.9% or US\$10.7 million from US\$16.4 million in FY2013 to US\$5.7 million in FY2014. This was due mainly to impairment loss on capesize and panamax vessels of US\$11.4 million in FY2013 as compared to no such impairment loss in FY2014. Excluding the impairment loss in FY2013, administrative expenses will have increased from US\$5 million in FY2013 to US\$5.7 million in FY2014 due mainly to selling expenses incurred for the disposal of the capesize and panamax vessels as abovementioned.

Finance expenses decreased by 26.3% or US\$0.7 million from US\$2.8 million in FY2013 to US\$2.1 million in FY2014. The decrease was mainly due to lower bank borrowings due to repayments made during the current financial year, in particular, the full outstanding loan to finance the panamax vessels was fully repaid on 8 December 2014 from proceeds received for sale of one panamax vessel completed on 5 December 2014.

Share of results of associates

The share of results of associates decreased by 95.3% or US\$0.6 million from US\$0.6 million in FY2013 to US\$29k in FY2014 mainly due to chartering expenses incurred to charter a new FSO vessel in place of existing FSO vessel which was undergoing repair and maintenance works in FY2014Q1 as well as higher spare part and supplies incurred to carry out such repair and maintenance works.

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

Arising from the above, the Group reversed from a net loss/comprehensive loss attributable to shareholders of US\$10.4 million in FY2013 to a net profit/comprehensive income attributable to shareholders of US\$2.1 million for FY2014.

Review of the Group's Financial Position as at 31 December 2014 as compared to the Group's Financial Position as at 31 December 2013

Trade and other receivables decreased by US\$12.6 million from US\$20.1 million as at 31 December 2013 to US\$7.5 million as at 31 December 2014. The decrease was mainly due to settlement of outstanding receivables due from entities related to Zhushui upon the transfer of shares in joint ventures as announced through SGXnet on 5 December 2014. The same applies to settlement of payables with entities related to Zhushui and this explained for decrease in trade and other payables from US\$18.5 million as at 31 December 2013 to US\$5.2 million as at 31 December 2014. Asset classified as held for sale of US\$3.3 million as at 31 December 2013 pertained to reclassification of capesize vessel from non current asset to current asset due to decision to dispose the said vessel which was completed in March 2014. Inventories decreased by US\$0.6 million mainly due to more vessels drydocked as at current year end as compared to 31 December 2013. The increase in other current assets of US\$0.5 million was mainly due to increase in advance payments made for spare parts and supplies ordered for vessels' use and maintenance due to the long lead time required to take delivery of such items.

Property, plant and equipment decreased from US\$116.6 million as at 31 December 2013 to US\$112.2 million as at 31 December 2014. This was mainly due to depreciation charges during the year under review which was partly offset by purchase of one set of tugboat and barge and drydocking costs capitalized.

Total borrowings (current and non-current) decreased by US\$17.2 million from US\$64.0 million as at 31 December 2013 to US\$46.8 million as at 31 December 2014. The decrease was due to repayments of finance lease obligations and bank loans during the year under review.

The Group is in negative working capital position as at 31 December 2014 as its current liabilities exceed current assets by US\$14.7 million. This is mainly due to short term borrowings obtained to repay a bank loan in full. Despite the negative working capital position, the Group continues to generate positive cashflow from operations of US\$23.9 million for FY2014 (FY2013: US\$18.0 million) and has generated sufficient cashflow each quarter to service the current portion of bank loans due on quarterly basis. The Group has also tightened its capital expenditures to contain significant cash outflows.

Net cash generated from operating activities amounted to US\$23.9 million which was partly offset by net cash used in investing activities and financing activities of US\$2.3 million and US\$19.4 million respectively. Cash used in investing activities was mainly for purchase of a set of tugboat and barge and drydocking expenditures incurred which was partly offset by proceeds from disposal of vessels as well as disposal of 50% equity stake in a subsidiary company, Seroja Shipping Services Pte Ltd. Cash used in financing activities was for repayments of bank loan, finance lease obligations and interest expenses which was partly offset by borrowings from a third party obtained to repay a bank loan. Arising from the above, the Group generated a net increase in cash and cash equivalents of US\$2.2 million from US\$4.3 million as at 31 December 2013 to US\$6.5 million as at 31 December 2014.

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 expects demand from major customers in Indonesia to provide sustainable cargo volume to keep its fleet of tugboats and barges fully deployed. Freight rates are expected to remain low as such rates are pegged to fuel price which has declined significantly in the first month of the new financial year FY2015. However, the Group will capitalize on the low fuel price to reduce its operating costs to achieve higher margin for its services provided.

The Group has completed its share transfers in joint ventures Seroja-Zhushui 3 Shipping Limited ("SZ3SL") and Seroja-Zhushui 5 Shipping Limited ("SZ5SL") as announced through SGXnet on 5 December 2014. This has resulted in full ownership of SZ3SL from originally 50% equity stake in return of transferring the same 50% equity stake in SZ5SL to a third party. SZ3SL owns an existing panamax vessel named "Zhushui 3". Subsequent to the share transfer, SZ3SL changed its name to Trellis Shipping Limited and the vessel was renamed "Trellis 1" to reflect the change in ownership and control. The Group will explore means to maximise returns from operating the vessel under full control as compared to managing the vessel under the previous joint venture.

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. Besides reviewing segment revenue by type of charter (time charter and freight charter), the Management also reviews segment revenue by geography. However, management is of the opinion that it is not practicable to separate the costs, assets and liabilities for each business segment as well as geographical segment.

(I) Revenue by type of charter – Please refer “Revenue” under item 8

(II) Revenue by geography

	FY2014		FY2013	
	US\$'000	%	US\$'000	%
Indonesia	60,815	93.1	57,890	83.2
China	4,514	6.9	11,696	16.8
Total revenue	65,329	100.0	69,586	100.0

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.

The increase in revenue in Indonesia from US\$57.9 million in FY2013 to US\$60.8 million in FY2014 was mainly due to higher tonnage delivered as well as higher average freight rate for freight charter contracts to a major customer which is partly offset by lesser time charter contracts secured as customers prefer to charter on spot or per voyage basis due to the weak freight rates. Revenue decreased in China from US\$11.7 million in FY2013 to US\$4.5 million in FY2014 was mainly due to disposal of capesize and panamax vessels as abovementioned.

15. Breakdown of sales.

	Group		
	Year ended 31.12.14 US\$'000	Year ended 31.12.13 US\$'000	Change (%)
Revenue reported for the first half year	34,830	35,220	(1.1)
Profit after income tax for the first half year	5,211	1,418	267.5
Revenue reported for the second half year	30,499	34,366	(11.3)
Profit / (Loss) after income tax for the second half year	555	(8,840)	n.m.

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 Adaro Indonesia	-	37,035
Purchase of 50% equity stake in Seroja Shipping Services Pte Ltd by Extend Links Limited ⁽¹⁾	-	2,000

(1) Ms Fatmawati Sim, who is the daughter of Mr Masdjan, the Chief Operating Officer and Executive Director of the Company, is the beneficial owner of all the shares in Extend Links Limited.

18. 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	32	Son of Executive Director, Mr Masdjan	Director of PT PSJ, a subsidiary of the Company, since 2014.	Not Applicable.
Ms Fatmawati	33	Daughter of Executive Director, Mr Masdjan	Commissioner of PT PSJ, a subsidiary of the Company, since 2014.	Not Applicable.

By Order of The Board

Husni Heron
CEO

26 February 2015