

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited First Quarter Financial Statement and Dividend Announcement for the Year Ended 31 March 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		
	3 months ended 31/03/2014 US\$'000	3 months ended 31/03/2013 US\$'000	Increase/ (Decrease) %
Revenue	17,843	16,774	6.4
Cost of services	(13,257)	(14,818)	(10.5)
Gross profit	4,586	1,956	134.5
Other gains/(losses)	167	(47)	n.m.
Expenses			
- Administrative	(1,352)	(1,415)	(4.5)
- Finance	(550)	(761)	(27.7)
Share of results of associates	(275)	80	n.m.
Profit/(Loss) before income tax	2,576	(187)	n.m.
Income tax expense	(181)	(155)	16.8
Net profit/(loss)	2,395	(342)	n.m.
Other comprehensive income	-	-	
Total comprehensive income/(loss) for the period	2,395	(342)	n.m.
Net profit/(loss) / Total comprehensive income/(loss)			
Attributable to:			
Equity holders of the Company	647	(516)	n.m.
Non-controlling interests	1,748	174	904.6
	2,395	(342)	n.m.

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

Group			
	3 months ended 31/03/2014 US\$'000	3 months ended 31/03/2013 US\$'000	Increase/ (Decrease) %
Profit/(Loss) before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment,	2,899	3,110	(6.8)
(Gain)/loss on foreign exchange	(156)	51	n.m.
(Gain)/loss on disposal of property, plant equipment,	(5)	-	n.m.
Interest expense	550	761	(27.7)
Interest income	(5)	(4)	25.0

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	
	31/03/2014 US\$'000	31/12/2013 US\$'000	31/03/2014 US\$'000	31/12/2013 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	8,828	4,292	119	346
Trade and other receivables	18,740	20,124	28,833	28,850
Asset classified as held for sale	24,303	3,277	-	-
Inventories	1,583	2,193	-	-
Other current assets	843	585	70	56
	<u>54,297</u>	<u>30,471</u>	<u>29,022</u>	<u>29,252</u>
Non-current assets				
Investments in subsidiaries	-	-	22,138	22,138
Investments in associates	4,332	4,607	-	-
Property, plant and equipment	89,795	116,640	150	165
	<u>94,127</u>	<u>121,247</u>	<u>22,288</u>	<u>22,303</u>
Total assets	<u>148,424</u>	<u>151,718</u>	<u>51,310</u>	<u>51,555</u>
LIABILITIES				
Current liabilities				
Trade and other payables	20,718	18,471	319	339
Finance lease	2,717	2,741	-	-
Borrowings	23,026	27,155	-	-
	<u>46,461</u>	<u>48,367</u>	<u>319</u>	<u>339</u>
Non-current liabilities				
Finance lease	4,472	5,143	-	-
Borrowings	25,900	29,000	-	-
Deferred income tax liabilities	343	355	-	-
Provision for post employment benefits	418	418	-	-
	<u>31,133</u>	<u>34,916</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>77,594</u>	<u>83,283</u>	<u>319</u>	<u>339</u>
NET ASSETS	<u>70,830</u>	<u>68,435</u>	<u>50,991</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)	11,354	10,707	(5,960)	(5,735)
	<u>43,158</u>	<u>42,511</u>	<u>50,991</u>	<u>51,216</u>
Non-controlling interests	27,672	25,924	-	-
	<u>70,830</u>	<u>68,435</u>	<u>50,991</u>	<u>51,216</u>

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

	Group	
	31/03/2014 US\$'000	31/12/2013 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	23,026	27,155
Unsecured	2,717	2,741
	25,743	29,896
<u>Amount repayable after one year:</u>		
Secured	25,900	29,000
Unsecured	4,472	5,143
	30,372	34,143
Total borrowings	56,115	64,039

Details of any collateral

Bank borrowings of the Group are secured by the following:

- mortgage over certain vessels of subsidiaries and joint venture companies;
- 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;
- pledge of the shares of joint venture companies;
- a charge on the cash, receivables and inventories of PT PSJ and joint venture companies;
- corporate guarantees by joint venture companies;
- corporate guarantees by related parties of certain directors; 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 3 months ended	
	31 March	
	2014	2013
	US\$'000	US\$'000
Cash Flows from Operating Activities		
Profit/(Loss) before income tax	2,576	(187)
Adjustments for:		
Depreciation of property, plant and equipment	2,899	3,110
Gain on disposal of property, plant and equipment	(5)	-
Interest expense	550	761
Interest income	(5)	(4)
Share of results of associates	275	(80)
Operating cash flow before working capital changes	6,290	3,600
Changes in working capital:		
Inventories	610	(296)
Trade and other receivables	1,383	1,843
Other current assets	(258)	(711)
Trade and other payables	2,280	(244)
Post employment benefits	-	102
Cash generated from operating activities	10,305	4,294
Income tax paid	(192)	(166)
Interest received	5	4
Net cash generated from operating activities	10,118	4,132
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(360)	(1,144)
Proceeds from disposal of property, plant and equipment	3,284	-
Net cash generated from/(used in) investing activities	2,924	(1,144)
Cash Flows from Financing Activities		
Repayment of borrowings	(7,229)	(3,668)
Payment of finance lease	(752)	(752)
Interest paid	(525)	(837)
Net cash used in financing activities	(8,506)	(5,257)
Net increase/(decrease) in cash and cash equivalents	4,536	(2,269)
Cash and cash equivalents at the beginning of the financial period	4,292	10,451
Cash and cash equivalents at the end of the financial period	8,828	8,182
Represented by:		
Short-term bank deposits	-	2,447
Cash and bank balances	8,828	5,735
	8,828	8,182

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
Total comprehensive (loss)/income for the period	-	-	(516)	174	(342)
Balance as at 31 March 2013	<u>31,801</u>	<u>3</u>	<u>20,628</u>	<u>23,062</u>	<u>75,494</u>
Balance as at 1 January 2014	31,801	3	10,707	25,924	68,435
Total comprehensive income for the period	-	-	647	1,748	2,395
Balance as at 31 March 2014	<u>31,801</u>	<u>3</u>	<u>11,354</u>	<u>27,672</u>	<u>70,830</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	-	(229)	(229)
Balance as at 31 March 2013	<u>56,951</u>	<u>(5,077)</u>	<u>51,874</u>
Balance as at 1 January 2014	56,951	(5,735)	51,216
Total comprehensive loss for the period	-	(225)	(225)
Balance as at 31 March 2014	<u>56,951</u>	<u>(5,960)</u>	<u>50,991</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 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 March 2014 is 390,388,110. (31 March 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 three months ended 31 March 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/(Loss) per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	3 months ended 31/03/2014 US cents	3 months ended 31/03/2013 US cents
(a) Basic	0.17	(0.13)
(b) Fully diluted basis	0.17	(0.13)

Note 1:

The earnings/(loss) per ordinary share of the Group for the financial year ended 31 March 2014 has been computed based on 390,388,110 ordinary shares. (31 March 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	
	31/03/14	31/12/13	31/03/14	31/12/13
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	11.06	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 March 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 FY2014Q1 and FY2013Q1 are summarised in the table below:-

	FY2014Q1		FY2013Q1	
	US\$'000	%	US\$'000	%
Freight charter	15,277	85.6	12,794	76.3
Time charter	2,566	14.4	3,980	23.7
Total revenue	17,843	100.0	16,774	100.0

Revenue

Revenue increased by 6.4% or US\$1.0 million from US\$16.8 million in FY2013Q1 to US\$17.8 million in FY2014Q1 due to higher freight charter revenue which is partly offset by lower time charter revenue for the period under review. Freight charter revenue increased by US\$2.5 million from US\$12.8 million in FY2013Q1 to US\$15.3 million in FY2014Q1 due mainly to higher cargo volume as well as higher average freight rate for shipments provided to two major customers. Time charter revenue decreased by US\$1.5 million from US\$4.0 million in FY2013Q1 to US\$2.5 million in FY2014Q1 due mainly to disposal of jointly owned capesize vessel which was under off hire in December 2013, hence no contribution from the capesize vessel for the current quarter under review. The lower time charter revenue was also partly due to lesser time charter contracts secured in Indonesia as customers prefer to charter under spot or per voyage basis as the freight rates remained weak in FY2014Q1 as compared to FY2013Q4.

Gross Profit

Gross profit increased by 134.5% or US\$2.6 million from US\$2.0 million in FY2013Q1 to US\$4.6 million in FY2014Q1 mainly due to higher revenue generated as well as lower depreciation charges, management and maintenance fees as a result of the disposal of the capesize vessel as abovementioned. As a result of higher revenue coupled with lower operational costs, gross profit margin increased significantly from 11.7% in FY2013Q1 to 25.7% in FY2014Q1

Other gains/(losses)

Other gains of US\$167k in FY2014Q1 was mainly due to exchange gain of US\$156k as compared to exchange loss of US\$51k in FY2013Q1 from foreign currency fluctuations.

Expenses

No material variance was noted for administrative expenses for FY14Q1 as compared to FY13Q1. The decrease in finance cost by US\$0.2 million from US\$0.8 million in FY2013Q1 to US\$0.6 million in FY2014Q1 was mainly due to lower bank borrowings as a result of repayments made.

Share of results of associates

The share of results of associates was a loss of US\$275k in FY2014Q1 as compared to a profit of US\$80k in FY2013Q1 due mainly to chartering expenses incurred to charter a new FSO vessel in place of existing FSO vessel which was undergoing repair and maintenance works.

Net Profit/(Loss)

Arising from the above, there was a net profit attributable to shareholders of US\$0.6 million for FY2014Q1 as compared to a net loss attributable to shareholders of US\$0.5 million for FY2013Q1.

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

The decrease in trade and other receivables of US\$1.4 million was due mainly to prompt collection from major customers in Indonesia which was partly offset by slower payment from charterer of panamax vessels jointly owned with Zhushui. Non-current asset classified as held for sale of US\$24.3 million as at 31 March 2014 pertained to reclassification of two panamax vessels from non-current asset to current asset due to joint decision to dispose the vessels as a result of continuing weak operating environment for such drybulk carriers. The balance of US\$3.3 million as at 31 December 2013 was fully received upon completion of the capesize sale in March 2014. Inventories decreased by US\$0.6 million mainly due to more vessels drydocked in March 2014 which resulted in lower fuel and spare parts required. Other current assets increased by US\$0.2 million due to higher prepaid insurance expense for our fleet of tugboats and barges in Indonesia.

Investments in associates decreased by US\$0.3 million due to the losses incurred from chartering a FSO vessel during the period under review. The decrease in property, plant and equipment of US\$26.8 million from US\$116.6 million as at 31 December 2013 to US\$89.8 million as at 31 March 2014 was mainly due to reclassification of panamax vessels under joint ventures from non-current assets to current assets held for sale and depreciation charges during the period under review which was partly offset by drydocking costs capitalized.

The increase in trade and other payables from US\$18.5 million as at 31 December 2013 to US\$20.7 million as at 31 March 2014 was due to payment of operating and management fees of vessels under joint venture with Zhushui was put on hold until the revenue collection is received from charterer. This arrangement was made possible as the charterer and ship manager are related companies of Zhushui. Total borrowings (current and non-current) decreased by US\$7.9 million from US\$64.0 million as at 31 December 2013 to US\$56.1 million as at 31 March 2014. The decrease was mainly due to instalment repayments of finance lease obligations and bank loans during the period under review. Also, the net sale proceeds of US\$3.3 million received from disposal of the capesize vessel was fully utilized to repay portion of the loan obtained to finance the vessels under joint venture with Zhushui.

Net cash generated from operating activities and investing activities amounted to US\$10.1 million and US\$2.9 million respectively which were partly offset by net cash used in financing activities of US\$8.5 million. Cash generated from investing activities was mainly due to proceeds from disposal of capesize vessel which was partly offset by cash utilized for drydocking expenditures incurred for the tugboats and barges. 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\$4.5 million from US\$4.3 million as at 31 December 2013 to US\$8.8 million as at 31 March 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.

For tugboats and barges in Indonesia, the Group will continue to work closely with existing major customers to keep the vessel fleet efficiently deployed. The Group has shipped more tonnage and negotiated higher average freight rate with its major customers to achieve higher revenue and profits for the current quarter under review.

For our two panamax vessels under joint venture, the Group expects to enter into Memorandum of Agreements to sell the vessels and will use the sale proceeds to repay outstanding bank loan and the balance for the Group's working capital purpose.

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 Adaro Indonesia	-	10,228

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 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Husni Heron
Director

Masdjani
Director

By Order of The Board

**Husni Heron
CEO
12 May 2014**