

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 2015
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 30/09/2015 US\$'000	3 months ended 30/09/2014 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2015 US\$'000	9 months ended 30/09/2014 US\$'000	Increase/ (Decrease) %
Revenue	10,849	15,412	(29.6)	34,609	50,242	(31.1)
Cost of services	(8,441)	(12,337)	(31.6)	(28,220)	(38,655)	(27.0)
Gross profit	2,408	3,075	(21.7)	6,389	11,587	(44.9)
Other (losses)/gains	(10,191)	234	n.m.	(10,566)	366	n.m.
Expenses						
- Administrative	(949)	(1,003)	(5.4)	(2,640)	(2,927)	(9.8)
- Finance	(680)	(516)	31.8	(1,747)	(1,594)	9.6
Share of results of associates	229	192	19.3	618	113	446.9
(Loss)/Profit before income tax	(9,183)	1,982	n.m.	(7,946)	7,545	n.m.
Income tax expense	(118)	(156)	(24.4)	(373)	(508)	(26.6)
Net (loss)/profit	(9,301)	1,826	n.m.	(8,319)	7,037	n.m.
Other comprehensive income*	-	697	(100.0)	-	697	(100.0)
Total comprehensive (loss)/income for the period	(9,301)	2,523	n.m.	(8,319)	7,734	n.m.
Net (loss)/profit attributable to:						
Equity holders of the Company	(10,093)	810	n.m.	(10,191)	2,880	n.m.
Non-controlling interests	792	1,016	(22.0)	1,872	4,157	(55.0)
	(9,301)	1,826	n.m.	(8,319)	7,037	n.m.
Total comprehensive (loss)/income Attributable to:						
Equity holders of the Company	(10,093)	1,507	n.m.	(10,191)	3,577	n.m.
Non-controlling interests	792	1,016	(22.0)	1,872	4,157	(55.0)
	(9,301)	2,523	n.m.	(8,319)	7,734	n.m.

n.m. – not meaningful

* Gain on disposal of subsidiary amounting to US\$697,000 for FY2014Q3 was adjusted from 'other gains' to 'other comprehensive income' as this was an equity transaction under FRS110 due to the Company retaining control even after the disposal of 50% equity stake in a subsidiary.

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

	Group			Group		
	3 months ended 30/09/2015 US\$'000	3 months ended 30/09/2014 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2015 US\$'000	9 months ended 30/09/2014 US\$'000	Increase/ (Decrease) %
(Loss)/Profit before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment,	2,826	2,833	(0.3)	8,948	8,541	4.8
(Gain)/Loss on foreign exchange	(126)	(228)	(44.8)	257	(342)	n.m.
Loss on disposal of property, plant equipment,	10,320	-	n.m.	10,320	(7)	n.m.
Interest expense	680	516	31.8	1,747	1,594	9.6
Interest income	(2)	(6)	(66.7)	(10)	(17)	(41.2)

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	
	30/09/2015 US\$'000	31/12/2014 US\$'000	30/09/2015 US\$'000	31/12/2014 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	11,955	6,511	2,763	463
Trade and other receivables	7,522	7,531	24,301	28,844
Inventories	910	1,558	-	-
Other current assets	878	1,121	64	57
	<u>21,265</u>	<u>16,721</u>	<u>27,128</u>	<u>29,364</u>
Non-current assets				
Investments in subsidiaries	-	-	23,440	23,440
Investments in associates	5,254	4,636	-	-
Property, plant and equipment	82,096	112,244	61	106
	<u>87,350</u>	<u>116,880</u>	<u>23,501</u>	<u>23,546</u>
Total assets	<u>108,615</u>	<u>133,601</u>	<u>50,629</u>	<u>52,910</u>
LIABILITIES				
Current liabilities				
Trade and other payables	4,221	5,228	351	321
Finance lease	2,573	2,647	-	-
Borrowings	23,557	23,518	-	1,600
	<u>30,351</u>	<u>31,393</u>	<u>351</u>	<u>1,921</u>
Non-current liabilities				
Finance lease	575	2,496	-	-
Borrowings	4,500	18,171	-	-
Deferred income tax liabilities	276	309	-	-
Provision for post employment benefits	456	456	-	-
	<u>5,807</u>	<u>21,432</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>36,158</u>	<u>52,825</u>	<u>351</u>	<u>1,921</u>
NET ASSETS	<u>72,457</u>	<u>80,776</u>	<u>50,278</u>	<u>50,989</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	-	-
Other reserve	697	697	-	-
Retained earnings/(accumulated losses)	1,946	12,137	(6,673)	(5,962)
	<u>34,447</u>	<u>44,638</u>	<u>50,278</u>	<u>50,989</u>
Non-controlling interests	38,010	36,138	-	-
	<u>72,457</u>	<u>80,776</u>	<u>50,278</u>	<u>50,989</u>

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

	Group	
	30/09/2015 US\$'000	31/12/2014 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	26,130	26,165
Unsecured	-	-
	26,130	26,165
<u>Amount repayable after one year:</u>		
Secured	5,075	20,667
Unsecured	-	-
	5,075	20,667
Total borrowings	31,205	46,832

Details of any collateral

Bank borrowings and finance lease 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		Group	
	For the 3 months ended		For the 9 months ended	
	30 September		30 September	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	(9,183)	1,982	(7,946)	7,545
Adjustments for:				
Depreciation of property, plant and equipment	2,826	2,833	8,948	8,541
Gain on disposal of subsidiary	-	-	-	-
Gain on disposal of property, plant and equipment	10,320	-	10,320	(7)
Interest expense	-	-	-	-
Interest income	680	516	1,747	1,594
Share of results of associates	(2)	(6)	(10)	(17)
Operating cash flow before working capital changes	4,412	5,133	12,441	17,543
Changes in working capital:				
Inventories	32	284	648	540
Trade and other receivables	836	1,069	9	(3,256)
Other current assets	232	(183)	242	(625)
Trade and other payables	(921)	1,699	(949)	5,048
Cash generated from operating activities	4,591	8,002	12,391	19,250
Income tax paid	(129)	(167)	(406)	(541)
Interest received	2	6	10	17
Net cash generated from operating activities	4,464	7,841	11,995	18,726
Cash Flows from Investing Activities				
Disposal of subsidiary	-	2,000	-	2,000
Purchase of property, plant and equipment	(970)	(3,047)	(2,121)	(6,945)
Proceeds from disposal of property, plant and equipment	13,002	-	13,002	3,285
Net cash generated from/(used in) investing activities	12,032	(1,047)	10,881	(1,660)
Cash Flows from Financing Activities				
Proceeds from borrowings	6,650	-	7,750	-
Repayment of borrowings	(13,611)	(3,012)	(21,382)	(10,904)
Payment of finance lease	(1,003)	(752)	(2,257)	(2,257)
Interest paid	(607)	(468)	(1,543)	(1,475)
Net cash used in financing activities	(8,571)	(4,232)	(17,432)	(14,636)
Net increase in cash and cash equivalents	7,925	2,562	5,444	2,430
Cash and cash equivalents at the beginning of the financial period	4,030	4,160	6,511	4,292
Cash and cash equivalents at the end of the financial period	11,955	6,722	11,955	6,722
Represented by:				
Short-term bank deposits	2,300	-	2,300	-
Cash and bank balances	9,655	6,722	9,655	6,722
	11,955	6,722	11,955	6,722

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 US\$'000	Non-controlling Interests US\$'000	Total US\$'000
Balance as at 1 July 2014	31,801	3	-	12,777	29,065	73,646
Total comprehensive income for the period	-	-	697	810	1,016	2,523
NCI in subsidiary disposed	-	-	-	-	1,303	1,303
Balance as at 30 September 2014	<u>31,801</u>	<u>3</u>	<u>697</u>	<u>13,587</u>	<u>31,384</u>	<u>77,472</u>
Balance as at 1 July 2015	31,801	3	697	12,039	37,218	81,758
Total comprehensive (loss)/income for the period	-	-	-	(10,093)	792	(9,301)
Balance as at 30 September 2015	<u>31,801</u>	<u>3</u>	<u>697</u>	<u>1,946</u>	<u>38,010</u>	<u>72,457</u>

Company

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 July 2014	56,951	(6,201)	50,750
Total comprehensive income for the period	-	472	472
Balance as at 30 September 2014	<u>56,951</u>	<u>(5,729)</u>	<u>51,222</u>
Balance as at 1 July 2015	56,951	(6,426)	50,525
Total comprehensive loss for the period	-	(247)	(247)
Balance as at 30 September 2015	<u>56,951</u>	<u>(6,673)</u>	<u>50,278</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 financial period from 1 July 2015 to 30 September 2015.

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 2015 is 390,388,110. (31 December 2014: 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the nine months ended 30 September 2015 as compared with those for the audited consolidated financial statements as at 31 December 2014.

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.

	3 months ended 30/09/15 US cents	3 months ended 30/09/14 US cents	9 months ended 30/09/15 US cents	9 months ended 30/09/14 US cents
(a) Basic	(2.59)	0.21	(2.61)	0.74
(b) Fully diluted basis	(2.59)	0.21	(2.61)	0.74

Note 1:

The earnings per ordinary share of the Group for the nine months ended 30 September 2015 has been computed based on weighted average of 390,388,110 ordinary shares. (30 September 2014: 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	
	30/09/15	31/12/14	30/09/15	31/12/14
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	8.82	11.43	12.88	13.06

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 2015 of 390,388,110 shares (31 December 2014: 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 FY2015Q3 and FY2014Q3 are summarised in the table below:-

	FY2015Q3		FY2014Q3	
	US\$'000	%	US\$'000	%
Freight charter	10,664	98.3	13,679	88.8
Time charter	185	1.7	1,733	11.2
Total revenue	10,849	100.0	15,412	100.0

Revenue

Revenue decreased by 29.6% or US\$4.6 million from US\$15.4 million in FY2014Q3 to US\$10.8 million in FY2015Q3 due to both lower freight charter and time charter revenue. Freight charter revenue decreased by US\$3.0 million from US\$13.7 million in FY2014Q3 to US\$10.7 million in FY2015Q3 due mainly to lower demand from major customers as well as lower average freight rate for the period under review. Time charter revenue decreased by US\$1.6 million from US\$1.7 million in FY2014Q3 to US\$0.1 million in FY2015Q3 due mainly to no contribution from the sale of both panamax vessels in December 2014 and September 2015. There was also no time charter contract secured in Indonesia for tugboats and barges as customers prefer to charter under spot or per voyage basis due to freight rates remaining weak.

Gross Profit

Gross profit decreased by 21.7% or US\$0.7 million from US\$3.1 million in FY2014Q3 to US\$2.4 million in FY2015Q3 mainly due to lower revenue generated. Gross profit margin increased from 20.0% in FY2014Q3 to 22.2% in FY2015Q3. This was mainly attributed to lower fuel expenses from lower fuel price which was partly offset by lower average freight rate.

Other gains/(losses)

Other losses for FY2015Q3 was mainly due to loss on disposal of a panamax vessel amounting to US\$10.3 million as announced through SGXNet on 8 August 2015. The loss was partly offset by exchange gain of US\$0.1 million as compared to exchange gain of US\$0.2 million in FY2014Q3.

Expenses

No significant variance was noted in administrative expenses which decreased by US\$54k. The increase in finance expenses by US\$0.2 million from US\$0.5 million in FY2014Q3 to US\$0.7 million in FY2015Q3 was mainly due to one-off upfront fee of US\$0.2 million incurred for new loan obtained by subsidiary, PT PSJ to finance its working capital.

Share of results of associates

The share of results of associates increased by US\$37k from US\$192k in FY2014Q3 to US\$229k in FY2015Q3 mainly due to lower operating expenses incurred by the FSO vessel for the period under review.

Net Profit

Arising from the above, net profit attributable to shareholders reversed from a profit of US\$0.8 million in FY2014Q3 to a loss of US\$10.1 million in FY2015Q3 mainly due to loss on disposal of vessel as above-mentioned. Excluding the one off loss on disposal of vessel, net results attributable to shareholders for FY2015Q3 will be a profit US\$0.2 million instead of a loss of US\$10.1 million as reported.

Review of the Group's Financial Position as at 30 September 2015 as compared to the Group's Financial Position as at 31 December 2014

Inventories decreased by US\$0.6 million was mainly due to lower order of fuel, spare parts and supplies for the fleet of tugboats and barges in Indonesia. Other current assets decreased by US\$0.2 million due to lower advance payments for vessel spare parts and supplies.

Investments in associates increased by US\$0.6 million due to the profits generated from the FSO vessel during the period under review. The decrease in property, plant and equipment of US\$30.1 million from US\$112.2 million as at 31 December 2014 to US\$82.1 million as at 30 September 2015 was mainly due to disposal of a panamax vessel as well as depreciation charges during the period under review which was partly offset by drydocking costs capitalized.

The decrease in trade and other payables from US\$5.2 million as at 31 December 2014 to US\$4.2 million as at 30 September 2015 was in line with the decrease in business activities for the period under review. Total borrowings (current and non-current) decreased by US\$15.6 million from US\$46.8 million as at 31 December 2014 to US\$31.2 million as at 30 September 2015. The decrease was mainly due to repayments of loans and finance lease obligations during the period under review which was partly offset by new borrowings obtained by a subsidiary to finance its working capital.

The Group is in negative working capital position as at 30 September 2015 as its current liabilities exceed current assets by US\$9.1 million. Despite the negative working capital position, the Group continues to generate positive cashflow from operations of US\$4.5 million for current quarter under review and has generated sufficient cashflow to service the current portion of bank loans due on quarterly basis. The Group will continue to tighten its capital expenditures to contain significant cash outflows.

Net cash generated from operating activities and investing activities amounted to US\$4.5 million and US\$12.0 million respectively which was partly offset by net cash used in financing activities of US\$8.6 million. Cash generated from investing activities was mainly due to proceeds from disposal of a panamax vessel which was partly offset by drydocking expenditures incurred for existing fleet of tugboats and barges in Indonesia. . Cash used in financing activities was for repayments of loans, finance lease obligations and interest which was partly offset by new bank loan obtained to finance the working capital of its subsidiary. Arising from the above, the Group generated a net increase in cash and cash equivalents of US\$7.9 million from US\$4.0 million as at 30 June 2015 to US\$11.9 million as at 30 September 2015.

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.

With the sale of the remaining panamax vessel completed in the current quarter, the Group will focus its resources on its fleet of tugboats and barges in Indonesia. The Group will continue to work closely with existing major customers as well as new customers to keep its vessel fleet efficiently deployed.

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	-	7,558
Interest paid to Extend Links Limited ⁽¹⁾	129	-

(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.

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 2015 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 November 2015