SEROJA
INVESTMENTS LIMITED

SEROJA INVESTMENTS LIMITED
(Company Registration Number: 198300847M)

Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2011

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 31/03/2011 US$'000	Restated 3 months ended 31/03/2010 US$'000	Increase/ (Decrease) %
Revenue	10,057	8,770	14.7
Cost of services	(7,604)	(6,714)	13.3
Gross profit	2,453	2,056	19.3
Other gains/(losses)	81	66	22.7
Expenses			
- Administrative	(857)	(765)	12.0
- Finance	(675)	(1,290)	(47.7)
Share of results of associates	276	-	n.m.
Profit before income tax	1,278	67	1807.5
Income tax expense	(94)	(92)	2.2
Net profit/(loss)	1,184	(25)	n.m.
Attributable to:			
Equity holders of the Company	1,017	(117)	n.m.
Non-controlling interests	167	92	81.5
	1,184	(25)	n.m.
Statement of comprehensive income			
Net profit/(loss)	1,184	(25)	n.m.
Currency translation gain	3	72	(95.8)
Total comprehensive income for the period	1,187	47	2425.5
Attributable to:			
Equity holders of the Company	1,020	(45)	n.m.
Non-controlling interests	167	92	81.5
	1,187	47	2425.5

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 31/03/2011 US$'000	**Restated 3 months ended 31/03/2010 US$'000**	**Increase/ (Decrease) %**
Profit before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment,	2,363	2,039	15.9
Gain on foreign exchange	(40)	(57)	(29.9)
Interest expense	675	1,290	(47.7)
Interest income	-	(1)	(100.0)

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	
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,187	1,052	9,420	150
Trade and other receivables	6,196	6,416	22,767	18,667
Inventories	878	606	-	-
Other current assets	1,326	1,292	87	505
	20,587	9,366	32,274	19,322
Non-current assets				
Investments in subsidiaries	-	-	22,138	22,138
Investments in associates	2,076	-	-	-
Property, plant and equipment	119,170	113,569	26	30
	121,246	113,569	22,164	22,168
Total assets	141,833	122,935	54,438	41,490
LIABILITIES				
Current liabilities				
Trade and other payables	8,441	5,528	346	305
Borrowings	14,400	13,400	-	-
	22,841	18,928	346	305
Non-current liabilities				
Borrowings	58,396	57,746	-	-
Deferred income tax liabilities	479	490	-	-
Provision for post employment benefits	142	142	-	-
	59,017	58,378	-	-
Total liabilities	81,858	77,306	346	305
NET ASSETS	59,975	45,629	54,092	41,185
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	31,801	18,642	56,951	43,792
Translation reserve	3	-	-	-
Retained earnings/(accumulated losses)	15,266	14,249	(2,859)	(2,607)
	47,070	32,891	54,092	41,185
Non-controlling interests	12,905	12,738	-	-
	59,975	45,629	54,092	41,185

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

	Group	
	31/03/2011 US$'000	**31/12/2010 US$'000**
Amount repayable in one year or less, or on demand:		
Secured	14,400	13,400
Unsecured	-	-
	14,400	13,400
Amount repayable after one year:		
Secured	33,120	32,470
Unsecured	25,276	25,276
	58,396	57,746
Total borrowings	72,796	71,146

Details of any collateral

Bank borrowings of the Group are secured by the following:

- certain buildings and certain vessels;
- corporate guarantee by subsidiary and joint venture companies,
- pledge of the Company's shares by certain shareholders of the Company;
- an assignment of all moneys and rights to receive money in respect of any of the pledged vessels, and their respective insurances;
- an assignment of all rights in respect of certain coal barging contracts; and
- corporate guarantee by a shareholder.

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	
	2011	**2010**
	US$'000	**US$'000 Restated**
Profit before income tax	1,278	67
Adjustments for:		
Depreciation of property, plant and equipment	2,363	2,039
Interest expense	675	1,290
Interest income	-	(1)
Share of results of associates	(276)	-
Operating cash flow before working capital changes	4,040	3,395
Changes in working capital:		
Inventories	(272)	63
Trade and other receivables	220	(1,108)
Other current assets	(33)	(701)
Trade and other payables	2,982	2
Post employment benefits	-	(6)
Cash generated from operating activities	6,937	1,645
Income tax paid	(105)	(103)
Interest received	-	1
Net cash generated from operating activities	6,832	1,543
Cash Flows from Investing Activities		
Investments in associates	(1,800)	-
Purchase of property, plant and equipment	(7,964)	(4,067)
Net cash used in investing activities	(9,764)	(4,067)
Cash Flows from Financing Activities		
Proceeds from issue of shares - net	13,159	-
Proceeds from borrowings	5,000	-
Repayment of borrowings	(3,350)	(4,350)
Interest paid	(742)	(1,338)
Net cash generated from/(used in) financing activities	14,067	(5,688)
Net increase/(decrease) in cash and cash equivalents	11,135	(8,212)
Cash and cash equivalents at the beginning of the financial period	1,052	21,883
Cash and cash equivalents at the end of the financial period	12,187	13,671

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 2010 - previously reported	18,642	25	12,126	11,728	42,521
Effect of change in accounting policy	-	-	266	289	555
Balance as at 1 January 2010 - restated	18,642	25	12,392	12,017	43,076
Total comprehensive income for the period - **restated**	-	72	(117)	92	47
Balance as at 31 March 2010 - restated	18,642	97	12,275	12,109	43,123
Balance as at 1 January 2011	18,642	-	14,249	12,738	45,629
Total comprehensive income for the period	-	3	1,017	167	1,187
Issue of shares	13,393	-	-	-	13,393
Shares issue expenses	(234)	-	-	-	(234)
Balance as at 31 March 2011	31,801	3	15,266	12,905	59,975

Company

	Share capital US$'000	Translation reserve US$'000	Retained earnings US$'000	Total US$'000
Balance as at 1 January 2010	43,792	25	(1,686)	42,131
Total comprehensive income for the period	-	72	(199)	(127)
Balance as at 31 March 2010	43,792	97	(1,885)	42,004
Balance as at 1 January 2011	43,792	-	(2,607)	41,185
Total comprehensive income for the period	-	-	(252)	(252)
Issue of shares	13,393	-	-	13,393
Shares issue expenses	(234)	-	-	(234)
Balance as at 31 March 2011	56,951	-	(2,859)	54,092

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.

On March 24, 2011, the Company issued 65,000,000 new ordinary shares for cash at an issue price of S$0.26 for each new share, amounting to an aggregate consideration of S$16,900,000.

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 2011 is 390,388,110. (31 December 2010: 325,388,110 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 2011 as compared with those for the audited consolidated financial statements as at 31 December 2010.

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.

In prior financial years, the Group recognised the cost of dry docking directly in the consolidated statement of comprehensive income under "cost of services". With effect from FY2010, the cost of dry docking have been capitalised and depreciated over its estimated useful lives of 30 months. The change in accounting policy is to better reflect the economic substance of dry docking cost as well as to align the accounting policy of the Group with the industry practice.

The change in accounting policy was accounted for retrospectively and the effect as at 1 January 2010 was as follows:

	Increase 1.1.2010
Property, plant and equipment	
Retained earnings	
Non-controlling interest	

The impact of the change in the consolidated statement of comprehensive income for the three months ended 31/03/2010 were as follows:

	3 months ended 31/03/2010
	US$'000
Cost of services before change in accounting policy	6,628
Effect of change in accounting policy	86
Cost of services for the financial period	6,714
Net loss attributable to equity holders of the Company before change in accounting policy	(75)
Effect of change in accounting policy	(42)
Net loss attributable to equity holders of the Company for the financial period	(117)
Loss per share (basic and diluted) before change in accounting policy	(0.02)
Effect of change in accounting policy	(0.02)
Loss per share (basic and diluted) for the financial period	(0.04)

The impact of the change in the consolidated cash flow statement for the three months ended 31/03/2010 were as follows:

	3 months ended 31/03/2010
	US$'000
Depreciation before change in accounting policy	1,943
Effect of change in accounting policy	96
Depreciation for the financial period	2,039
Net cash generated from operating activities before change in accounting policy	1,381
Effect of change in accounting policy	162
Net cash generated from operating activities for the financial period	1,543
Purchase of property, plant and equipment before change in accounting policy	(3,905)
Effect of change in accounting policy	(162)
Purchase of property, plant and equipment for the financial period	(4,067)

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 31/03/2011 US cents	**3 months ended 31/03/2010 US cents (Restated)**
(a) Basic	0.31	(0.04)
(b) Fully diluted basis	0.31	(0.04)

Note 1:

The earnings per ordinary share of the Group for the three months ended 31 March 2011 has been computed based on weighted average of 331,165,888 ordinary shares. (31 March 2010: 325,388,110 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**	
	31/03/11	**31/12/10**	**31/03/11**	**31/12/10**
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	12.06	10.11	13.86	12.66

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 2011 of 390,388,110 shares (31 December 2010: 325,388,110 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 into freight charter revenue and time charter revenue for FY2011Q1 and FY2010Q1 are summarized in the table below:-

	FY2011Q1		FY2010Q1	
	US$'000	%	US$'000	%
Freight charter	6,915	68.8	8,265	94.2
Time charter	3,142	31.2	505	5.8
Total revenue	10,057	100.0	8,770	100.0

<u>Revenue</u>

Revenue increased by 14.7% or US$1.2 million from US$8.8 million in FY2010Q1 to US$10.0 million in FY2011Q1. This was due to higher time charter revenue which was partly offset by lower freight charter revenue. Freight charter revenue decreased by US$1.4 million from US$8.3 million in FY2010Q1 to US$6.9 million in FY2011Q1 due mainly to decrease in transshipments. Time charter revenue increased significantly by US$2.6 million from US$0.5 million in FY2010Q1 to US$3.1 million in FY2011Q1. This was mainly due to addition of 3 new customers as well as contribution from our joint venture with Zhushui Energy Resource Group Co. Ltd which commenced only in June 2010.

<u>Gross Profit</u>

Gross profit increased by US$0.4 million from US$2.1 million in FY2010Q1 to US$2.5 million in FY2011Q1. Gross profit margin increased by 1% from 23.4% in FY2010Q1 to 24.4% in FY2011Q1 mainly due to lesser transshipments in FY2011Q1 as such transshipments generated lower margin.

<u>Other gains/(losses)</u>

Other gains increased from US$66k in FY2010Q1 to US$81k in FY2011Q1 due mainly to gain on disposal of non-current asset which was written off in the last financial year.

<u>Expenses</u>

The increase in administrative expenses of US$0.1 million from US$0.8 million in FY2010Q1 to US$0.9 million in FY2011Q1 was mainly due to salary increment for administrative staff as well as professional fees incurred for the purchase of Panamax vessels through our joint ventures. The decrease in finance cost by US$0.6 million from US$1.3 million in FY2010Q1 to US$0.7 million in FY2011Q1 was mainly due to lower average borrowings by our subsidiary as a result of repayment of bank loans during the financial period as well as no interest charged for related party loan.

Net Profit/(Loss)

Arising from the above, net profit attributable to shareholders was US$1.0 million in FY2011Q1 compared to net loss of US$0.1 million in FY2010Q1. After translation gain, total comprehensive income attributable to shareholders was US$1.0 million in FY2011Q1 compared to loss of US$45,000 in FY2010Q1.

Review of the Group's Financial Position as at 31 March 2011 as compared to the Group's Financial Position as at 31 December 2010

The decrease in trade and other receivables of US$0.2 million was mainly due to prompt collection from customers. Inventories increased by US$0.3 million mainly due to higher purchases for fuel restocking. For other current assets, there was no significant movement for the period under review.

The increase in property, plant and equipment of US$5.6 million from US$113.6 million in December 2010 to US$119.2 million in March 2011 was mainly due to construction in progress of 2 new Panamax vessels as well as drydocking costs capitalized. The increase was partly offset by depreciation expense during the financial period under review.

The increase in trade and other payables of US$2.9 million was mainly due to advance of US$2.5 million from a related party to finance construction of the 2 new Panamax vessels and partly due to the increase in business activities during the financial period under review. The increase in net borrowings of US$1.7 million was due to proportionate share of joint venture's borrowings of US$5 million which is partly offset by repayment of bank loan of US$3.3 million during the financial period under review.

While the Group is in a net asset position as at 31 March 2011, current liabilities exceeded current assets due to the significant investments in property, plant and equipment as well as payment of loan principal and interest. The Group has increased its cash balance by placing out 65 million new shares at S$0.26 per share, raising net proceeds of US$13.2 million. The Group has completed its loan refinancing in April 2011 which will help to reduce the current portion of bank borrowings.

Net cash provided by operating activities and financing activities amounted to US$6.8 million and US$14.1 million respectively which was offset by net cash used in investing activities of US$9.8 million. Cash generated from financing activities was from issue of 65 million new shares which raised net proceeds of US$13.2 million as well as proceeds from bank borrowings by joint venture company of US$5.0 million. This was partly offset by cash used in interest and bank loan repayments. Cash used in investing activities was to fund 2 new Panamax vessels under construction as well as acquisition of 2 associated companies. Arising from the above, the Group generated a net increase in cash and cash equivalents of US$11.1 million from US$1.1 million as at 31 December 2010 to US$12.2 million as at 31 March 2011.

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 strong demand for coal as the main source of energy in Indonesia will continue to drive the demand for our vessel fleet. We will continue to expand and diversify our vessel fleet to cater to the growing demand for marine transportation of energy, mining and infrastructure resources in Indonesia and overseas. Our recent purchase of FSO vessel through our associated companies has contributed significantly to our Group's results.

We will continue to leverage on our established relationship with major customers and will maintain our focus to keep our fleet fully deployed and operating 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.

Not applicable.

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	-	5,317
Professional fees to Ng Chong & Hue LLC	90	-

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 2011 to be false or misleading in any material aspect.

By Order of The Board

Husni Heron
CEO

09 May 2011

Collins Stewart Pte. Limited was the financial adviser ("**Financial Adviser**") to the Company in relation to the reverse takeover of the Group. The Financial Adviser assumes no responsibility for the contents of this announcement, including the correctness of any statements or opinions made or reports contained in this announcement.