

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 2013
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 30/09/2013 US\$'000	3 months ended 30/09/2012 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2013 US\$'000	9 months ended 30/09/2012 US\$'000	Increase/ (Decrease) %
Revenue	17,933	20,481	(12.4)	53,153	53,938	(1.5)
Cost of services	(13,916)	(17,137)	(18.8)	(43,582)	(43,676)	(0.2)
Gross profit	4,017	3,344	20.1	9,571	10,262	(6.7)
Other gains/(losses)	169	21	704.8	83	(82)	n.m.
Expenses						
- Administrative	(838)	(844)	(0.7)	(3,434)	(3,020)	13.7
- Finance	(687)	(1,045)	(34.3)	(2,124)	(2,953)	(28.1)
Share of results of associates	136	211	(35.5)	449	647	(30.6)
Profit before income tax	2,797	1,687	65.8	4,545	4,854	(6.4)
Income tax expense	(168)	(177)	(5.1)	(498)	(503)	(1.0)
Net profit	2,629	1,510	74.1	4,047	4,351	(7.0)
Net profit / Other comprehensive income						
Attributable to:						
Equity holders of the Company	1,195	571	109.3	1,217	2,387	(49.0)
Non-controlling interests	1,434	939	52.7	2,830	1,964	44.1
	2,629	1,510	74.1	4,047	4,351	(7.0)

n.m. – not meaningful

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

	Group			Group		
	3 months ended 30/09/2013 US\$'000	3 months ended 30/09/2012 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2013 US\$'000	9 months ended 30/09/2012 US\$'000	Increase/ (Decrease) %
Profit before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment,	3,236	2,929	10.5	9,515	8,976	6.0
(Gain)/loss on foreign exchange	(166)	(15)	1,006.7	(73)	96	n.m.
Interest expense	687	1,045	(34.3)	2,124	2,953	(28.1)
Interest income	(3)	(5)	(40.0)	(10)	(14)	(28.6)

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	
	30/09/2013 US\$'000	31/12/2012 US\$'000	30/09/2013 US\$'000	31/12/2012 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	3,146	10,451	540	3,645
Trade and other receivables	21,197	15,766	28,850	26,395
Inventories	1,707	1,178	-	-
Other current assets	1,518	801	62	48
	<u>27,568</u>	<u>28,196</u>	<u>29,452</u>	<u>30,088</u>
Non-current assets				
Investments in subsidiaries	-	-	22,138	22,138
Investments in associates	4,436	3,626	-	-
Property, plant and equipment	134,265	141,539	180	224
	<u>138,701</u>	<u>145,165</u>	<u>22,318</u>	<u>22,362</u>
Total assets	<u>166,269</u>	<u>173,361</u>	<u>51,770</u>	<u>52,450</u>
LIABILITIES				
Current liabilities				
Trade and other payables	16,489	14,756	268	347
Finance lease	2,765	2,839	-	-
Borrowings	15,871	15,271	-	-
	<u>35,125</u>	<u>32,866</u>	<u>268</u>	<u>347</u>
Non-current liabilities				
Finance lease	6,320	7,884	-	-
Borrowings	44,252	56,155	-	-
Deferred income tax liabilities	366	400	-	-
Provision for post employment benefits	322	220	-	-
	<u>51,260</u>	<u>64,659</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>86,385</u>	<u>97,525</u>	<u>268</u>	<u>347</u>
NET ASSETS	<u>79,884</u>	<u>75,836</u>	<u>51,502</u>	<u>52,103</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)	22,362	21,144	(5,449)	(4,848)
	<u>54,166</u>	<u>52,948</u>	<u>51,502</u>	<u>52,103</u>
Non-controlling interests	25,718	22,888	-	-
	<u>79,884</u>	<u>75,836</u>	<u>51,502</u>	<u>52,103</u>

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

	Group	
	30/09/2013 US\$'000	31/12/2012 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	15,871	15,271
Unsecured	2,765	2,839
	18,636	18,110
<u>Amount repayable after one year:</u>		
Secured	44,252	56,155
Unsecured	6,320	7,884
	50,572	64,039
Total borrowings	69,208	82,149

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		Group	
	For the 3 months ended 30 September		For the 9 months ended 30 September	
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
Cash Flows from Operating Activities				
Profit before income tax	2,797	1,687	4,545	4,854
Adjustments for:				
Depreciation of property, plant and equipment	3,236	2,929	9,515	8,976
Interest expense	687	1,045	2,124	2,953
Interest income	(3)	(5)	(10)	(14)
Share of results of associates	(136)	(211)	(449)	(647)
Operating cash flow before working capital changes	6,581	5,445	15,725	16,122
Changes in working capital:				
Inventories	58	(292)	(529)	(63)
Trade and other receivables	(4,080)	(2,369)	(5,431)	(3,981)
Other current assets	47	468	(716)	171
Trade and other payables	(758)	4,257	1,644	7,776
Post employment benefits	-	-	102	78
Cash generated from operating activities	1,848	7,509	10,795	20,103
Income tax paid	(179)	(187)	(532)	(536)
Interest received	3	5	10	14
Net cash generated from operating activities	1,672	7,327	10,273	19,582
Cash Flows from Investing Activities				
Investments in associates	(360)	-	(360)	(41)
Purchase of property, plant and equipment	(95)	(873)	(2,242)	(8,844)
Net cash used in investing activities	(455)	(873)	(2,602)	(8,885)
Cash Flows from Financing Activities				
Proceeds from borrowings	-	-	-	4,850
Repayment of borrowings	(3,968)	(3,858)	(11,303)	(10,766)
Payment of finance lease	(753)	(752)	(1,756)	(2,257)
Interest paid	(592)	(1,051)	(1,917)	(2,979)
Net cash used in financing activities	(5,313)	(5,661)	(14,976)	(11,152)
Net (decrease)/increase in cash and cash equivalents	(4,096)	793	(7,305)	(456)
Cash and cash equivalents at the beginning of the financial period	7,242	11,841	10,451	13,090
Cash and cash equivalents at the end of the financial period	3,146	12,634	3,146	12,634
Represented by:				
Short-term bank deposits	538	3,495	538	3,495
Cash and bank balances	2,608	9,139	2,608	9,139
	3,146	12,634	3,146	12,634

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 July 2012	31,801	3	19,080	20,018	70,902
Total comprehensive income for the period	-	-	571	939	1,510
Balance as at 30 September 2012	<u>31,801</u>	<u>3</u>	<u>19,651</u>	<u>20,957</u>	<u>72,412</u>
Balance as at 1 July 2013	31,801	3	21,166	24,284	77,254
Total comprehensive income for the period	-	-	1,195	1,434	2,629
Balance as at 30 September 2013	<u>31,801</u>	<u>3</u>	<u>22,361</u>	<u>25,718</u>	<u>79,883</u>

Company

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 July 2012	56,951	(4,412)	52,539
Total comprehensive loss for the period	-	(224)	(224)
Balance as at 30 September 2012	<u>56,951</u>	<u>(4,636)</u>	<u>52,315</u>
Balance as at 1 July 2013	56,951	(5,301)	51,650
Total comprehensive loss for the period	-	(148)	(148)
Balance as at 30 September 2013	<u>56,951</u>	<u>(5,449)</u>	<u>51,502</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 2013 to 30 September 2013.

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 2013 is 390,388,110. (31 December 2012: 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 2013 as compared with those for the audited consolidated financial statements as at 31 December 2012.

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 30/09/13 US cents	3 months ended 30/09/12 US cents	9 months ended 30/09/13 US cents	9 months ended 30/09/12 US cents
(a) Basic	0.31	0.15	0.31	0.61
(b) Fully diluted basis	0.31	0.15	0.31	0.61

Note 1:

The earnings per ordinary share of the Group for the nine months ended 30 September 2013 has been computed based on weighted average of 390,388,110 ordinary shares. (30 September 2012: 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	
	30/09/13	31/12/12	30/09/13	31/12/12
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	13.87	13.56	13.19	13.35

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 2013 of 390,388,110 shares (31 December 2012: 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 FY2013Q3 and FY2012Q3 are summarised in the table below:-

	FY2013Q3		FY2012Q3	
	US\$'000	%	US\$'000	%
Freight charter	13,883	77.4	14,551	71.0
Time charter	4,050	22.6	5,930	29.0
Total revenue	17,933	100.0	20,481	100.0

Revenue

Revenue decreased by 12.4% or US\$2.6 million from US\$20.5 million in FY2012Q3 to US\$17.9 million in FY2013Q3 due to both lower freight charter and time charter revenue. Freight charter revenue decreased by US\$0.7 million from US\$14.6 million in FY2012Q3 to US\$13.9 million in FY2013Q3 due mainly to lower tonnage delivered for a customer which is partly offset by higher transshipments made to a major customer. Time charter revenue decreased by US\$1.9 million from US\$5.9 million in FY2012Q3 to US\$4.0 million in FY2013Q3 due mainly to lesser time charter contracts secured for tugboats and barges in Indonesia as customers prefer to charter on spot or per voyage basis due to the prevailing weak freight rates.

Gross Profit

Gross profit increased by US\$0.7 million from US\$3.3 million in FY2012Q3 to US\$4.0 million in FY2013Q3. Gross profit margin increased by 6.1% from 16.3% in FY2012Q3 to 22.4% in FY2013Q3, mainly attributable to higher rate for freight charter contracts and lower fuel costs which is partly offset by higher depreciation expenses.

Other gains/(losses)

The increase in other gains was due to exchange gains arising from Indonesian rupiah depreciating against US dollars.

Expenses

No material change was noted for administrative expenses. The decrease in finance expenses by US\$0.3 million from US\$1.0 million in FY2012Q3 to US\$0.7 million in FY2013Q3 was mainly due to lower bank borrowings as a result of repayments made.

Share of results of associates

The share of results of associates decreased by US\$75k from US\$211k in FY2012Q3 to US\$136k in FY2013Q3 was mainly due to inspection costs incurred by the FSO vessel in FY2013Q3 as compared to no such costs in FY2012Q3.

Net Profit

Arising from the above, net profit attributable to shareholders increased by US\$0.6 million from US\$0.6 million in FY2012Q3 to US\$1.2 million in FY2013Q3.

Review of the Group's Financial Position as at 30 September 2013 as compared to the Group's Financial Position as at 31 December 2012

The increase in trade and other receivables by US\$5.4 million was due to slower payment by charterer of the vessels under joint venture with Zhushui. Inventories increased by US\$0.5 million mainly due to more fuel and vessel supplies purchased, in line with increase in utilization of our fleet of tugboats and barges in Indonesia. The increase in other current assets of US\$0.7 million was mainly due to increase in value added taxes from higher inventory purchases.

Investments in associates increased by US\$0.8 million was mainly due to additional investment from capital call made by an associated company as well as profits generated by the FSO vessel during the period under review. The decrease in property, plant and equipment of US\$7.3 million from US\$141.5 million as at 31 December 2012 to US\$134.2 million as at 30 September 2013 was mainly due to depreciation charges during the period under review which was partly offset by drydocking costs capitalized.

The increase in trade and other payables of US\$1.7 million 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\$12.9 million from US\$82.1 million as at 31 December 2012 to US\$69.2 million as at 30 September 2013. The decrease was due to instalment repayments of finance lease obligations and bank loans during the period under review.

The Group is in negative working capital position as at 30 September 2013 as its current liabilities exceed current assets by US\$7.6 million. Despite this, the Group continues to generate positive cashflow from operations of US\$1.7 million for current quarter under review and has increased its gross profit margin to 22.4% this quarter as compared to 19.5% in FY2013Q2. The Group has also tightened its capital expenditures to contain significant cash outflows. Based on above, the Group believes it is able to meet its short term obligations as and when they fall due.

Net cash generated from operating activities amounted to US\$1.7 million which was partly offset by net cash used in investing activities and financing activities of US\$0.5 million and US\$5.3 million respectively. Cash used in investing activities was mainly for capital call by an associated company and 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 decrease in cash and cash equivalents of US\$4.1 million from US\$7.2 million as at 30 June 2013 to US\$3.1 million as at 30 September 2013.

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.

Freight rate has improved slightly for its fleet of tugboats and barges in Indonesia but is not expected to recover strongly due to the general weak economic conditions. Freight rate for large drybulk vessels has experienced some volatility recently. However, the Group's large vessels under joint venture are fixed under time charter contracts and will not be impacted by the recent volatility until expiry of the time charter contracts.

The Group expects to keep its fleet of tugboats and barges in Indonesia fully deployed due to demand from its existing major customers.

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	-	10,123

14. Update on the use of net proceeds from the Placement

The net proceeds of approximately S\$16.6 million from the Placement exercise completed on 24 March 2011 was fully utilized as per the company's announcement through SGXnet on 26 September 2013. The use of net proceeds is in accordance to its stated use as stated in the Placement exercise and part of the net proceeds was re-allocated to working capital use as per the company's announcement through SGXnet on 8 February 2013.

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 Second Quarter Results of the Group for the financial period ended 30 September 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Husni Heron
Director

Masdjan
Director

By Order of The Board

Husni Heron
CEO

11 November 2013