

**SEROJA INVESTMENTS LIMITED**

(Company Registration Number: 198300847M)

**Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 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			Group		
	3 months ended 30/09/2014 US\$'000	3 months ended 30/09/2013 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2014 US\$'000	9 months ended 30/09/2013 US\$'000	Increase/ (Decrease) %
<b>Revenue</b>	15,412	17,933	(14.1)	50,242	53,153	(5.5)
Cost of services	(12,337)	(13,916)	(11.3)	(38,655)	(43,582)	(11.3)
Gross profit	3,075	4,017	(23.5)	11,587	9,571	21.1
Other gains/(losses)	931	169	450.9	1,063	83	1,180.7
Expenses						
- Administrative	(1,003)	(838)	19.7	(2,927)	(3,434)	(14.8)
- Finance	(516)	(687)	(24.9)	(1,594)	(2,124)	(25.0)
Share of results of associates	192	136	41.2	113	449	(74.8)
Profit before income tax	2,679	2,797	(4.2)	8,242	4,545	81.3
Income tax expense	(156)	(168)	(7.1)	(508)	(498)	2.0
<b>Net profit</b>	2,523	2,629	(4.0)	7,734	4,047	91.1
Other comprehensive income	-	-		-	-	
<b>Total comprehensive income for the period</b>	2,523	2,629	(4.0)	7,734	4,047	91.1
<b>Net profit/Total comprehensive income</b>						
<b>Attributable to:</b>						
Equity holders of the Company	1,507	1,195	26.1	3,577	1,217	193.9
Non-controlling interests	1,016	1,434	(29.1)	4,157	2,830	46.9
	2,523	2,629	(4.0)	7,734	4,047	91.1

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 30/09/2014 US\$'000	3 months ended 30/09/2013 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2014 US\$'000	9 months ended 30/09/2013 US\$'000	Increase/ (Decrease) %
Profit before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment,	2,833	3,236	(12.5)	8,541	9,515	(10.2)
Gain on foreign exchange	(228)	(166)	37.6	(342)	(73)	368.6
Gain on disposal of subsidiary	(697)	-	n.m.	(697)	-	n.m.
Gain on disposal of property, plant equipment,	-	-	n.m.	(7)	-	n.m.
Interest expense	516	687	(24.9)	1,594	2,124	(25.0)
Interest income	(6)	(3)	100.0	(17)	(10)	70.0

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	
	30/09/2014 US\$'000	31/12/2013 US\$'000	30/09/2014 US\$'000	31/12/2013 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6,722	4,292	58	346
Trade and other receivables	23,379	20,124	27,905	28,850
Non-current asset classified as held-for- sale	24,303	3,277	-	-
Inventories	1,653	2,193	-	-
Other current assets	1,211	585	64	56
	<u>57,268</u>	<u>30,471</u>	<u>28,027</u>	<u>29,252</u>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	23,441	22,138
Investments in associates	4,720	4,607	-	-
Property, plant and equipment	90,739	116,640	120	165
	<u>95,459</u>	<u>121,247</u>	<u>23,561</u>	<u>22,303</u>
<b>Total assets</b>	<u>152,727</u>	<u>151,718</u>	<u>51,588</u>	<u>51,555</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	23,447	18,471	366	339
Finance lease	2,670	2,741	-	-
Borrowings	21,700	27,155	-	-
	<u>47,817</u>	<u>48,367</u>	<u>366</u>	<u>339</u>
<b>Non-current liabilities</b>				
Finance lease	3,149	5,143	-	-
Borrowings	23,550	29,000	-	-
Deferred income tax liabilities	321	355	-	-
Provision for post employment benefits	418	418	-	-
	<u>27,438</u>	<u>34,916</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>75,255</u>	<u>83,283</u>	<u>366</u>	<u>339</u>
<b>NET ASSETS</b>	<u>77,472</u>	<u>68,435</u>	<u>51,222</u>	<u>51,216</u>
<b>EQUITY</b>				
<b>Capital and reserve attributable to equity holders of the Company</b>				
Share capital	31,801	31,801	56,951	56,951
Translation reserve	3	3	-	-
Retained earnings/(accumulated losses)	14,284	10,707	(5,729)	(5,735)
	<u>46,088</u>	<u>42,511</u>	<u>51,222</u>	<u>51,216</u>
Non-controlling interests	31,384	25,924	-	-
	<u>77,472</u>	<u>68,435</u>	<u>51,222</u>	<u>51,216</u>

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

	Group	
	30/09/2014 US\$'000	31/12/2013 US\$'000
<b><u>Amount repayable in one year or less, or on demand:</u></b>		
Secured	21,700	27,155
Unsecured	2,670	2,741
	24,370	29,896
<b><u>Amount repayable after one year:</u></b>		
Secured	23,550	29,000
Unsecured	3,149	5,143
	26,699	34,143
<b>Total borrowings</b>	51,069	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		Group	
	For the 3 months ended		For the 9 months ended	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	2,679	2,797	8,242	4,545
Adjustments for:				
Depreciation of property, plant and equipment	2,833	3,236	8,541	9,515
Gain on disposal of subsidiary	(697)	-	(697)	-
Gain on disposal of property, plant and equipment	-	-	(7)	-
Interest expense	516	687	1,594	2,124
Interest income	(6)	(3)	(17)	(10)
Share of results of associates	(192)	(136)	(113)	(449)
Operating cash flow before working capital changes	5,133	6,581	17,543	15,725
Changes in working capital:				
Inventories	284	58	540	(529)
Trade and other receivables	1,069	(4,080)	(3,256)	(5,431)
Other current assets	(183)	47	(625)	(716)
Trade and other payables	1,699	(758)	5,048	1,644
Post employment benefits	-	-	-	102
<b>Cash generated from operating activities</b>	8,002	1,848	19,250	10,795
Income tax paid	(167)	(179)	(541)	(532)
Interest received	6	3	17	10
<b>Net cash generated from operating activities</b>	7,841	1,672	18,726	10,273
<b>Cash Flows from Investing Activities</b>				
Disposal of subsidiary	2,000	-	2,000	-
Investments in associates	-	(360)	-	(360)
Purchase of property, plant and equipment	(3,047)	(95)	(6,945)	(2,242)
Proceeds from disposal of property, plant and equipment	-	-	3,285	-
<b>Net cash used in investing activities</b>	(1,047)	(455)	(1,660)	(2,602)
<b>Cash Flows from Financing Activities</b>				
Repayment of borrowings	(3,012)	(3,968)	(10,904)	(11,303)
Payment of finance lease	(752)	(753)	(2,257)	(1,756)
Interest paid	(468)	(592)	(1,475)	(1,917)
<b>Net cash used in financing activities</b>	(4,232)	(5,313)	(14,636)	(14,976)
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,562	(4,096)	2,430	(7,305)
<b>Cash and cash equivalents at the beginning of the financial period</b>	4,160	7,242	4,292	10,451
<b>Cash and cash equivalents at the end of the financial period</b>	6,722	3,146	6,722	3,146
<b>Represented by:</b>				
Short-term bank deposits	-	2,398	-	2,398
Cash and bank balances	6,722	748	6,722	748
	6,722	3,146	6,722	3,146

**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**

	<b>Share capital US\$'000</b>	<b>Translation reserve US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Non-controlling Interests US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 July 2013</b>	31,801	3	21,166	24,284	77,254
Total comprehensive income for the period	-	-	1,195	1,434	2,629
<b>Balance as at 30 September 2013</b>	<u>31,801</u>	<u>3</u>	<u>22,361</u>	<u>25,718</u>	<u>79,883</u>
<b>Balance as at 1 July 2014</b>	31,801	3	12,777	29,065	73,646
NCI in subsidiary disposed	-	-	-	1,303	1,303
Total comprehensive income for the period	-	-	1,507	1,016	2,523
<b>Balance as at 30 September 2014</b>	<u>31,801</u>	<u>3</u>	<u>14,284</u>	<u>31,384</u>	<u>77,472</u>

**Company**

	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 July 2013</b>	56,951	(5,301)	51,650
Total comprehensive loss for the period	-	(148)	(148)
<b>Balance as at 30 September 2013</b>	<u>56,951</u>	<u>(5,449)</u>	<u>51,502</u>
<b>Balance as at 1 July 2014</b>	56,951	(6,201)	50,750
Total comprehensive income for the period	-	472	472
<b>Balance as at 30 September 2014</b>	<u>56,951</u>	<u>(5,729)</u>	<u>51,222</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 2014 to 30 September 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 30 September 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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the nine months ended 30 September 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.

	3 months ended 30/09/14 US cents	3 months ended 30/09/13 US cents	9 months ended 30/09/14 US cents	9 months ended 30/09/13 US cents
<b>(a) Basic</b>	0.35	0.31	0.88	0.31
<b>(b) Fully diluted basis</b>	0.35	0.31	0.88	0.31

Note 1:

The earnings per ordinary share of the Group for the nine months ended 30 September 2014 has been computed based on weighted average of 390,388,110 ordinary shares. (30 September 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	
	30/09/14	31/12/13	30/09/14	31/12/13
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	11.42	10.89	13.00	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 30 September 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 FY2014Q3 and FY2013Q3 are summarised in the table below:-

	FY2014Q3		FY2013Q3	
	US\$'000	%	US\$'000	%
Freight charter	13,679	88.8	13,709	76.4
Time charter	1,733	11.2	4,224	23.6
<b>Total revenue</b>	<b>15,412</b>	<b>100.0</b>	<b>17,933</b>	<b>100.0</b>

#### **Revenue**

Revenue decreased by 14.1% or US\$2.5 million from US\$17.9 million in FY2013Q3 to US\$15.4 million in FY2014Q3 due mainly to lower time charter revenue. Time charter revenue decreased by US\$2.5 million from US\$4.1 million in FY2013Q3 to US\$2.6 million in FY2014Q3 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. One of the two panamax vessels under joint venture was also put on off hire in September 2014 due to its pending sale which did not materialize as announced through SGXNet on 23 October 2014. The lower time charter revenue was also partly due to non renewal of time charter contract by a customer as well as lower demand from existing customers for time charter of tugboats and barges in Indonesia.

#### **Gross Profit**

Gross profit decreased by US\$0.9 million from US\$4.0 million in FY2013Q3 to US\$3.1 million in FY2014Q3 mainly due to lower time charter revenue which is partly offset by lower depreciation charges, management and maintenance fees as a result of the disposal of the capesize vessel as abovementioned. Gross profit margin decreased from 22.4% in FY2013Q3 to 20.0% in FY2014Q3 mainly due to lower time charter revenue from its vessel fleet in Indonesia as well as no time charter revenue from the capesize vessel and one of the two panamax vessels under joint venture as abovementioned.

#### **Other gains/(losses)**

Other gains for FY2014Q3 comprised 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 mainly exchange gain of US\$0.2 million in FY2013Q3.

#### **Expenses**

Administrative expenses increased by US\$0.2 million mainly due to professional fees and related costs incurred in sale of vessels under joint venture. The decrease in finance expenses by US\$0.2 million from US\$0.7 million in FY2013Q3 to US\$0.5 million in FY2014Q3 was mainly due to lower bank borrowings as a result of repayments made.

## **Share of results of associates**

The share of results of associates increased by US\$56k from US\$136k in FY2013Q3 to US\$192k in FY2014Q3 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 increased by 26.1% or US\$0.3 million from US\$1.2 million in FY2013Q3 to US\$1.5 million in FY2014Q3.

## **Review of the Group's Financial Position as at 30 September 2014 as compared to the Group's Financial Position as at 31 December 2013**

The increase in trade and other receivables by US\$3.3 million was mainly due to slower payment by charterer of vessels jointly owned with Zhushui. Non-current asset classified as held for sale of US\$24.3 million as at 30 September 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\$0.5 million mainly due to more vessels drydocked in September 2014 as compared to December 2013 which resulted in lower fuel and spare parts required. Other current assets increased by US\$0.6 million due mainly to higher prepaid insurance expense for our fleet of tugboats and barges in Indonesia.

Investments in associates increased by US\$0.1 million mainly due to profits generated by our FSO vessel during the period under review which is partly offset by losses incurred from chartering another FSO vessel at beginning of the year due to maintenance works performed on our FSO vessel. The decrease in property, plant and equipment of US\$25.9 million from US\$116.6 million as at 31 December 2013 to US\$90.7 million as at 30 September 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 were partly offset by acquisition of 1 set of tugboat and barge as well as drydocking costs capitalized.

The increase in trade and other payables from US\$18.5 million as at 31 December 2013 to US\$23.4 million as at 30 September 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\$13.0 million from US\$64.0 million as at 31 December 2013 to US\$51.0 million as at 30 September 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 amounted to US\$7.8 million which was partly offset by net cash used in investing activities and financing activities of US\$1.1 million and US\$4.2 million respectively. Cash used in investing activities was mainly for balance payment for a set of tugboat and barge as well as drydocking expenditures incurred for existing fleet of tugboats and barges which were partly offset by sale proceeds from 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. Arising from the above, the Group generated a net increase in cash and cash equivalents of US\$2.5 million from US\$4.2 million as at 30 June 2014 to US\$6.7 million as at 30 September 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 expects demand from major customers to keep its fleet fully deployed. One panamax vessel under joint venture company, Seroja Zhushui 5 Shipping Limited, was arrested as announced through SGXNet on 23 October 2014. The joint venture company is in process of getting the vessel out of detention and will update when there is any material development in relation to the said vessel.

**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	-	8,437
Purchase of 50% equity stake in Seroja Shipping Services Pte Ltd by Extend Links Limited <sup>(1)</sup>	-	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.

**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 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 November 2014**