



**SEROJA INVESTMENTS LIMITED**

(Company Registration Number: 198300847M)

**Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 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			
	3 months ended 31/03/2013 US\$'000	3 months ended 31/03/2012 US\$'000	Increase/ (Decrease) %
<b>Revenue</b>	16,774	17,015	(1.4)
Cost of services	(14,818)	(13,529)	9.5
Gross profit	1,956	3,486	(43.9)
Other gains/(losses)	(47)	(150)	(68.7)
Expenses			
- Administrative	(1,415)	(1,074)	31.8
- Finance	(761)	(910)	(16.4)
Share of results of associates	80	255	(68.6)
(Loss)/Profit before income tax	(187)	1,607	n.m.
Income tax expense	(155)	(159)	(2.5)
<b>Net (loss)/profit</b>	<b>(342)</b>	<b>1,448</b>	<b>n.m.</b>
<b>Attributable to:</b>			
Equity holders of the Company	(516)	964	n.m.
Non-controlling interests	174	484	(64.0)
	(342)	1,448	n.m.
<b>Other comprehensive (loss)/income</b>			
<b>Attributable to:</b>			
Equity holders of the Company	(516)	964	n.m.
Non-controlling interests	174	484	(64.0)
	(342)	1,448	n.m.

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 31/03/2013 US\$'000	3 months ended 31/03/2012 US\$'000	Increase/ (Decrease) %
Profit/(loss) before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment,	3,110	2,968	4.8
Loss on foreign exchange	51	154	(66.9)
Interest expense	761	910	(16.4)
Interest income	(4)	(4)	-

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	
	31/03/2013 US\$'000	31/12/2012 US\$'000	31/03/2013 US\$'000	31/12/2012 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	8,182	10,451	2,611	3,645
Trade and other receivables	13,923	15,766	27,197	26,395
Inventories	1,474	1,178	-	-
Other current assets	1,512	801	69	48
	<u>25,091</u>	<u>28,196</u>	<u>29,877</u>	<u>30,088</u>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	22,138	22,138
Investments in associates	3,706	3,626	-	-
Property, plant and equipment	139,572	141,539	209	224
	<u>143,278</u>	<u>145,165</u>	<u>22,347</u>	<u>22,362</u>
<b>Total assets</b>	<u>168,369</u>	<u>173,361</u>	<u>52,224</u>	<u>52,450</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	14,404	14,756	350	347
Finance lease liabilities	2,814	2,839	-	-
Borrowings	15,366	15,271	-	-
	<u>32,584</u>	<u>32,866</u>	<u>350</u>	<u>347</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	7,189	7,884	-	-
Borrowings	52,392	56,155	-	-
Deferred income tax liabilities	388	400	-	-
Provision for post employment benefits	322	220	-	-
	<u>60,291</u>	<u>64,659</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>92,875</u>	<u>97,525</u>	<u>350</u>	<u>347</u>
<b>NET ASSETS</b>	<u>75,494</u>	<u>75,836</u>	<u>51,874</u>	<u>52,103</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)	20,628	21,144	(5,077)	(4,848)
	<u>52,432</u>	<u>52,948</u>	<u>51,874</u>	<u>52,103</u>
Non-controlling interests	23,062	22,888	-	-
	<u>75,494</u>	<u>75,836</u>	<u>51,874</u>	<u>52,103</u>

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

	Group	
	31/03/2013 US\$'000	31/12/2012 US\$'000
<b><u>Amount repayable in one year or less, or on demand:</u></b>		
Secured	15,366	15,271
Unsecured	2,814	2,839
	18,180	18,110
<b><u>Amount repayable after one year:</u></b>		
Secured	52,392	56,155
Unsecured	7,189	7,884
	59,581	64,039
<b>Total borrowings</b>	<b>77,761</b>	<b>82,149</b>

**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	
	2013	2012
	US\$'000	US\$'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/Profit before income tax	(187)	1,607
Adjustments for:		
Depreciation of property, plant and equipment	3,110	2,968
Interest expense	761	910
Interest income	(4)	(4)
Share of results of associates	(80)	(255)
Operating cash flow before working capital changes	3,600	5,226
Changes in working capital:		
Inventories	(296)	(55)
Trade and other receivables	1,843	(1,045)
Other current assets	(711)	(107)
Trade and other payables	(244)	2,017
Post employment benefits	102	78
<b>Cash generated from operating activities</b>	4,294	6,114
Income tax paid	(166)	(171)
Interest received	4	4
<b>Net cash generated from operating activities</b>	4,132	5,947
<b>Cash Flows from Investing Activities</b>		
Investments in associates	-	(41)
Purchase of property, plant and equipment	(1,144)	(7,198)
<b>Net cash used in investing activities</b>	(1,144)	(7,239)
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	-	4,850
Repayment of borrowings	(3,668)	(3,050)
Payment of finance lease	(752)	(752)
Interest paid	(837)	(922)
<b>Net cash (used in)/generated from financing activities</b>	(5,257)	126
<b>Net decrease in cash and cash equivalents</b>	(2,269)	(1,166)
<b>Cash and cash equivalents at the beginning of the financial period</b>	10,451	13,090
<b>Cash and cash equivalents at the end of the financial period</b>	8,182	11,924
<b>Represented by:</b>		
Short-term bank deposits	2,447	5,394
Cash and bank balances	5,735	6,530
	8,182	11,924

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
<b>Balance as at 1 Jan 2012</b>	31,801	3	17,264	18,993	68,061
Total comprehensive income for the period	-	-	964	484	1,448
<b>Balance as at 31 March 2012</b>	<u>31,801</u>	<u>3</u>	<u>18,228</u>	<u>19,477</u>	<u>69,509</u>
<b>Balance as at 1 Jan 2013</b>	31,801	3	21,144	22,888	75,836
Total comprehensive (loss)/income for the period	-	-	(516)	174	(342)
<b>Balance as at 31 March 2013</b>	<u>31,801</u>	<u>3</u>	<u>20,628</u>	<u>23,062</u>	<u>75,494</u>

**Company**

	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 Jan 2012</b>	56,951	(3,609)	53,342
Total comprehensive loss for the period	-	(405)	(405)
<b>Balance as at 31 March 2012</b>	<u>56,951</u>	<u>(4,014)</u>	<u>52,937</u>
<b>Balance as at 1 Jan 2013</b>	56,951	(4,848)	52,103
Total comprehensive loss for the period	-	(229)	(229)
<b>Balance as at 31 March 2013</b>	<u>56,951</u>	<u>(5,077)</u>	<u>51,874</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 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 31 March 2013 is 390,388,110. (31 March 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.**

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 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. (Loss)/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.

	Group	
	3 months ended 31/03/2013 US cents	3 months ended 31/03/2012 US cents
	(a) Basic	(0.13)
(b) Fully diluted basis	(0.13)	0.25

Note 1:

The (loss)/earnings per ordinary share of the Group for the first quarter ended 31 March 2013 has been computed based on weighted average of 390,388,110 ordinary shares. (31 March 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	
	31/03/13	31/12/12	31/03/13	31/12/12
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	13.43	13.56	13.29	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 31 March 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 FY2013Q1 and FY2012Q1 are summarised in the table below:-

	FY2013Q1		FY2012Q1	
	US\$'000	%	US\$'000	%
Freight charter	12,794	76.3	12,679	74.5
Time charter	3,980	23.7	4,336	25.5
Total revenue	16,774	100.0	17,015	100.0

#### **Revenue**

Revenue decreased by 1.4% or US\$0.2 million from US\$17.0 million in FY2012Q1 to US\$16.8 million in FY2013Q1 due to lower time charter revenue which is partly offset by higher freight charter revenue for the period under review. Freight charter revenue increased by US\$0.1 million from US\$12.7 million in FY2012Q1 to US\$12.8 million in FY2013Q1 due mainly to more transshipments provided to an existing customer as well as services to new customers which are partly offset by reduced shipments for a major customer due to lower cargo shipments. Time charter revenue decreased by US\$0.3 million from US\$4.3 million in FY2012Q1 to US\$4.0 million in FY2013Q1 due mainly 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 FY2013Q1 as compared to FY2012Q1.

#### **Gross Profit**

The lower freight rates generated for transshipments due to the shorter distances travelled coupled with higher operating costs from fuel, depreciation, management and maintenance fees of our vessels have resulted in the significant decrease in gross profit by 43.9% or US\$1.5 million from US\$3.5 million in FY2012Q1 to US\$2.0 million in FY2013Q1. Accordingly, our gross profit margin decreased from 20.5% in FY2012Q1 to 11.7% in FY2013Q1.

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

Other losses in FY2013Q1 was lower than FY2012Q1 due to lower exchange losses from foreign currency fluctuations.

#### **Expenses**

Administrative expenses increased by US\$0.3 million from US\$1.1 million in FY2012Q1 to US\$1.4 million in FY2013Q1 mainly due to increase in professional fees and personnel expenses. The decrease in finance cost by US\$0.1 million from US\$0.9 million in FY2012Q1 to US\$0.8 million in FY2013Q1 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\$0.2 million from US\$0.3 million in FY2012Q1 to US\$0.1 million in FY2013Q1 was mainly due to losses incurred in accounting for fair value of derivative associated with the loan to finance the FSO vessel acquisition.

### **Net Loss**

Arising from the above, there was a net loss attributable to shareholders of US\$0.5 million for the current quarter under review as compared to a net profit attributable to shareholders of US\$1.0 million for FY2012Q1.

### **Review of the Group's Financial Position as at 31 March 2013 as compared to the Group's Financial Position as at 31 December 2012**

The decrease in trade and other receivables of US\$1.8 million was due mainly to the lower revenue generated in the last 2 months for the current quarter ended 31 March 2013 as well as prompt payments from major customers. The increase in inventories of US\$0.3 million was mainly due to purchasing more fuel and vessel supplies as higher quantity purchased was offered at a discounted price. Other current assets increased by US\$0.7 million due to insurance claims receivable for repair works performed on a damaged barge.

Investments in associates increased by US\$0.1 million due to the profits generated by the FSO vessel during the period under review. The decrease in property, plant and equipment of US\$2.0 million from US\$141.5 million as at 31 December 2012 to US\$139.5 million as at 31 March 2013 was mainly due to depreciation charges during the period under review which was partly offset by drydocking costs capitalized.

The decrease in trade and other payables of US\$0.4 million was in line with the decrease in business activities for the period under review. Total borrowings (current and non-current) decreased by US\$4.4 million from US\$82.1 million as at 31 December 2012 to US\$77.7 million as at 31 March 2013. The decrease was due to instalment repayments of finance lease obligations and bank loans during the period under review.

The Group is in net asset position despite its current liabilities exceeding current assets. Despite this, the Group continues to generate positive cash flows from operations which will improve the current ratio.

Net cash generated from operating activities amounted to US\$4.1 million which were partly offset by net cash used in investing activities and financing activities of US\$1.1 million and US\$5.3 million respectively. Cash used in investing activities was mainly 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 decrease in cash and cash equivalents of US\$2.3 million from US\$10.5 million as at 31 December 2012 to US\$8.2 million as at 31 March 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.**

The Group will continue to grow its Indonesian operations with its competitive edge of having a strong fleet of tugboats and barges. We have secured 4 new customers for the current quarter and will continue to work closely with our existing major customers to keep our fleet efficiently deployed.

For our large vessels under joint ventures, we will continue to work closely with our joint venture partners to explore options for the vessels so as to optimize returns for the joint ventures in the current weak operating environment for large drybulk carriers.

## 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	-	8,714

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

For the current quarter ended 31 March 2013, the Company has utilized approximately S\$3.0 million of the net proceeds as working capital. The use of net proceeds is in accordance to its stated use as stated in the Placement exercise and part of the net proceeds amounting to approximately S\$5.3 million was re-allocated as per the company's announcement through SGXnet on 8 February 2013. The working capital disbursements of S\$3.0 million are utilized as follows:-

	S\$ million
Payments of head office expenses (Note 1)	0.5
Payments of vessels' management fees	2.5
Total	<u>3.0</u>

Note 1: Head office expenses comprised mainly of remuneration of staff and directors, professional fees, printing costs and office rental.

As at 31 March 2013, the balance of the net proceeds is approximately S\$2.4 million which is allocated wholly for general working capital use.

**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 2013 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**

**14 May 2013**