

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2012
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 31/03/2012 US\$'000	3 months ended 31/03/2011 US\$'000	Increase/ (Decrease) %
Revenue	17,015	10,057	69.2
Cost of services	(13,529)	(7,604)	77.9
Gross profit	3,486	2,453	42.1
Other (losses)/gains	(150)	81	n.m.
Expenses			
- Administrative	(1,074)	(857)	25.3
- Finance	(910)	(675)	34.8
Share of results of associates	255	276	(7.6)
Profit before income tax	1,607	1,278	25.7
Income tax expense	(159)	(94)	69.1
Net profit	1,448	1,184	22.3
Attributable to:			
Equity holders of the Company	964	1,017	(5.2)
Non-controlling interests	484	167	189.8
	1,448	1,184	22.3
Other comprehensive income			
Net profit	1,448	1,184	22.3
Currency translation gain	-	3	(100.0)
Total comprehensive income for the period	1,448	1,187	22.0
Attributable to:			
Equity holders of the Company	964	1,020	(5.5)
Non-controlling interests	484	167	189.8
	1,448	1,187	22.0

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 31/03/2012 US\$'000	3 months ended 31/03/2011 US\$'000	Increase/ (Decrease) %
Profit before income tax is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment,	2,968	2,363	25.6
Loss/(gain) on foreign exchange	154	(40)	n.m.
Interest expense	910	675	34.8
Interest income	(4)	-	n.m.

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	
	31/03/2012 US\$'000	31/12/2011 US\$'000	31/03/2012 US\$'000	31/12/2011 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	11,924	13,090	5,607	7,973
Trade and other receivables	11,706	10,661	25,177	23,172
Inventories	1,196	1,140	-	-
Other current assets	1,176	1,070	59	77
	<u>26,002</u>	<u>25,961</u>	<u>30,843</u>	<u>31,222</u>
Non-current assets				
Investments in subsidiaries	-	-	22,138	22,138
Investments in associates	3,066	2,770	-	-
Property, plant and equipment	147,712	143,482	270	285
	<u>150,778</u>	<u>146,252</u>	<u>22,408</u>	<u>22,423</u>
Total assets	<u>176,780</u>	<u>172,213</u>	<u>53,251</u>	<u>53,645</u>
LIABILITIES				
Current liabilities				
Trade and other payables	6,951	4,954	314	303
Finance Lease	2,914	2,940	-	-
Borrowings	15,700	12,200	-	-
	<u>25,565</u>	<u>20,094</u>	<u>314</u>	<u>303</u>
Non-current liabilities				
Finance Lease	9,752	10,471	-	-
Borrowings	71,300	73,000	-	-
Deferred income tax liabilities	434	445	-	-
Provision for post employment benefits	220	142	-	-
	<u>81,706</u>	<u>84,058</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>107,271</u>	<u>104,152</u>	<u>314</u>	<u>303</u>
NET ASSETS	<u>69,509</u>	<u>68,061</u>	<u>52,937</u>	<u>53,342</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)	18,228	17,264	(4,014)	(3,609)
	<u>50,032</u>	<u>49,068</u>	<u>52,937</u>	<u>53,342</u>
Non-controlling interests	19,477	18,993	-	-
	<u>69,509</u>	<u>68,061</u>	<u>52,937</u>	<u>53,342</u>

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

	Group	
	31/03/2012	31/12/2011
	US\$'000	US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	15,700	12,200
Unsecured	2,914	2,940
	18,614	15,140
<u>Amount repayable after one year:</u>		
Secured	71,300	73,000
Unsecured	9,752	10,471
	81,052	83,471
Total borrowings	99,666	98,611

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	
	2012	2011
	US\$'000	US\$'000
Cash Flows from Operating Activities		
Profit before income tax	1,607	1,278
Adjustments for:		
Depreciation of property, plant and equipment	2,968	2,363
Interest expense	910	675
Interest income	(4)	-
Share of results of associates	(255)	(276)
Operating cash flow before working capital changes	5,226	4,040
Changes in working capital:		
Inventories	(55)	(272)
Trade and other receivables	(1,045)	220
Other current assets	(107)	(33)
Trade and other payables	2,017	2,982
Post employment benefits	78	-
Cash generated from operating activities	6,114	6,937
Income tax paid	(171)	(105)
Interest received	4	-
Net cash generated from operating activities	5,947	6,832
Cash Flows from Investing Activities		
Investments in associates	(41)	(1,800)
Purchase of property, plant and equipment	(7,198)	(7,964)
Net cash used in investing activities	(7,239)	(9,764)
Cash Flows from Financing Activities		
Proceeds from issue of shares - net	-	13,159
Proceeds from borrowings	4,850	5,000
Repayment of borrowings	(3,050)	(3,350)
Payment of finance lease	(752)	-
Interest paid	(922)	(742)
Net cash generated from financing activities	126	14,067
Net (decrease)/increase in cash and cash equivalents	(1,166)	11,135
Cash and cash equivalents at the beginning of the financial period	13,090	1,052
Cash and cash equivalents at the end of the financial period	11,924	12,187
Represented by:		
Short-term bank deposits	5,394	-
Cash and bank balances	6,530	12,187
	11,924	12,187

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 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	<u>31,801</u>	<u>3</u>	<u>15,266</u>	<u>12,905</u>	<u>59,975</u>
Balance as at 1 January 2012	31,801	3	17,264	18,993	68,061
Total comprehensive income for the period	-		964	484	1,448
Balance as at 31 March 2012	<u>31,801</u>	<u>3</u>	<u>18,228</u>	<u>19,477</u>	<u>69,509</u>

Company

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2011	43,792	(2,607)	41,185
Total comprehensive loss for the period	-	(252)	(252)
Issue of shares	13,393	-	13,393
Shares issue expenses	(234)	-	(234)
Balance as at 31 March 2011	<u>56,951</u>	<u>(2,859)</u>	<u>54,092</u>
Balance as at 1 January 2012	56,951	(3,609)	53,342
Total comprehensive loss for the period	-	(405)	(405)
Balance as at 31 March 2012	<u>56,951</u>	<u>(4,014)</u>	<u>52,937</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 period from 1 January 2012 to 31 March 2012.

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 2012 is 390,388,110. (31 December 2011: 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 2012 as compared with those for the audited consolidated financial statements as at 31 December 2011.

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/(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.

	3 months ended 31/03/2012 US cents	3 months ended 31/03/2011 US cents
(a) Basic	0.25	0.31
(b) Fully diluted basis	0.25	0.31

Note 1:

The earnings per ordinary share of the Group for the three months ended 31 March 2012 has been computed based on weighted average of 390,388,110 ordinary shares. (31 March 2011: 331,165,888 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	31/12/11	31/03/11	31/12/11
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	12.82	12.57	13.56	13.66

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 2012 of 390,388,110 shares (31 December 2011: 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 into freight charter revenue and time charter revenue for FY2012Q1 and FY2011Q1 are summarized in the table below:-

	FY2012Q1		FY2011Q1	
	US\$'000	%	US\$'000	%
Freight charter	12,679	74.5	6,915	68.8
Time charter	4,336	25.5	3,142	31.2
Total revenue	17,015	100.0	10,057	100.0

Revenue

Revenue increased by 69.2% or US\$7.0 million from US\$10.0 million in FY2011Q1 to US\$17.0 million in FY2012Q1 due to higher freight charter revenue as well as time charter revenue for the period under review. Freight charter revenue increased significantly by US\$5.8 million from US\$6.9 million in FY2011Q1 to US\$12.7 million in FY2012Q1 due mainly to shipments for a new customer as well as more shipments generated from an existing customer. Time charter revenue increased by US\$1.2 million from US\$3.1 million in FY2011Q1 to US\$4.3 million in FY2012Q1 due mainly to contribution from the 2 newly delivered Panamax vessels which commenced operations in January 2012.

Gross Profit

Gross profit increased by 42.1% or US\$1.0 million from US\$2.5 million in FY2011Q1 to US\$3.5 million in FY2012Q1. Operating costs increased by US\$5.9 million from US\$7.6 million in FY2011Q1 to US\$13.5 million in FY2012Q1 due mainly to higher fuel prices and depreciation expenses from our increased fleet of vessels. The increase in operating costs mainly contributed to the decline in our gross profit margin from 24.4% in FY2011Q1 to 20.5% in FY2012Q1.

Other (losses)/gains

Other losses in FY2012Q1 was mainly due to exchange losses incurred as compared to other gains in FY2011Q1 which comprised exchange gains and gain on disposal of asset.

Expenses

Administrative expenses increased by US\$0.2 million from US\$0.9 million in FY2011Q1 to US\$1.1 million in FY2012Q1 mainly due to increase in administrative staff to manage the increase in operating activities as well as additional provision made for post employment benefits for staff in Indonesia. The increase in finance cost by US\$0.2 million from US\$0.7 million in FY2011Q1 to US\$0.9 million in FY2012Q1 was mainly due to interest expenses on bank loans to finance the construction of the 2 Panamax vessels which were delivered in January 2012. Such interest on bank loan was capitalized in FY2011Q1 when the 2 Panamax vessels were still under construction stage.

Net Profit

Arising from the above, net profit attributable to shareholders decreased marginally by US\$53k to approximately US\$1.0 million in FY2012Q1.

Review of the Group's Financial Position as at 31 March 2012 as compared to the Group's Financial Position as at 31 December 2011

The increase in trade and other receivables of US\$1.0 million was in line with the increase in revenue with higher revenue generated in the last 2 months for the current quarter ended 31 March 2012. There were no significant changes in inventories and other current assets for the period under review.

Investments in associates increased by US\$0.3 million due to the profits generated by the FSO vessel as well as injection of US\$41k for shortfall in earlier capital contribution. The increase in property, plant and equipment of US\$4.2 million from US\$143.5 million as at 31 December 2011 to US\$147.7 million as at 31 March 2012 was mainly due to completion of 2 new Panamax vessels as well as drydocking costs capitalized which was partly offset by depreciation charges during the period under review.

The increase in trade and other payables of US\$2.0 million was in line with the increase in business activities for the period under review. The increase in net borrowings of US\$1.1 million was due to proportionate share of joint venture's borrowings of US\$4.9 million which is partly offset by repayment of bank loan of US\$3.1 million and finance lease of US\$0.7 million during the period under review.

Net cash provided by operating activities and financing activities amounted to US\$5.9 million and US\$0.1 million respectively which was offset by net cash used in investing activities of US\$7.2 million. Cash generated from financing activities was from proceeds from bank loan by joint venture company of US\$4.9 million which was partly offset by cash used in repayments for interest, bank loan and finance lease. Cash used in investing activities was mainly to fund the 2 Panamax vessels and drydock expenditures. Arising from the above, the Group generated a net decrease in cash and cash equivalents of US\$1.2 million from US\$13.1 million as at 31 December 2011 to US\$11.9 million as at 31 March 2012.

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 continued to drive the demand for our vessel fleet both in Indonesia and China. Both regions recorded strong growth in revenue. The revenue growth in Indonesia was 64% from US\$8.6 million in FY2011Q1 to US\$14.1 million in FY2012Q1. The revenue growth in China was 107% from US\$1.4 million in FY2011Q1 to US\$2.9 million in FY2012Q1.

In Indonesia, our major customers are expected to increase coal production volume which will provide strong demand for our fleet of tugboats and barges. In China, our 2 newly delivered Panamax vessels have commenced operations in January 2012 and will contribute significantly to our revenue in FY2012, barring unforeseen circumstances.

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	-	6,651

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 2012 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
09 May 2012**