

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 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 | | | Group | | |
|--|--|--|------------------------------|--|--|------------------------------|
| | 3 months ended 30/06/2012 US\$'000 | 3 months ended 30/06/2011 US\$'000 | Increase/ (Decrease) % | 6 months ended 30/06/2012 US\$'000 | 6 months ended 30/06/2011 US\$'000 | Increase/ (Decrease) % |
| Revenue | 16,442 | 13,573 | 21.1 | 33,457 | 23,630 | 41.6 |
| Cost of services | (13,010) | (9,502) | 36.9 | (26,539) | (17,106) | 55.1 |
| Gross profit | 3,432 | 4,071 | (15.7) | 6,918 | 6,524 | 6.0 |
| Other gains/(losses) | 47 | (41) | n.m. | (103) | 40 | n.m. |
| Expenses | | | | | | |
| - Administrative | (1,102) | (1,123) | (1.9) | (2,176) | (1,980) | 9.9 |
| - Finance | (998) | (2,293) | (56.5) | (1,908) | (2,968) | (35.7) |
| Share of results of associates | 181 | 109 | 66.1 | 436 | 385 | 13.2 |
| Profit before income tax | 1,560 | 723 | 115.8 | 3,167 | 2,001 | 58.3 |
| Income tax expense | (167) | (136) | 22.8 | (326) | (230) | 41.7 |
| Net profit | 1,393 | 587 | 137.3 | 2,841 | 1,771 | 60.4 |
| Attributable to: | | | | | | |
| Equity holders of the Company | 852 | 655 | 30.1 | 1,816 | 1,672 | 8.6 |
| Non-controlling interests | 541 | (68) | n.m. | 1,025 | 99 | 935.4 |
| | 1,393 | 587 | 137.3 | 2,841 | 1,771 | 60.4 |
| Other comprehensive income | | | | | | |
| Net profit | 1,393 | 587 | 137.3 | 2,841 | 1,771 | 60.4 |
| Currency translation gain | - | - | | - | 3 | (100.0) |
| Total comprehensive income for the period | 1,393 | 587 | 137.3 | 2,841 | 1,774 | 60.1 |
| Attributable to: | | | | | | |
| Equity holders of the Company | 852 | 655 | 30.1 | 1,816 | 1,675 | 8.4 |
| Non-controlling interests | 541 | (68) | n.m. | 1,025 | 99 | 935.4 |
| | 1,393 | 587 | 137.3 | 2,841 | 1,774 | 60.1 |

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 30/06/2012 US\$'000 | 3 months ended 30/06/2011 US\$'000 | Increase/ (Decrease) % | 6 months ended 30/06/2012 US\$'000 | 6 months ended 30/06/2011 US\$'000 | Increase/ (Decrease) % |
| Profit before income tax is arrived at after charging/(crediting): | | | | | | |
| Depreciation of property, plant and equipment, | 3,079 | 2,847 | 8.1 | 6,047 | 5,210 | 16.1 |
| Loss/(gain) on foreign exchange | (43) | 64 | n.m. | 112 | 24 | 365.1 |
| Interest expense | 998 | 2,293 | (56.5) | 1,908 | 2,968 | (35.7) |
| Interest income | (5) | (5) | - | (9) | (5) | 86.2 |

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 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 30/06/2012 US\$'000 | 31/12/2011 US\$'000 | 30/06/2012 US\$'000 | 31/12/2011 US\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 11,841 | 13,090 | 3,598 | 7,973 |
| Trade and other receivables | 12,273 | 10,661 | 26,877 | 23,172 |
| Inventories | 911 | 1,140 | - | - |
| Other current assets | 1,367 | 1,070 | 47 | 77 |
| | <u>26,392</u> | <u>25,961</u> | <u>30,522</u> | <u>31,222</u> |
| Non-current assets | | | | |
| Investments in subsidiaries | - | - | 22,138 | 22,138 |
| Investments in associates | 3,247 | 2,770 | - | - |
| Property, plant and equipment | 145,406 | 143,482 | 254 | 285 |
| | <u>148,653</u> | <u>146,252</u> | <u>22,392</u> | <u>22,423</u> |
| Total assets | <u>175,045</u> | <u>172,213</u> | <u>52,914</u> | <u>53,645</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 8,430 | 4,954 | 375 | 303 |
| Finance Lease | 2,889 | 2,940 | - | - |
| Borrowings | 15,433 | 12,200 | - | - |
| | <u>26,752</u> | <u>20,094</u> | <u>375</u> | <u>303</u> |
| Non-current liabilities | | | | |
| Finance Lease | 9,040 | 10,471 | - | - |
| Borrowings | 67,709 | 73,000 | - | - |
| Deferred income tax liabilities | 422 | 445 | - | - |
| Provision for post employment benefits | 220 | 142 | - | - |
| | <u>77,391</u> | <u>84,058</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>104,143</u> | <u>104,152</u> | <u>375</u> | <u>303</u> |
| NET ASSETS | <u>70,902</u> | <u>68,061</u> | <u>52,539</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) | 19,080 | 17,264 | (4,412) | (3,609) |
| | <u>50,884</u> | <u>49,068</u> | <u>52,539</u> | <u>53,342</u> |
| Non-controlling interests | 20,018 | 18,993 | - | - |
| | <u>70,902</u> | <u>68,061</u> | <u>52,539</u> | <u>53,342</u> |

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

| | Group | |
|---|------------------------|------------------------|
| | 30/06/2012 US\$'000 | 31/12/2011 US\$'000 |
| <u>Amount repayable in one year or less, or on demand:</u> | | |
| Secured | 15,433 | 12,200 |
| Unsecured | 2,889 | 2,940 |
| | 18,322 | 15,140 |
| <u>Amount repayable after one year:</u> | | |
| Secured | 67,709 | 73,000 |
| Unsecured | 9,040 | 10,471 |
| | 76,749 | 83,471 |
| | | |
| Total borrowings | 95,071 | 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 | | Group | |
|---|------------------------|----------|------------------------|----------|
| | For the 3 months ended | | For the 6 months ended | |
| | 2012 | 2011 | 2012 | 2011 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cash Flows from Operating Activities | | | | |
| Profit before income tax | 1,560 | 723 | 3,167 | 2,001 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 3,079 | 2,847 | 6,047 | 5,210 |
| Interest expense | 998 | 2,293 | 1,908 | 2,968 |
| Interest income | (5) | (5) | (9) | (5) |
| Share of results of associates | (181) | (109) | (436) | (385) |
| Operating cash flow before working capital changes | 5,451 | 5,749 | 10,677 | 9,789 |
| Changes in working capital: | | | | |
| Inventories | 284 | (467) | 229 | (739) |
| Trade and other receivables | (567) | (2,723) | (1,612) | (2,503) |
| Other current assets | (190) | (259) | (297) | (292) |
| Trade and other payables | 1,502 | (3,449) | 3,519 | (467) |
| Post employment benefits | - | - | 78 | - |
| Cash generated from/(used in) operating activities | 6,480 | (1,149) | 12,594 | 5,788 |
| Income tax paid | (178) | (147) | (349) | (252) |
| Interest received | 5 | 5 | 9 | 5 |
| Net cash generated from/(used in) operating activities | 6,307 | (1,291) | 12,254 | 5,541 |
| Cash Flows from Investing Activities | | | | |
| Investments in associates | - | (405) | (41) | (2,205) |
| Purchase of property, plant and equipment | (773) | (10,144) | (7,971) | (18,108) |
| Net cash used in investing activities | (773) | (10,549) | (8,012) | (20,313) |
| Cash Flows from Financing Activities | | | | |
| Proceeds from issue of shares - net | - | - | - | 13,159 |
| Capital injection from non-controlling interests | - | 5,200 | - | 5,200 |
| Proceeds from borrowings | - | 79,680 | 4,850 | 84,680 |
| Repayment of borrowings | (3,858) | (67,796) | (6,908) | (71,146) |
| Payment of finance lease | (753) | - | (1,505) | - |
| Interest paid | (1,006) | (3,041) | (1,928) | (3,783) |
| Net cash (used in)/generated from financing activities | (5,617) | 14,043 | (5,491) | 28,110 |
| Net (decrease)/increase in cash and cash equivalents | (83) | 2,203 | (1,249) | 13,338 |
| Cash and cash equivalents at the beginning of the financial period | 11,924 | 12,187 | 13,090 | 1,052 |
| Cash and cash equivalents at the end of the financial period | 11,841 | 14,390 | 11,841 | 14,390 |
| Represented by: | | | | |
| Short-term bank deposits | 3,495 | 8,093 | 3,495 | 8,093 |
| Cash and bank balances | 8,346 | 6,297 | 8,346 | 6,297 |
| | 11,841 | 14,390 | 11,841 | 14,390 |

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 | 1,672 | 99 | 1,774 |
| Issue of shares | 13,393 | - | - | - | 13,393 |
| Shares issue expenses | (234) | - | - | - | (234) |
| Balance as at 30 June 2011 | 31,801 | 3 | 15,921 | 12,837 | 60,562 |
| Balance as at 1 January 2012 | 31,801 | 3 | 17,264 | 18,993 | 68,061 |
| Total comprehensive income for the period | - | - | 1,816 | 1,025 | 2,841 |
| Balance as at 30 June 2012 | 31,801 | 3 | 19,080 | 20,018 | 70,902 |

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 | - | (504) | (504) |
| Issue of shares | 13,393 | - | 13,393 |
| Shares issue expenses | (234) | - | (234) |
| Balance as at 30 June 2011 | <u>56,951</u> | <u>(3,111)</u> | <u>53,840</u> |
| Balance as at 1 January 2012 | 56,951 | (3,609) | 53,342 |
| Total comprehensive loss for the period | - | (803) | (803) |
| Balance as at 30 June 2012 | <u>56,951</u> | <u>(4,412)</u> | <u>52,539</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 April 2012 to 30 June 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 30 June 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the six months ended 30 June 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 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 | |
|--------------------------------|---|---|
| | 6 months ended 30/06/2012 US cents | 6 months ended 30/06/2011 US cents |
| (a) Basic | 0.47 | 0.50 |
| (b) Fully diluted basis | 0.47 | 0.50 |

Note 1:

The earnings per ordinary share of the Group for the six months ended 30 June 2012 has been computed based on weighted average of 390,388,110 ordinary shares. (30 June 2011: 360,581,480 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 | |
|---|----------|----------|----------|----------|
| | 30/06/12 | 31/12/11 | 30/06/12 | 31/12/11 |
| Net asset value per ordinary share based on issued share capital as at the end of the period (US cents) | 13.03 | 12.57 | 13.46 | 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 30 June 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 for FY2012Q2 and FY2011Q2 are summarised in the table below:-

| | FY2012Q2 | | FY2011Q2 | |
|----------------------|---------------|--------------|---------------|--------------|
| | US\$'000 | % | US\$'000 | % |
| Freight charter | 13,050 | 79.4 | 10,050 | 74.0 |
| Time charter | 3,392 | 20.6 | 3,523 | 26.0 |
| | | | | |
| Total revenue | 16,442 | 100.0 | 13,573 | 100.0 |
| | | | | |

Revenue

Revenue increased by 21.1% or US\$2.8 million from US\$13.6 million in FY2011Q2 to US\$16.4 million in FY2012Q2 due to higher freight charter revenue which is partly offset by lower time charter revenue. Freight charter revenue increased by US\$3.0 million from US\$10.1 million in FY2011Q2 to US\$13.1 million in FY2012Q2 due to more shipments generated from major customers as well as higher freight rate adjustment due to increase in fuel price. Time charter revenue decreased by US\$0.1 million from US\$3.5 million in FY2011Q2 to US\$3.4 million in FY2012Q2 due to non renewal of contract by a customer which has lesser cargo to ship.

Gross Profit

Gross profit decreased by US\$0.6 million from US\$4.1 million in FY2011Q2 to US\$3.4 million in FY2012Q2. This was mainly due to higher fuel expenses as well as higher depreciation expenses, vessel supplies and spare parts consumed as a result of increase in our vessel fleet size. Due to higher cost of services, gross profit margin decreased from 30.0% in FY2011Q2 to 20.9% in FY2012Q2.

Other gains/(losses)

Other gains in FY2012Q2 related mainly due to exchange gains as compared to exchange losses incurred in FY2011Q2.

Expenses

No material variance in administrative expenses was noted which decreased marginally by US\$21k to US\$1.1 million in FY2012Q2. The decrease in finance expenses from US\$2.3 million in FY2011Q2 to US\$1.0 million in FY2012Q2 was mainly due to a one-off upfront fee of approximately US\$1.2 million for loan refinancing incurred in FY2011Q2. Excluding the one-off upfront fee, finance expenses would have decreased by US\$0.1 million in FY2012Q2 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\$0.1 million from US\$0.1 million in FY2011Q2 to US\$0.2 million in FY2012Q2 mainly due to lower operating and finance expenses incurred by the associates in FY2012Q2 as compared to FY2011Q2.

Net Profit

Arising from the above, net profit attributable to shareholders increased by US\$0.2 million from US\$0.7 million in FY2011Q2 to US\$0.9 million in FY2012Q2.

Review of the Group's Financial Position as at 30 June 2012 as compared to the Group's Financial Position as at 31 December 2011

The increase in trade and other receivables by US\$1.6 million was due to higher revenue generated during the last 2 months for the current quarter ended 30 June 2012. Inventories decreased by US\$0.2 million mainly due to more vessels drydocked at end June 2012 which resulted in lower fuel supplies required. The increase in other current assets of US\$0.3 million was mainly due to insurance prepaid for our fleet of vessels.

Investments in associates increased by US\$0.5 million mainly due to the profits generated by the FSO vessel under the associates. The increase in property, plant and equipment of US\$1.9 million from US\$143.5 million as at 31 December 2011 to US\$145.4 million as at 30 June 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\$3.5 million was in line with the increase in business activities for the period under review. The decrease in total borrowings (current and non-current) of US\$3.5 million was due to repayment of bank loan of US\$6.9 million and finance lease obligations of US\$1.5 million which is partly offset by proportionate share of joint venture's borrowings of US\$4.9 million during the period under review.

The Group is in net asset position despite current liabilities exceeding current assets by about US\$0.4 million mainly due to higher trade payables and current portion of bank borrowings. Nevertheless, the Group's net profits has improved from US\$1.8 million in the first half of FY2011 to US\$2.8 million in the first half of FY2012 as well as increase in cashflows generated from operations from US\$5.5 million in the first half of FY2011 to US\$12.3 million in the first half of FY2012. Hence, it will be unlikely for the Group not to meet its obligations of current liabilities.

For the 3 months ended 30 June 2012, net cash provided by operating activities amounted to US\$6.3 million which was partly offset by net cash used in investing and financing activities of US\$0.8 million and US\$5.6 million respectively. Cash used in investing activities was to fund drydocking expenditures for our tugboats and barges whereas cash used in financing activities was for repayments of bank loan, interest and finance lease obligations. Arising from the above, the Group generated a net decrease in cash and cash equivalents of US\$0.1 million from US\$11.9 million as at 31 March 2012 to US\$11.8 million as at 30 June 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 Group's fleet of vessels in Indonesia continued to be well supported by the existing demand for coal which is the main source of energy in Indonesia. The Capesize and Panamax vessels which the Group owned jointly with Zhushui Energy Resource Group Co. Ltd are fully deployed under time charter contracts upon taking delivery from the seller/shipyard.

The Group will continue to leverage its relationship with major customers to ensure continuing growth in cargo volume for the Group to take delivery. Simultaneously, the Group will also ensure its vessels are deployed more efficiently to maximize fleet utilization.

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 | - | 7,107 |

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 June 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

13 August 2012