

**SEROJA INVESTMENTS LIMITED**

(Company Registration Number: 198300847M)

**Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2015**
**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 30/06/2015 US\$'000	3 months ended 30/06/2014 US\$'000	Increase/ (Decrease) %	6 months ended 30/06/2015 US\$'000	6 months ended 30/06/2014 US\$'000	Increase/ (Decrease) %
<b>Revenue</b>	10,434	16,987	(38.6)	23,760	34,830	(31.8)
Cost of services	(9,085)	(13,061)	(30.4)	(19,779)	(26,318)	(24.8)
Gross profit	1,349	3,926	(65.6)	3,981	8,512	(53.2)
Other (losses)/gains	(167)	(35)	377.1	(375)	132	n.m.
Expenses						
- Administrative	(799)	(572)	39.7	(1,691)	(1,924)	(12.1)
- Finance	(568)	(528)	7.6	(1,067)	(1,078)	(1.0)
Share of results of associates	216	196	10.2	389	(79)	n.m.
Profit before income tax	31	2,987	(99.0)	1,237	5,563	(77.8)
Income tax expense	(110)	(171)	(35.7)	(255)	(352)	(27.6)
<b>Net (loss)/profit</b>	(79)	2,816	n.m.	982	5,211	(81.2)
Other comprehensive income	-	-		-	-	
<b>Total comprehensive (loss)/income for the period</b>	(79)	2,816	n.m.	982	5,211	(81.2)
<b>Net (loss)/profit / Total comprehensive (loss)/income</b>						
Equity holders of the Company	(290)	1,423	n.m.	(98)	2,070	n.m.
Non-controlling interests	211	1,393	(84.9)	1,080	3,141	(65.6)
	(79)	2,816	n.m.	982	5,211	(81.2)

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 30/06/2015 US\$'000	3 months ended 30/06/2014 US\$'000	Increase/ (Decrease) %	6 months ended 30/06/2015 US\$'000	6 months ended 30/06/2014 US\$'000	Increase/ (Decrease) %
Profit before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment,	3,071	2,809	9.3	6,122	5,708	7.3
Loss/(gain) on foreign exchange	171	42	307.1	383	(114)	n.m.
Gain on disposal of property, plant equipment,	-	(2)	(100.0)	-	(7)	(100.0)
Interest expense	568	528	7.6	1,067	1,078	(1.0)
Interest income	(3)	(6)	(50.0)	(8)	(11)	(27.3)

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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2015</b>	<b>31/12/2014</b>	<b>30/06/2015</b>	<b>31/12/2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4,030	6,511	276	463
Trade and other receivables	8,358	7,531	29,644	28,844
Inventories	942	1,558	-	-
Other current assets	1,111	1,121	55	57
	<u>14,441</u>	<u>16,721</u>	<u>29,975</u>	<u>29,364</u>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	23,440	23,440
Investments in associates	5,026	4,636	-	-
Property, plant and equipment	107,274	112,244	76	106
	<u>112,300</u>	<u>116,880</u>	<u>23,516</u>	<u>23,546</u>
<b>Total assets</b>	<u>126,741</u>	<u>133,601</u>	<u>53,491</u>	<u>52,910</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,164	5,228	366	321
Finance lease	2,601	2,647	-	-
Borrowings	24,618	23,518	2,600	1,600
	<u>32,383</u>	<u>31,393</u>	<u>2,966</u>	<u>1,921</u>
<b>Non-current liabilities</b>				
Finance lease	1,457	2,496	-	-
Borrowings	10,400	18,171	-	-
Deferred income tax liabilities	287	309	-	-
Provision for post employment benefits	456	456	-	-
	<u>12,600</u>	<u>21,432</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>44,983</u>	<u>52,825</u>	<u>2,966</u>	<u>1,921</u>
<b>NET ASSETS</b>	<u>81,758</u>	<u>80,776</u>	<u>50,525</u>	<u>50,989</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	-	-
Other reserve	697	697	-	-
Retained earnings/(accumulated losses)	12,039	12,137	(6,426)	(5,962)
	<u>44,540</u>	<u>44,638</u>	<u>50,525</u>	<u>50,989</u>
Non-controlling interests	37,218	36,138	-	-
	<u>81,758</u>	<u>80,776</u>	<u>50,525</u>	<u>50,989</u>

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

	Group	
	30/06/2015 US\$'000	31/12/2014 US\$'000
<b><u>Amount repayable in one year or less, or on demand:</u></b>		
Secured	27,219	26,165
Unsecured	-	-
	27,219	26,165
<b><u>Amount repayable after one year:</u></b>		
Secured	11,857	20,667
Unsecured	-	-
	11,857	20,667
<b>Total borrowings</b>	<b>39,076</b>	<b>46,832</b>

**Details of any collateral**

Bank borrowings and finance lease of the Group are secured by the following:

- mortgage over certain vessels of subsidiaries;
- 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;
- a charge on the cash, receivables and inventories of PT PSJ; and
- corporate guarantees by related parties of certain directors.

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	
	30 June		30 June	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	31	2,987	1,237	5,563
Adjustments for:				
Depreciation of property, plant and equipment	3,071	2,809	6,122	5,708
Gain on disposal of property, plant and equipment	-	(2)	-	(7)
Interest expense	568	528	1,067	1,078
Interest income	(3)	(6)	(8)	(11)
Share of results of associates	(216)	(196)	(389)	79
Operating cash flow before working capital changes	3,451	6,120	8,029	12,410
Changes in working capital:				
Inventories	206	(354)	616	256
Trade and other receivables	213	(5,708)	(827)	(4,325)
Other current assets	(143)	(184)	10	(442)
Trade and other payables	1,078	1,069	(28)	3,349
<b>Cash generated from operating activities</b>	4,805	943	7,800	11,248
Income tax paid	(121)	(182)	(277)	(374)
Interest received	3	6	8	11
<b>Net cash generated from operating activities</b>	4,687	767	7,531	10,885
<b>Cash Flows from Investing Activities</b>				
Deposits for purchase of property, plant and equipment	-	(3,322)	-	(3,322)
Purchase of property, plant and equipment	(580)	(216)	(1,151)	(576)
Proceeds from disposal of property, plant and equipment	-	1	-	3,285
<b>Net cash used in investing activities</b>	(580)	(3,537)	(1,151)	(613)
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	-	-	1,100	-
Repayment of borrowings	(3,885)	(663)	(7,771)	(7,892)
Payment of finance lease	(752)	(753)	(1,254)	(1,505)
Interest paid	(496)	(482)	(936)	(1,007)
<b>Net cash used in financing activities</b>	(5,133)	(1,898)	(8,861)	(10,404)
<b>Net decrease in cash and cash equivalents</b>	(1,026)	(4,668)	(2,481)	(132)
<b>Cash and cash equivalents at the beginning of the financial period</b>	5,056	8,828	6,511	4,292
<b>Cash and cash equivalents at the end of the financial period</b>	4,030	4,160	4,030	4,160

**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>Other 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 April 2014</b>	31,801	3	-	11,354	27,672	70,830
Net gain for the period	-	-	-	1,423	1,393	2,816
<b>Balance as at 30 June 2014</b>	<u>31,801</u>	<u>3</u>	<u>-</u>	<u>12,777</u>	<u>29,065</u>	<u>73,646</u>
<b>Balance as at 1 April 2015</b>	31,801	3	697	12,329	37,007	81,837
Net (loss)/gain for the period	-	-	-	(290)	211	(79)
<b>Balance as at 30 June 2015</b>	<u>31,801</u>	<u>3</u>	<u>697</u>	<u>12,039</u>	<u>37,218</u>	<u>81,758</u>

**Company**

	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 April 2014</b>	56,951	(5,960)	50,991
Total comprehensive loss for the period	-	(241)	(241)
<b>Balance as at 30 June 2014</b>	<u>56,951</u>	<u>(6,201)</u>	<u>50,750</u>
<b>Balance as at 1 April 2015</b>	56,951	(6,188)	50,763
Total comprehensive loss for the period	-	(238)	(238)
<b>Balance as at 30 June 2015</b>	<u>56,951</u>	<u>(6,426)</u>	<u>50,525</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 2015 to 30 June 2015.

**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 2015 is 390,388,110. (31 December 2014: 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 2015 as compared with those for the audited consolidated financial statements as at 31 December 2014.

**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 30/06/15 US cents	3 months ended 30/06/14 US cents	6 months ended 30/06/15 US cents	6 months ended 30/06/14 US cents
<b>(a) Basic</b>	(0.07)	0.36	(0.03)	0.53
<b>(b) Fully diluted basis</b>	(0.07)	0.36	(0.03)	0.53

Note 1:

The (loss)/earnings per ordinary share of the Group for the six months ended 30 June 2015 has been computed based on weighted average of 390,388,110 ordinary shares. (30 June 2014: 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	
	30/06/15	31/12/14	30/06/15	31/12/14
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	11.41	11.43	12.94	13.06

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 2015 of 390,388,110 shares (31 December 2014: 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 FY2015Q2 and FY2014Q2 are summarised in the table below:-

	FY2015Q2		FY2014Q2	
	US\$'000	%	US\$'000	%
Freight charter	10,010	95.9	14,417	84.9
Time charter	424	4.1	2,570	15.1
<b>Total revenue</b>	<b>10,434</b>	<b>100.0</b>	<b>16,987</b>	<b>100.0</b>

### **Revenue**

Revenue decreased by 38.6% or US\$6.6 million from US\$17.0 million in FY2014Q2 to US\$10.4 million in FY2015Q2 due to lower freight charter revenue as well as time charter revenue for the period under review. Freight charter revenue decreased by US\$4.4 million from US\$14.4 million in FY2014Q2 to US\$10.0 million in FY2015Q2 due mainly to lower demand from major customers as well as lower average freight rate for the period under review. Time charter revenue decreased by US\$2.2 million from US\$2.6 million in FY2014Q2 to US\$0.4 million in FY2015Q2 due mainly to no contribution from one panamax vessel as a result of its disposal in December 2014 and lower contribution from another panamax vessel due to lower time charter rate contracted. There was also no time charter contract secured in Indonesia for tugboats and barges as customers prefer to charter under spot or per voyage basis due to freight rates remaining weak.

### **Gross Profit**

Gross profit decreased by 65.6% or US\$2.6 million from US\$3.9 million in FY2014Q2 to US\$1.3 million in FY2015Q2 mainly due to lower revenue generated. Gross profit margin decreased from 23.1% in FY2014Q2 to 12.9% in FY2015Q2. This was mainly attributed to the lower average freight rate and higher depreciation charges which were partly offset by lower fuel expenses as a result lower fuel price.

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

Other losses increased from US\$35k in FY2014Q2 to US\$167k in FY2015Q2 due mainly to exchange losses as a result of strengthening of US\$ against Indonesian Rupiah.

### **Expenses**

Administrative expenses increased by US\$0.2 million due to operating/management costs of capesize vessel incurred during period of offhire amounting to US\$0.3 million was reclassified to cost of services in FY2014Q2. Excluding the reclassification of US\$0.3 million in FY2014Q2, administrative expenses decreased by US\$0.1 million due mainly to lower office supplies and travelling costs incurred. The increase in finance expenses by US\$40k was mainly due to increase in interest rate on a third party loan which is partly offset by lower finance costs incurred due to lower bank borrowings as a result of repayments made.

## **Share of results of associates**

The share of results of associates remained stable at US\$0.2 million for both periods under review.

## **Net Profit**

Arising from the above, net profit attributable to shareholders reversed from profits of US\$1.4 million in FY2014Q2 to a loss of US\$0.3 million in FY2015Q2.

## **Review of the Group's Financial Position as at 30 June 2015 as compared to the Group's Financial Position as at 31 December 2014**

Trade and other receivables increased by US\$0.8 million from US\$7.5 million as at 31 December 2014 to US\$8.3 million as at 30 June 2015. The increase was mainly due to higher revenue generated during the last 2 months of current quarter which remained outstanding as at 30 June 2015. Inventories decreased by US\$0.6 million was mainly due to lower order of fuel, spare parts and supplies for the fleet of tugboats and barges in Indonesia.

Investments in associates increased by US\$0.4 million due to the profits generated from the FSO vessel during the period under review. The decrease in property, plant and equipment of US\$4.9 million from US\$112.2 million as at 31 December 2014 to US\$107.3 million as at 30 June 2015 was mainly due to depreciation charges during the period under review which was partly offset by drydocking costs capitalized.

Total borrowings (current and non-current) decreased by US\$7.7 million from US\$46.8 million as at 31 December 2014 to US\$39.1 million as at 30 June 2015. The decrease was mainly 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 June 2015 as its current liabilities exceed current assets by US\$17.9 million. This is mainly due to short term borrowings obtained to repay a bank loan in full in last financial year. Despite the negative working capital position, the Group continues to generate positive cashflow from operations of US\$4.7 million (FY2014Q2: US\$0.8 million) for current quarter under review and has generated sufficient cashflow to service the current portion of bank loans due on quarterly basis. The Group will continue to tighten its capital expenditures to contain significant cash outflows.

Net cash generated from operating activities amounted to US\$4.7 million which were partly offset by net cash used in investing activities and financing activities of US\$0.6 million and US\$5.1 million respectively. Cash used in investing activities was 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 expenses. Arising from the above, the Group generated a net decrease in cash and cash equivalents of US\$1.0 million from US\$5.0 million as at 31 March 2015 to US\$4.0 million as at 30 June 2015.

## **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 will continue to work closely with existing major customers as well as new customers to keep the vessel fleet efficiently deployed. As announced through SGXNet on 8 August 2015, the Group has entered into a Memorandum of Agreement dated 7 August 2015 to sell its only panamax vessel to repay loan and the balance proceeds from the sale will improve the working capital of the Group. The sale is expected to be completed by end of current financial year.

## 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	-	6,970

## 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 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Andreas Tjahjadi  
Director

Masdjani  
Director

**By Order of The Board**

**Andreas Tjahjadi**  
**Executive Director**

**12 August 2015**