

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2016
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 30/06/2016 US\$'000	3 months ended 30/06/2015 US\$'000 Restated	Increase/ (Decrease) %	6 months ended 30/06/2016 US\$'000	6 months ended 30/06/2015 US\$'000 Restated	Increase/ (Decrease) %
Revenue	8,107	10,434	(22.3)	18,986	23,760	(20.1)
Cost of services	(7,729)	(9,085)	(14.9)	(15,866)	(19,779)	(19.8)
Gross profit	378	1,349	(72.0)	3,120	3,981	(21.6)
Other gains/(losses)	195	(126)	n.m.	484	(253)	n.m.
Expenses						
- Administrative	(767)	(799)	(4.0)	(1,526)	(1,691)	(9.8)
- Finance	(855)	(568)	50.5	(1,183)	(1,067)	10.9
Share of results of associates	109	216	(49.5)	279	389	(28.3)
(Loss)/Profit before income tax	(940)	72	n.m.	1,174	1,359	(13.6)
Income tax expense	(87)	(110)	(20.9)	(208)	(255)	(18.4)
Net (loss)/profit	(1,027)	(38)	2602.6	966	1,104	(12.5)
Foreign currency translation	10	(41)	n.m.	81	(122)	n.m.
Total comprehensive (loss)/income for the period	(1,017)	(79)	1187.3	1,047	982	6.6
Net (loss)/profit attributable to:						
Equity holders of the Company	(586)	(270)	117.0	280	(39)	n.m.
Non-controlling interests	(441)	232	n.m.	686	1,143	(40.0)
	(1,027)	(38)	2602.6	966	1,104	(12.5)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(583)	(290)	101.0	317	(98)	n.m.
Non-controlling interests	(434)	211	n.m.	730	1,080	(32.4)
	(1,017)	(79)	1187.3	1,047	982	6.6

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 30/06/2016 US\$'000	3 months ended 30/06/2015 US\$'000 Restated	Increase/ (Decrease) %	6 months ended 30/06/2016 US\$'000	6 months ended 30/06/2015 US\$'000 Restated	Increase/ (Decrease) %
(Loss)/Profit before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	2,945	3,071	(4.1)	5,770	6,122	(5.8)
(Gain)/Loss on foreign exchange	(192)	131	n.m.	(477)	261	n.m.
Interest expense	855	568	50.5	1,183	1,067	10.9
Interest income	(3)	(3)	-	(7)	(8)	(12.5)

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	
	30/06/2016 US\$'000	31/12/2015 US\$'000	30/06/2016 US\$'000	31/12/2015 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	7,828	9,557	2,209	2,537
Trade and other receivables	9,657	9,103	24,278	24,265
Inventories	1,037	949	-	-
Other current assets	3,929	512	44	52
	<u>22,451</u>	<u>20,121</u>	<u>26,531</u>	<u>26,854</u>
Non-current assets				
Investments in subsidiaries	-	-	23,440	23,440
Investments in associates	5,725	5,446	-	-
Property, plant and equipment	75,186	79,933	20	46
	<u>80,911</u>	<u>85,379</u>	<u>23,460</u>	<u>23,486</u>
Total assets	<u>103,362</u>	<u>105,500</u>	<u>49,991</u>	<u>50,340</u>
LIABILITIES				
Current liabilities				
Trade and other payables	4,119	4,717	185	174
Finance lease liabilities	814	2,496	-	-
Borrowings	8,600	20,271	-	-
	<u>13,533</u>	<u>27,484</u>	<u>185</u>	<u>174</u>
Non-current liabilities				
Borrowings	14,388	3,600	-	-
Deferred income tax liabilities	242	264	-	-
Provision for post employment benefits	450	450	-	-
	<u>15,080</u>	<u>4,314</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>28,613</u>	<u>31,798</u>	<u>185</u>	<u>174</u>
NET ASSETS	<u>74,749</u>	<u>73,702</u>	<u>49,806</u>	<u>50,166</u>
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	31,801	31,801	56,951	56,951
Translation reserve	(482)	(519)	-	-
Other reserve	(305)	(305)	-	-
Retained earnings/(accumulated losses)	3,210	2,930	(7,145)	(6,785)
	<u>34,224</u>	<u>33,907</u>	<u>49,806</u>	<u>50,166</u>
Non-controlling interests	40,525	39,795	-	-
	<u>74,749</u>	<u>73,702</u>	<u>49,806</u>	<u>50,166</u>

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

	Group	
	30/06/2016 US\$'000	31/12/2015 US\$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	9,414	22,767
Unsecured	-	-
	9,414	22,767
<u>Amount repayable after one year:</u>		
Secured	14,388	3,600
Unsecured	-	-
	14,388	3,600
Total borrowings	23,802	26,367

Details of any collateral

Bank borrowings 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	
	2016	2015	2016	2015
US\$'000	US\$'000	US\$'000	US\$'000	
		Restated		Restated
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	(940)	72	1,174	1,359
Adjustments for:				
Depreciation of property, plant and equipment	2,945	3,071	5,770	6,122
Interest expense	855	568	1,183	1,067
Interest income	(3)	(3)	(7)	(8)
Share of results of associates	(109)	(216)	(279)	(389)
Unrealised currency translation gain	(39)	(41)	(14)	(122)
Operating cash flow before working capital changes	2,709	3,451	7,827	8,029
Changes in working capital:				
Inventories	(314)	206	(88)	616
Trade and other receivables	1,037	213	(553)	(827)
Other current assets	(212)	(143)	(331)	10
Trade and other payables	(766)	1,078	(566)	(28)
Cash generated from operating activities	2,454	4,805	6,289	7,800
Income tax paid	(98)	(121)	(230)	(277)
Interest received	3	3	7	8
Net cash generated from operating activities	2,359	4,687	6,066	7,531
Cash Flows from Investing Activities				
Deposits for purchase of property, plant and equipment	-	-	(3,086)	-
Purchase of property, plant and equipment	(238)	(580)	(927)	(1,151)
Net cash used in investing activities	(238)	(580)	(4,013)	(1,151)
Cash Flows from Financing Activities				
Proceeds from borrowings	17,588	-	17,588	1,100
Repayment of borrowings	(14,435)	(3,885)	(18,470)	(7,771)
Repayment of finance lease liabilities	(753)	(752)	(1,505)	(1,254)
Interest paid	(754)	(496)	(1,395)	(936)
Net cash generated from/(used in) financing activities	1,646	(5,133)	(3,782)	(8,861)
Net increase/(decrease) in cash and cash equivalents	3,767	(1,026)	(1,729)	(2,481)
Cash and cash equivalents at the beginning of the financial period	4,061	5,056	9,557	6,511
Cash and cash equivalents at the end of the financial period	7,828	4,030	7,828	4,030
Represented by:				
Short-term bank deposits	2,105	-	2,105	-
Cash and bank balances	5,723	4,030	5,723	4,030
	7,828	4,030	7,828	4,030

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	Other reserve US\$'000	Retained earnings US\$'000	Non-controlling Interests US\$'000	Total US\$'000
Balance as at 1 April 2015 (restated)	31,801	(471)	(305)	11,628	36,841	79,494
Net (loss)/profit for the period (restated)	-	-	-	(270)	232	(38)
Other comprehensive loss for the period (restated)	-	(20)	-	-	(21)	(41)
Balance as at 30 June 2015 (restated)	<u>31,801</u>	<u>(491)</u>	<u>(305)</u>	<u>11,358</u>	<u>37,052</u>	<u>79,415</u>
Balance as at 1 April 2016	31,801	(485)	(305)	3,796	40,959	75,766
Net loss for the period	-	-	-	(586)	(441)	(1,027)
Other comprehensive income for the period	-	3	-	-	7	10
Balance as at 30 June 2016	<u>31,801</u>	<u>(482)</u>	<u>(305)</u>	<u>3,210</u>	<u>40,525</u>	<u>74,749</u>

Company

	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 April 2015	56,951	(6,188)	50,763
Total comprehensive loss for the period	-	(238)	(238)
Balance as at 30 June 2015	<u>56,951</u>	<u>(6,426)</u>	<u>50,525</u>
Balance as at 1 April 2016	56,951	(6,961)	49,990
Total comprehensive loss for the period	-	(184)	(184)
Balance as at 30 June 2016	<u>56,951</u>	<u>(7,145)</u>	<u>49,806</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 2016 to 30 June 2016.

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 2016 is 390,388,110. (31 December 2015: 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 2016 as compared with those for the audited consolidated financial statements as at 31 December 2015.

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 30/06/2016 US cents	3 months ended 30/06/2015 US cents	6 months ended 30/06/2016 US cents	6 months ended 30/06/2015 US cents
(a) Basic	(0.15)	(0.07)	0.07	(0.01)
(b) Fully diluted basis	(0.15)	(0.07)	0.07	(0.01)

Note 1:

The (loss)/earnings per ordinary share of the Group for the three months and six months ended 30 June 2016 has been computed based on weighted average of 390,388,110 ordinary shares. (30 June 2015: 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	
	30/06/16	31/12/15	30/06/16	31/12/15
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	8.77	8.69	12.76	12.85

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 2016 of 390,388,110 shares (31 December 2015: 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 FY2016Q2 and FY2015Q2 are summarised in the table below:-

	FY2016Q2		FY2015Q2	
	US\$'000	%	US\$'000	%
Freight charter	8,107	100.0	10,010	95.9
Time charter	-	-	424	4.1
Total revenue	8,107	100.0	10,434	100.0

Revenue

Revenue decreased by 22.3% or US\$2.3 million from US\$10.4 million in FY2015Q2 to US\$8.1 million in FY2016Q2 due to lower freight charter revenue and no time charter revenue for the period under review. Freight charter revenue decreased by US\$1.9 million from US\$10.0 million in FY2015Q2 to US\$8.1 million in FY2016Q2 due mainly to lower cargo load per trip, lower average freight rate for the period under review as well as the exclusion of the fuel component from a contract. There was no time charter revenue for the current period under review as compared to US\$0.4 million in FY2015Q2 due to no contribution from one panamax vessel which was disposed on 1 September 2015.

Gross Profit

Gross profit decreased by 72.0% or US\$1.0 million from US\$1.4 million in FY2015Q2 to US\$0.4 million in FY2016Q2 mainly due to lower revenue generated. Gross profit margin decreased from 12.9% in FY2015Q2 to 4.7% in FY2016Q2. This was mainly attributed to the lower average freight rate which is partly offset by lower depreciation charges and lower fuel expenses as a result of lower fuel price.

Other gains/(losses)

Other gains of US\$0.2 million in FY2016Q2 was mainly due to exchange gains as compared to exchange losses of US\$0.1 million in FY2015Q2 from foreign currency fluctuations.

Expenses

No significant variance was noted in administrative expenses which decreased by US\$32k. The increase in finance expenses by US\$0.3 million from US\$0.6 million in FY2015Q2 to US\$0.9 million in FY2016Q2 was mainly due to one-off upfront fee of US\$0.3 million incurred for refinancing of loan by subsidiary PT PSJ.

Share of results of associates

The share of results of associates decreased by US\$0.1 million from US\$0.2 million in FY2015Q2 to US\$0.1 million in FY2016Q2 mainly due to higher operating expenses incurred by the FSO vessel for the period under review.

Net Loss / Total comprehensive loss

Arising from the above, net loss/total comprehensive loss attributable to shareholders increased from US\$0.3 million in FY2015Q2 to US\$0.6 million in FY2016Q2.

Review of the Group's Financial Position as at 30 June 2016 as compared to the Group's Financial Position as at 31 December 2015

Trade and other receivables increased by US\$0.6 million from US\$9.1 million as at 31 December 2015 to US\$9.7 million as at 30 June 2016. The increase was mainly due to longer credit period given to existing customers as well as higher revenue generated during the last 2 months of current quarter which remained outstanding as at 30 June 2016. Inventories increased by US\$0.1 million from US\$0.9 million as at 31 December 2015 to US\$1.0 million as at 30 June 2016 was mainly due to more purchase of spare parts for the maintenance of the fleet of tugboats and barges in Indonesia. Other current assets increased by US\$3.4 million was mainly due to deposit placed for one set of tugboat and barge of approximately US\$3.1 million as well as increase in prepaid insurance expense of approximately US\$0.3 million for our vessel fleet in Indonesia.

Investments in associates increased by US\$0.3 million due to the share of profits generated from the FSO vessel during the period under review. The decrease in property, plant and equipment of US\$4.7 million from US\$79.9 million as at 31 December 2015 to US\$75.2 million as at 30 June 2016 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\$2.6 million from US\$26.4 million as at 31 December 2015 to US\$23.8 million as at 30 June 2016. The decrease was mainly due to instalment repayments of finance lease liabilities and repayment of a bank loan through refinancing.

Net cash generated from operating activities and financing activities amounted to US\$2.3 million and US\$1.6 million respectively which were partly offset by net cash used in investing activities of US\$0.2 million. Cash used in investing activities was mainly for drydocking expenditures incurred for the vessel fleet in Indonesia. Cash generated from financing activities was from loan refinancing of net proceeds of US\$17.6 million which is partly offset by repaying bank loans of US\$14.4 million as well as repayments of finance lease liabilities and interest. Arising from the above, the Group generated a net increase in cash and cash equivalents of US\$3.7 million from US\$4.1 million as at 31 March 2016 to US\$7.8 million as at 30 June 2016.

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.

Average freight rate is expected to remain weak under current economic conditions. The Group will continue to enhance operational efficiency and monitor operating expenses closely to ensure its vessel fleet is managed effectively and efficiently to achieve better margin for its chartering services.

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	-	1,039
Freight charter revenue from PT Maritim Barito Perkasa	-	3,042

14. Confirmation of procurement of Undertakings from all Directors and Executive Officers

The Company confirmed that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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 2016 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**

11 August 2016