

**SEROJA INVESTMENTS LIMITED**

(Company Registration Number: 198300847M)

**Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 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			Group		
	3 months ended 30/06/2013 US\$'000	3 months ended 30/06/2012 US\$'000	Increase/ (Decrease) %	6 months ended 30/06/2013 US\$'000	6 months ended 30/06/2012 US\$'000	Increase/ (Decrease) %
<b>Revenue</b>	18,446	16,442	12.2	35,220	33,457	5.3
Cost of services	(14,848)	(13,010)	14.1	(29,666)	(26,539)	11.8
Gross profit	3,598	3,432	4.8	5,554	6,918	(19.7)
Other gains/(losses)	(39)	47	n.m.	(86)	(103)	(16.5)
Expenses						
- Administrative	(1,181)	(1,102)	7.2	(2,596)	(2,176)	19.3
- Finance	(676)	(998)	(32.3)	(1,437)	(1,908)	(24.7)
Share of results of associates	233	181	28.7	313	436	(28.2)
Profit before income tax	1,935	1,560	24.0	1,748	3,167	(44.8)
Income tax expense	(175)	(167)	4.8	(330)	(326)	1.2
<b>Net profit</b>	<b>1,760</b>	<b>1,393</b>	<b>26.3</b>	<b>1,418</b>	<b>2,841</b>	<b>(50.1)</b>
<b>Net profit / Other comprehensive income</b>						
<b>Attributable to:</b>						
Equity holders of the Company	538	852	(36.9)	22	1,816	(98.8)
Non-controlling interests	1,222	541	125.9	1,396	1,025	36.2
	1,760	1,393	26.3	1,418	2,841	(50.1)

1(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements

	Group			Group		
	3 months ended 30/06/2013 US\$'000	3 months ended 30/06/2012 US\$'000	Increase/ (Decrease) %	6 months ended 30/06/2013 US\$'000	6 months ended 30/06/2012 US\$'000	Increase/ (Decrease) %
Profit before income tax is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment,	3,169	3,079	2.9	6,279	6,047	3.8
Loss/(gain) on foreign exchange	42	(43)	n.m.	93	111	(16.2)
Interest expense	676	998	(32.3)	1,437	1,908	(24.7)
Interest income	(3)	(5)	(40.0)	(7)	(9)	(22.2)

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	
	30/06/2013 US\$'000	31/12/2012 US\$'000	30/06/2013 US\$'000	31/12/2012 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7,242	10,451	2,431	3,645
Trade and other receivables	17,117	15,766	27,197	26,395
Inventories	1,765	1,178	-	-
Other current assets	1,563	801	56	48
	<u>27,687</u>	<u>28,196</u>	<u>29,684</u>	<u>30,088</u>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	22,138	22,138
Investments in associates	3,939	3,626	-	-
Property, plant and equipment	137,407	141,539	194	224
	<u>141,346</u>	<u>145,165</u>	<u>22,332</u>	<u>22,362</u>
<b>Total assets</b>	<u>169,033</u>	<u>173,361</u>	<u>52,016</u>	<u>52,450</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	17,198	14,756	366	347
Finance Lease	2,789	2,839	-	-
Borrowings	15,571	15,271	-	-
	<u>35,558</u>	<u>32,866</u>	<u>366</u>	<u>347</u>
<b>Non-current liabilities</b>				
Finance Lease	7,003	7,884	-	-
Borrowings	48,519	56,155	-	-
Deferred income tax liabilities	377	400	-	-
Provision for post employment benefits	322	220	-	-
	<u>56,221</u>	<u>64,659</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>91,779</u>	<u>97,525</u>	<u>366</u>	<u>347</u>
<b>NET ASSETS</b>	<u>77,254</u>	<u>75,836</u>	<u>51,650</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)	21,166	21,144	(5,301)	(4,848)
	<u>52,970</u>	<u>52,948</u>	<u>51,650</u>	<u>52,103</u>
Non-controlling interests	24,284	22,888	-	-
	<u>77,254</u>	<u>75,836</u>	<u>51,650</u>	<u>52,103</u>

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

	Group	
	30/06/2013 US\$'000	31/12/2012 US\$'000
<b><u>Amount repayable in one year or less, or on demand:</u></b>		
Secured	15,571	15,271
Unsecured	2,789	2,839
	18,360	18,110
<b><u>Amount repayable after one year:</u></b>		
Secured	48,519	56,155
Unsecured	7,003	7,884
	55,522	64,039
<b>Total borrowings</b>	<b>73,882</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		Group	
	For the 3 months ended		For the 6 months ended	
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	1,935	1,560	1,748	3,167
Adjustments for:				
Depreciation of property, plant and equipment	3,169	3,079	6,279	6,047
Interest expense	676	998	1,437	1,908
Interest income	(3)	(5)	(7)	(9)
Share of results of associates	(233)	(181)	(313)	(436)
Operating cash flow before working capital changes	5,544	5,451	9,144	10,677
Changes in working capital:				
Inventories	(291)	284	(587)	228
Trade and other receivables	(3,194)	(567)	(1,351)	(1,612)
Other current assets	(52)	(190)	(763)	(297)
Trade and other payables	2,646	1,502	2,402	3,518
Post employment benefits	-	-	102	78
<b>Cash generated from operating activities</b>	4,653	6,480	8,947	12,594
Income tax paid	(187)	(178)	(353)	(349)
Interest received	3	5	7	8
<b>Net cash generated from operating activities</b>	4,469	6,307	8,601	12,253
<b>Cash Flows from Investing Activities</b>				
Investments in associates	-	-	-	(41)
Purchase of property, plant and equipment	(1,003)	(773)	(2,147)	(7,971)
<b>Net cash used in investing activities</b>	(1,003)	(773)	(2,147)	(8,012)
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	-	-	-	4,850
Repayment of borrowings	(3,667)	(3,858)	(7,335)	(6,908)
Payment of finance lease	(251)	(753)	(1,003)	(1,505)
Interest paid	(488)	(1,006)	(1,325)	(1,928)
<b>Net cash used in financing activities</b>	(4,406)	(5,617)	(9,663)	(5,491)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(940)	(83)	(3,209)	(1,249)
<b>Cash and cash equivalents at the beginning of the financial period</b>	8,182	11,924	10,451	13,090
<b>Cash and cash equivalents at the end of the financial period</b>	7,242	11,841	7,242	11,841
<b>Represented by:</b>				
Short-term bank deposits	2,398	3,495	2,398	3,495
Cash and bank balances	4,844	8,346	4,844	8,346
	7,242	11,841	7,242	11,841

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 April 2012	31,801	3	18,228	19,477	69,509
Total comprehensive income for the period	-	-	852	541	1,393
<b>Balance as at 30 June 2012</b>	<b>31,801</b>	<b>3</b>	<b>19,080</b>	<b>20,018</b>	<b>70,902</b>
Balance as at 1 April 2013	31,801	3	20,628	23,062	75,494
Total comprehensive income for the period	-	-	538	1,222	1,760
<b>Balance as at 30 June 2013</b>	<b>31,801</b>	<b>3</b>	<b>21,166</b>	<b>24,284</b>	<b>77,254</b>

**Company**

	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 April 2012</b>	56,951	(4,014)	52,937
Total comprehensive loss for the period	-	(398)	(398)
<b>Balance as at 30 June 2012</b>	<u>56,951</u>	<u>(4,412)</u>	<u>52,539</u>
<b>Balance as at 1 April 2013</b>	56,951	(5,077)	51,874
Total comprehensive loss for the period	-	(224)	(224)
<b>Balance as at 30 June 2013</b>	<u>56,951</u>	<u>(5,301)</u>	<u>51,650</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 2013 to 30 June 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 30 June 2013 is 390,388,110. (31 December 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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the six months ended 30 June 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. 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 30/06/13 US cents	3 months ended 30/06/12 US cents	6 months ended 30/06/13 US cents	6 months ended 30/06/12 US cents
(a) Basic	0.14	0.22	0.01	0.47
(b) Fully diluted basis	0.14	0.22	0.01	0.47

Note 1:

The earnings per ordinary share of the Group for the six months ended 30 June 2013 has been computed based on weighted average of 390,388,110 ordinary shares. (30 June 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	
	30/06/13	31/12/12	30/06/13	31/12/12
Net asset value per ordinary share based on issued share capital as at the end of the period (US cents)	13.57	13.56	13.23	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 30 June 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 FY2013Q2 and FY2012Q2 are summarised in the table below:-

	FY2013Q2		FY2012Q2	
	US\$'000	%	US\$'000	%
Freight charter	14,308	77.6	13,050	79.4
Time charter	4,138	22.4	3,392	20.6
Total revenue	18,446	100.0	16,442	100.0

#### Revenue

Revenue increased by 12.2% or US\$2.0 million from US\$16.4 million in FY2012Q2 to US\$18.4 million in FY2013Q2 due to both higher freight charter and time charter revenue. Freight charter revenue increased by US\$1.3 million from US\$13.0 million in FY2012Q2 to US\$14.3 million in FY2013Q2 due mainly to higher transshipments made to an existing customer as well as shipments made to a new customer. The increase in freight charter revenue is partly offset by lower cargo volume shipped for a major customer. Time charter revenue increased by US\$0.7 million from US\$3.4 million in FY2012Q2 to US\$4.1 million in FY2013Q2 due mainly to higher contribution from drybulk carriers under joint venture which is partly offset by non renewal of time charter contract for tugboats and barges by a customer.

#### Gross Profit

Gross profit increased by US\$0.2 million from US\$3.4 million in FY2012Q2 to US\$3.6 million in FY2013Q2. However, gross profit margin declined by 1.4% from 20.9% in FY2012Q2 to 19.5% in FY2013Q2, mainly attributable to higher depreciation expenses and management fees which are partly offset by lower fuel costs.

#### Other gains/(losses)

Other losses in FY2013Q2 was due mainly to exchange losses as compared to exchange gains in FY2012Q2 due to currency fluctuations between Indonesian rupiah and US dollars.

#### Expenses

Administrative expenses increased by US\$0.1 million mainly due to increase in personnel expenses as a result of salary increments. The decrease in finance expenses by US\$0.3 million from US\$1.0 million in FY2012Q2 to US\$0.7 million in FY2013Q2 was mainly 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\$52k from US\$181k in FY2012Q2 to US\$233k in FY2013Q2 mainly due to lower operating and finance expenses incurred by the associates in FY2013Q2 as compared to FY2012Q2.

## **Net Profit**

Arising from the above, net profit attributable to shareholders decreased by US\$0.3 million from US\$0.8 million in FY2012Q2 to US\$0.5 million in FY2013Q2.

## **Review of the Group's Financial Position as at 30 June 2013 as compared to the Group's Financial Position as at 31 December 2012**

The increase in trade and other receivables by US\$1.4 million was in line with increase in revenue with higher revenue generated during the last 2 months for the current quarter ended 30 June 2013. Inventories increased by US\$0.6 million mainly due to more fuel and vessel supplies purchased, in line with increase in utilization of vessel fleet. The increase in other current assets of US\$0.8 million was mainly due to increase in value added taxes of US\$0.6 million from higher inventory purchases made and prepaid insurance incurred for our fleet of vessels of US\$0.4 million which is partly offset by decrease in insurance claims receivables of US\$0.2 million.

Investments in associates increased by US\$0.3 million mainly due to the profits generated by the FSO vessel during the period under review. The decrease in property, plant and equipment of US\$4.1 million from US\$141.5 million as at 31 December 2012 to US\$137.4 million as at 30 June 2013 was mainly due to depreciation charges during the period under review which was partly offset by drydocking costs capitalized.

The increase in trade and other payables of US\$2.4 million was in line with the increase in business activities for the period under review. Total borrowings (current and non-current) decreased by US\$8.2 million from US\$82.1 million as at 31 December 2012 to US\$73.9 million as at 30 June 2013. The decrease was 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 2013 as its current liabilities exceed current assets by US\$7.9 million. Despite this, the Group continues to generate positive cashflow from operations of US\$4.4 million for current quarter under review and has increased its gross profit margin from 11.7% in FY2013Q1 to 19.5% this quarter. The Group has also tightened its capital expenditures to contain significant cash outflows. Based on above, the Group believes it is able to meet its short term obligations as and when they fall due.

Net cash generated from operating activities amounted to US\$4.4 million which was partly offset by net cash used in investing activities and financing activities of US\$1.0 million and US\$4.4 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\$1.0 million from US\$8.2 million as at 31 March 2013 to US\$7.2 million as at 30 June 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 continued to keep its fleet of tugboats and barges in Indonesia fully deployed despite the weak economy. Freight rates had been weak in the first half of FY2013 and may rise slightly in the second half when the economy is expected to recover. Similarly, for our large vessels under joint ventures which are under time charter, the rates are not expected to fluctuate significantly in second half of FY2013 as compared to the first half.

The Group will remain focus to leverage on its relationship with major customers and to source for new customers so as to keep its fleet of tugboats and barges fully utilized. For capesize and panamax vessels under our joint ventures, we will continue to work closely with our joint venture partner to explore options for the vessels so as to optimize returns for the joint ventures.

## 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	-	10,077

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

Utilization of the net proceeds for the current quarter ended 30 June 2013:-

	<u>S\$ million</u>
Balance as at 1 Apr 2013	2.4
Payments of head office expenses (Note 1)	<u>(0.2)</u>
Balance as at 30 Jun 2013	<u>2.2</u>

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

The use of net proceeds is in accordance to its stated use as stated in the Placement exercise and part of the net proceeds was re-allocated to working capital use as per the company's announcement through SGXnet on 8 February 2013.

**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 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Husni Heron  
Director

Masdjan  
Director

**By Order of The Board**

Husni Heron  
CEO

**2 August 2013**