

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF YEAR AND FULL YEAR RESULTS

1 a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors announces the unaudited results of the Group for the Second Quarter ended 30 Jun 2010.

1 a)(i) Income Statement for the Second Quarter ended 30 Jun 2010

	Note	Group		+ / (-) %
		2Q 2010 US\$'000	2Q 2009 US\$'000	
Turnover		89,958	81,852	9.9
Cost of services		(84,581)	(76,587)	10.4
Gross profit		5,377	5,265	2.1
Other operating income	(A)	68	139	(51.1)
Marketing expenses		(1,644)	(1,546)	6.3
Administrative expenses		(2,132)	(2,079)	2.5
Other operating expenses	(B)	(217)	(579)	(62.5)
Profit from operations		1,452	1,200	21.0
Finance income		33	193	(82.9)
Finance expense		(654)	(1,087)	(39.8)
Operating profit		831	306	171.6
Share of results of associated companies		182	112	62.5
Profit before tax		1,013	418	142.3
Taxation		(371)	(301)	23.3
Profit after tax		642	117	448.7
Attributable to:				
Equity holders of the Company		647	97	567.0
Non-controlling interests		(5)	20	n.m.
Profit after tax		642	117	448.7

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	2Q 2010 US\$'000	2Q 2009 US\$'000	
Profit for the period is arrived at after charging (crediting) the following:			
- Depreciation of fixed assets	4,466	4,141	7.8
- Allowance for doubtful trade debts	36	30	20.0
- Write back of allowance for doubtful trade debts	(3)	(13)	(76.9)
- Finance expenses - interest on borrowings	654	1,087	(39.8)
(A) Other operating income			
- Unrealised gain on investment securities	-	11	n.m.
- Rental income	54	73	(26.0)
- Other income	14	55	(74.5)
	68	139	(51.1)

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1 a)(ii) Notes to the Income Statement (continued)

	Group		+ / (-) %
	2Q 2010 US\$'000	2Q 2009 US\$'000	
(B) Other operating expenses			
- Foreign exchange loss	(56)	(482)	(88.4)
- Claim expenses	(155)	(54)	187.0
- Realized loss on investment securities	-	(35)	n.m.
- Other expenses	(6)	(8)	(25.0)
	<u>(217)</u>	<u>(579)</u>	<u>(62.5)</u>

1 a)(iii) Statement of Comprehensive Income for the Second Quarter ended 30 Jun 2010

	Group	
	2Q 2010 US\$'000	2Q 2009 US\$'000
Profit after tax for the period	642	117
Net unrealised gain on revaluation of cashflow hedges	16	63
Share of net changes in associated company's hedging reserve	(2,368)	2,738
Currency translation from foreign operations	(37)	182
Total comprehensive income for the period	<u>(1,747)</u>	<u>3,100</u>
Total comprehensive income attributable to:		
Equity holders of the Company	(1,652)	3,061
Non-controlling interests	(95)	39
	<u>(1,747)</u>	<u>3,100</u>

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- 1 b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets as at

	Group		Company	
	30 Jun 10 US\$'000	31 Dec 09 US\$'000	30 Jun 10 US\$'000	31 Dec 09 US\$'000
Capital and reserves attributable to equity holders of the Company				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Accumulated profits	164,387	165,226	112,160	114,469
Foreign currency translation reserve	(11,531)	(11,488)	-	-
Other reserves	(6,398)	(3,700)	-	-
	<u>215,045</u>	<u>218,625</u>	<u>180,747</u>	<u>183,056</u>
Non-controlling interests	3,952	2,834	-	-
Total equity	218,997	221,459	180,747	183,056
Non-current assets				
Subsidiaries	-	-	54,549	54,549
Associated companies	5,126	7,302	12,312	12,312
Fixed assets	281,255	249,313	125,197	127,924
Deferred taxation	30	30	-	-
Fixed deposits	384	273	-	-
	<u>286,795</u>	<u>256,918</u>	<u>192,058</u>	<u>194,785</u>
Current assets				
Stocks	2,135	2,062	-	-
Trade debtors	47,476	37,374	34,635	25,876
Advance payments for vessels purchase	39,325	78,403	-	-
Prepayments	13,320	13,934	5,111	6,417
Other debtors	3,988	6,204	289	1,089
Due from immediate holding company	1,965	670	-	-
Due from subsidiaries (trade)	-	-	4,856	3,906
Due from subsidiaries (non-trade)	-	-	24,072	22,048
Due from related company	470	-	85	-
Due from associated company	-	1,714	-	1,714
Due from minority shareholders of a subsidiary	48	48	48	48
Investment securities	-	494	-	494
Fixed deposits	22,467	29,705	19,930	28,072
Cash and bank balances	15,067	16,593	7,695	8,039
	<u>146,261</u>	<u>187,201</u>	<u>96,721</u>	<u>97,703</u>
Current liabilities				
Trade creditors	22,887	24,511	16,837	15,439
Other creditors and liabilities	15,813	13,584	4,549	4,584
Due to immediate holding company (trade)	658	581	658	512
Due to related companies (trade)	1,969	1,904	3	8
Due to subsidiary	-	-	1,081	-
Hire purchase creditors	208	207	46	46
Bank term loans (secured)	14,602	15,167	8,005	8,005
Provision for tax	1,820	1,901	362	371
	<u>57,957</u>	<u>57,855</u>	<u>31,541</u>	<u>28,965</u>
Net current assets	88,304	129,346	65,180	68,738
Non-current liabilities				
Hire purchase creditors	800	903	80	103
Bank term loans (secured)	155,302	163,902	76,411	80,364
Net assets	218,997	221,459	180,747	183,056

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1 b)(ii) The aggregate amount of the group's borrowings and debt securities

	As at 30 Jun 2010		As at 31 Dec 2009	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	14.81	-	15.37	-
Amount repayable after one year	156.10	-	164.81	-
	<u>170.91</u>	<u>-</u>	<u>180.18</u>	<u>-</u>

Details of any collateral

The Group's borrowings are secured by means of:

- > Corporate guarantees from the Company
- > Legal mortgages over certain vessels of the Company and the subsidiaries
- > Legal charges over certain bank accounts of the Company and the subsidiaries
- > Assignment of income derived from certain charter hire contracts of the subsidiaries
- > Assignment of insurance of certain vessels of the Company and the subsidiaries
- > Legal mortgages over freehold properties of the Company
- > Assignment of insurance, title and interest of freehold properties of the Company

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- 1 c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Cashflow Statement for the Second Quarter

	Group	
	2Q 2010 US\$'000	2Q 2009 US\$'000
Cash flows from operating activities		
Profit before tax	1,013	418
Adjustments:		
Depreciation of fixed assets	4,466	4,141
Loss on disposal of investment securities	-	35
Allowance for doubtful trade debts	36	30
Allowance for doubtful non trade debts	-	1
Write back of allowance for doubtful trade debts	(3)	(13)
Interest expense	654	1,087
Interest income	(33)	(193)
Share of results of associated companies	(182)	(112)
Unrealised gain on investment securities	-	(11)
Unrealised loss / (gain) on derivative financial instruments	316	(3,652)
Currency realignment	(97)	669
Operating profit before working capital changes	6,170	2,400
(Increase)/ decrease in:		
Stocks	20	(384)
Trade debtors	(7,351)	1,417
Other debtors	1,351	(30)
Prepayments	(143)	1,913
Due from immediate holding company	(1,292)	(672)
Due from related companies	(45)	-
Increase/ (decrease) in:		
Trade creditors	(952)	2,531
Other creditors and liabilities	2,395	(701)
Due to related companies	(89)	(32)
Due to immediate holding company	(182)	489
Cash generated from operations	(118)	6,931
Interest paid	(654)	(1,087)
Income tax paid	(440)	(198)
Net cash generated from operating activities	(1,212)	5,646
Cash flows from investing activities		
Interest income received	33	193
Acquisition of fixed assets	(1,456)	(13,268)
Dividend received from associated company	-	335
Dividend paid to minority shareholders	(37)	(35)
Proceeds from disposal of investment securities	-	200
Additional investment in subsidiary by non-controlling interests	1,412	-
Net cash used in investing activities	(48)	(12,575)
Cash flows from financing activities		
Repayment of hire purchase creditors	(52)	(50)
Proceeds from bank term loans	-	9,756
Repayment of bank term loans	(3,880)	(5,460)
Purchase of treasury shares	-	(174)
Dividend paid	-	(5,390)
(Increase) /decrease in pledged deposits	(501)	168
Net cash used in financing activities	(4,433)	(1,150)
Net decrease in cash and cash equivalents	(5,693)	(8,079)
Effect of exchange rate changes on cash and cash equivalents	(4)	(2)
Cash and cash equivalents at the beginning of the period	35,683	64,010
Cash and cash equivalents at the end of the period	29,986	55,929

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Cashflow Statement for the Second Quarter (continued)

	Group	
	2Q 2010 US\$'000	2Q 2009 US\$'000
Fixed deposits	22,851	42,818
Cash and bank balance (current)	15,067	15,261
Less: Pledged deposits	(7,932)	(2,150)
Cash and cash equivalents at the end of the period	29,986	55,929

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.

Statements of Changes in Equity for the Second Quarter ended 30 Jun

	Share Capital	Treasury Shares	Other Reserves	Translation Reserve	Accumulated Profits	Attributable to Equity holders	Non- Controlling Interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
GROUP								
Balance as at 31 Mar 2010	68,761	(174)	(4,046)	(11,584)	163,740	216,697	2,672	219,369
Total comprehensive income/(loss) for the period	-	-	(2,352)	53	647	(1,652)	(95)	(1,747)
Additional investment in subsidiary by non-controlling interests	-	-	-	-	-	-	1,412	1,412
Dividend paid	-	-	-	-	-	-	(37)	(37)
Balance as at 30 Jun 2010	68,761	(174)	(6,398)	(11,531)	164,387	215,045	3,952	218,997
Balance as at 31 Mar 2009	68,761	-	(7,227)	(11,674)	178,366	228,226	2,839	231,065
Total comprehensive income for the period	-	-	2,801	163	97	3,061	39	3,100
Purchase of treasury shares	-	(174)	-	-	-	(174)	-	(174)
Dividend paid	-	-	-	-	(5,390)	(5,390)	(34)	(5,424)
Balance as at 30 Jun 2009	68,761	(174)	(4,426)	(11,511)	173,073	225,723	2,844	228,567
COMPANY								
Balance as at 31 Mar 2010	68,761	(174)	111,677	-	-	-	-	180,264
Total comprehensive income for the period	-	-	483	-	-	-	-	483
Balance as at 30 Jun 2010	68,761	(174)	112,160	-	-	-	-	180,747
Balance as at 31 Mar 2009	68,761	-	127,202	-	-	-	-	195,963
Total comprehensive loss for the period	-	-	(132)	-	-	-	-	(132)
Purchase of treasury shares	-	(174)	-	-	-	-	-	(174)
Dividend paid	-	-	(5,390)	-	-	-	-	(5,390)
Balance as at 30 Jun 2009	68,761	(174)	121,680	-	-	-	-	190,267

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- 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.**

During the three months ended 30 Jun 2010, there was no change in the Company's share capital.

As at 30 Jun 2010, the total issued share capital of the Company was 539,131,199 ordinary shares which include 1,093,000 ordinary shares held as treasury shares.

- 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 shares excluding treasury shares as at 30 Jun 2010 was 538,038,199 (31 Mar 2010: 538,038,199 shares).

- 1 d)(iv) **A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

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 by the auditors.

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 current financial period compared with those of the audited financial statements as at 31 December 2009.

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.**

The Group has adopted all the new/ revised Financial Reporting Standards (FRS) that became effective for accounting periods beginning on or after 1 January 2010. The adoption of these new/ revised FRS does not have any material impact to the Group financial statements.

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.**

Earnings per ordinary share for the period based on net profit attributable to shareholders:

- (i) Based on weighted average number of ordinary shares in issue
(ii) On a fully diluted basis

Group	
2Q 2010	2Q 2009
US cents	US cents
0.12	0.02
0.12	0.02

Earnings per ordinary share for the Second Quarter ended 30 Jun 2010 and 30 Jun 2009 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (2Q 2009: 538,603,562).

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7. **Net asset value (for the issuer and group) 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.

Net asset value per ordinary share based on issued share capital as at the end of the period

Group		Company	
30 Jun 10	31 Dec 09	30 Jun 10	31 Dec 09
US cents 39.97	US cents 40.63	US cents 33.59	US cents 34.02

Net asset value per ordinary share as at 30 Jun 2010 and 31 Dec 2009 is calculated based on the number of issued ordinary shares (excluding treasury shares) of 538,038,199.

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.

Group revenue increased by 9.9% to US\$90.0 million for the second-quarter ended 30 June 2010 (2Q10), compared to US\$81.9 million in the previous corresponding period in 2009 (2Q09). This was largely due to better vessel utilization for the container shipping business and increase in container volume. The Group's container volume grew by 10.9% to 334,000 TEUs in 2Q10 from 302,000 TEUs in 2Q09.

Driven by higher bunker prices, cost of services rose 10.4% to US\$84.6 million. In addition, as the bulk of the Group's stevedoring cost is denominated in Singapore dollars, the strengthening of the Singapore dollar against US dollar translated into a higher stevedoring cost.

For 2Q10, the Group achieved a 2.1% improvement in gross profit to US\$5.4 million compared to 2009.

Other operating expenses decreased to US\$217,000 in 2Q10, from US\$579,000 in 2Q09 due to lower foreign exchange loss recognized in 2Q10, in which the movement of USD exchange rate against SGD, THB, INR, and MYR was less volatile compared to that in 2Q09.

The financial income in 2Q10 decreased 82.9% to US\$33,000 from US\$193,000 as less interest was earned on lower cash and bank balances, as compared to 2Q09.

Share of results of associated company increased from US\$112,000 in 2Q09 to US\$182,000 in 2Q10 as an associated company turned profitable compared to a loss the same quarter previous year.

Overall, the Group registered a net profit attributable to equity holders of US\$647,000 for 2Q10, compared to US\$97,000 in 2Q09.

Balance Sheet

Higher trade debtors as at end of the period resulted from a higher turnover, particularly towards the end of the quarter.

During the quarter, the Group has capitalized part of its advance payments for vessels purchase to fixed assets.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

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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 container shipping business has seen an improvement on the back of a recovery in global trade and various measures by the global operators to reduce the supply of container ships in the industry. Although there is a sign of recovery, there are issues with regard to slowdown in consumption in Europe.

The Group continues to make plans to expand its service coverage, via slot exchanges with other shipping lines as well as deployment of vessels in new service routings.

Bunker prices are expected to remain volatile, and the Group will continue its efforts to manage this by hedging as appropriate and by passing on the impact of the bunker price to the customers through imposition of appropriate surcharges, where possible.

In response to increasing demand for cargo to and from Kolkata, the Group recently added an additional vessel to the Kolkata-Haldia Express. This service is expected to contribute positively to the Group.

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.

Not applicable.

13. Interested Person Transactions

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Mandated transactions)	2Q 2010 US\$'000	2Q 2009 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	761	674
Provision of services - Office rental	25	38
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	249	224
<u>PT. Panurjwan</u>		
Provision of services - Building rental	7	6
Provision of services - Charter hire	327	286
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	66	132
<u>PT. Prima Nur Panurjwan</u>		
Provision of services - Stevedorage	1,016	718

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14. Negative Assurance Confirmation Pursuant To Rule 705(4) of the Listing Manual

We, David Batubara and Anwarsyah, being two Directors of SAMUDERA SHIPPING LINE LTD (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 June 2010 to be false or misleading.

On behalf of the Board of Directors,

David Batubara
Executive Director and CEO

Anwarsyah
Executive Director and CFO

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director

28 July 2010