

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 Third Quarter ended 30 September 2010.

1 a)(i) Income Statement for the Third Quarter ended 30 Sep 2010

	Note	Group		+ / (-) %
		3Q 2010 US\$'000	3Q 2009 US\$'000	
Turnover		97,185	85,136	14.2
Cost of services		(85,214)	(84,278)	1.1
Gross profit		11,971	858	n.m.
Other operating income	(A)	349	173	101.7
Marketing expenses		(1,897)	(1,539)	23.3
Administrative expenses		(2,362)	(2,028)	16.5
Other operating expenses	(B)	(992)	(463)	114.3
Profit/(loss) from operations		7,069	(2,999)	n.m.
Finance income		37	81	(54.3)
Finance expense		(677)	(842)	(19.6)
Operating profit/(loss)		6,429	(3,760)	n.m.
Share of results of associated companies		282	102	176.5
Profit/(loss) before tax		6,711	(3,658)	n.m.
Taxation		(436)	(309)	41.1
Profit/(loss) after tax		6,275	(3,967)	n.m.
Attributable to:				
Equity holders of the Company		6,228	(3,991)	n.m.
Non-controlling interests		47	24	95.8
Profit/(loss) after tax		6,275	(3,967)	n.m.

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	3Q 2010 US\$'000	3Q 2009 US\$'000	
Profit/(loss) for the period is arrived at after charging (crediting) the following:			
- Depreciation of fixed assets	4,498	4,473	0.6
- Allowance for doubtful trade debts	46	44	4.5
- Write back of allowance for doubtful trade debts	(15)	(41)	(63.4)
- Finance expenses - interest on borrowings	677	842	(19.6)
(A) Other operating income			
- Unrealised gain on investment securities	-	44	n.m.
- Rental income	54	77	(29.9)
- Gain on disposal of fixed asset	239	10	n.m.
- Other income	56	42	33.3
	349	173	101.7

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

	Group		+ / (-) %
	3Q 2010 US\$'000	3Q 2009 US\$'000	
(B) Other operating expenses			
- Foreign exchange loss	(958)	(436)	119.7
- Claim expenses	(30)	(23)	30.4
- Other expenses	(4)	(4)	-
	<u>(992)</u>	<u>(463)</u>	114.3

1 a)(iii) Statement of Comprehensive Income for the Third Quarter ended 30 September 2010

	Group	
	3Q 2010 US\$'000	3Q 2009 US\$'000
Profit/(loss) after tax for the period	6,275	(3,967)
Net unrealised gain on revaluation of cashflow hedges	12	16
Share of net changes in associated company's hedging reserve	(1,488)	(727)
Currency translation from foreign operations	137	9
Total comprehensive income/(loss) for the period	4,936	(4,669)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	4,849	(4,693)
Non-controlling interests	87	24
	<u>4,936</u>	<u>(4,669)</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 Sep 10 US\$'000	31 Dec 09 US\$'000	30 Sep 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	170,615	165,226	117,820	114,469
Foreign currency translation reserve	(11,434)	(11,488)	-	-
Other reserves	(7,874)	(3,700)	-	-
	<u>219,894</u>	<u>218,625</u>	<u>186,407</u>	<u>183,056</u>
Non-controlling interests	3,922	2,834	-	-
Total equity	223,816	221,459	186,407	183,056
Non-current assets				
Subsidiaries	-	-	54,549	54,549
Associated companies	3,749	7,302	12,312	12,312
Fixed assets	317,305	249,313	124,277	127,924
Deferred taxation	30	30	-	-
Fixed deposits	519	273	-	-
	<u>321,603</u>	<u>256,918</u>	<u>191,138</u>	<u>194,785</u>
Current assets				
Stocks	2,256	2,062	-	-
Trade debtors	46,959	37,374	33,881	25,876
Advance payments for vessels purchase	-	78,403	-	-
Prepayments	12,769	13,934	5,280	6,417
Other debtors	3,828	6,204	238	1,089
Due from immediate holding company	1,933	670	-	-
Due from subsidiaries (trade)	-	-	5,573	3,906
Due from subsidiaries (non-trade)	-	-	24,045	22,048
Due from related company	502	-	110	-
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	27,630	29,705	23,733	28,072
Cash and bank balances	15,826	16,593	8,486	8,039
	<u>111,751</u>	<u>187,201</u>	<u>101,394</u>	<u>97,703</u>
Current liabilities				
Trade creditors	20,525	24,511	15,064	15,439
Other creditors and liabilities	16,151	13,584	5,320	4,584
Due to immediate holding company (trade)	598	581	598	512
Due to related companies (trade)	1,944	1,904	-	8
Due to subsidiary	-	-	1,081	-
Hire purchase creditors	238	207	76	46
Bank term loans (secured)	14,362	15,167	8,067	8,005
Provision for tax	2,013	1,901	361	371
	<u>55,831</u>	<u>57,855</u>	<u>30,567</u>	<u>28,965</u>
Net current assets	55,920	129,346	70,827	68,738
Non-current liabilities				
Hire purchase creditors	971	903	290	103
Bank term loans (secured)	152,736	163,902	75,268	80,364
Net assets	223,816	221,459	186,407	183,056

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

	As at 30 Sep 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	14.60	-	15.37	-
Amount repayable after one year	153.71	-	164.81	-
	<u>168.31</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 Third Quarter

	Group	
	3Q 2010 US\$'000	3Q 2009 US\$'000
Cash flows from operating activities		
Profit/(loss) before tax	6,711	(3,658)
Adjustments:		
Depreciation of fixed assets	4,498	4,473
Gain on disposal of fixed assets	(239)	(10)
Allowance for doubtful trade debts	46	44
Write back of allowance for doubtful trade debts	(15)	(41)
Interest expense	677	842
Interest income	(37)	(81)
Share of results of associated companies	(282)	(102)
Unrealised gain on investment securities	-	(44)
Unrealised (gain)/loss on derivative financial instruments	(225)	1,283
Currency realignment	940	298
Operating profit before working capital changes	12,074	3,004
(Increase)/ decrease in:		
Stocks	(142)	(383)
Trade debtors	485	2,832
Other debtors	160	(602)
Prepayments	551	(331)
Due from immediate holding company	33	(2)
Due from related companies	(31)	-
Increase/ (decrease) in:		
Trade creditors	(2,362)	(139)
Other creditors and liabilities	574	(222)
Due to related companies	(25)	968
Due to immediate holding company	(60)	(378)
Cash generated from operations	11,257	4,747
Interest paid	(677)	(842)
Income tax paid	(309)	(305)
Net cash generated from operating activities	10,271	3,600
Cash flows from investing activities		
Interest income received	37	81
Proceeds from disposal of fixed assets	419	10
Acquisition of fixed assets	(1,033)	(37,445)
Dividend received from associated company	174	-
Dividend paid to minority shareholders	(117)	(17)
Net cash used in investing activities	(520)	(37,371)
Cash flows from financing activities		
Repayment of hire purchase creditors	(70)	(51)
Proceeds from bank term loans	-	34,145
Repayment of bank term loans	(3,707)	(7,498)
Decrease in pledged deposits	4,513	330
Net cash generated from financing activities	736	26,926
Net increase/(decrease) in cash and cash equivalents	10,487	(6,845)
Effect of exchange rate changes on cash and cash equivalents	84	78
Cash and cash equivalents at the beginning of the period	29,986	55,929
Cash and cash equivalents at the end of the period	40,557	49,162

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Cashflow Statement for the Third Quarter (continued)

	Group	
	3Q 2010	3Q 2009
	US\$'000	US\$'000
Fixed deposits	28,149	35,854
Cash and bank balance (current)	15,826	15,128
Less: Pledged deposits	(3,418)	(1,820)
Cash and cash equivalents at the end of the period	40,557	49,162

- 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 Third Quarter ended 30 Sep

	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 30 Jun 2010	68,761	(174)	(6,398)	(11,531)	164,387	215,045	3,952	218,997
Total comprehensive income for the period	-	-	(1,476)	97	6,228	4,849	87	4,936
Dividend paid	-	-	-	-	-	-	(117)	(117)
Balance as at 30 Sep 2010	68,761	(174)	(7,874)	(11,434)	170,615	219,894	3,922	223,816
Balance as at 30 Jun 2009	68,761	(174)	(4,426)	(11,511)	173,073	225,723	2,844	228,567
Total comprehensive loss for the period	-	-	(711)	9	(3,991)	(4,693)	24	(4,669)
Dividend paid	-	-	-	-	-	-	(16)	(16)
Balance as at 30 Sep 2009	68,761	(174)	(5,137)	(11,502)	169,082	221,030	2,852	223,882

COMPANY

	Share Capital	Treasury Shares	Accumulated Profits	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 30 Jun 2010	68,761	(174)	112,160	180,747
Total comprehensive income for the period	-	-	5,660	5,660
Balance as at 30 Sep 2010	68,761	(174)	117,820	186,407
Balance as at 30 Jun 2009	68,761	(174)	121,680	190,267
Total comprehensive loss for the period	-	-	(4,127)	(4,127)
Balance as at 30 Sep 2009	68,761	(174)	117,553	186,140

- 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 Sep 2010, there was no change in the Company's share capital.

As at 30 Sep 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.

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- 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 Sep 2010 was 538,038,199 (31 Dec 2009: 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	
3Q 2010	3Q 2009
US cents	US cents
1.16	(0.74)
1.16	(0.74)

Earnings per ordinary share for the Third Quarter ended 30 Sep 2010 and 30 Sep 2009 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199.

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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 Sep 10	31 Dec 09	30 Sep 10	31 Dec 09
US cents	US cents	US cents	US cents
40.87	40.63	34.65	34.02

Net asset value per ordinary share as at 30 Sep 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.

- 8 a) Group revenue for the third-quarter ended 30 September 2010 ("3Q10") rose 14.2% to US\$97.2 million, compared to US\$85.1 million for the corresponding period in 2009 ("3Q09"). This was mainly due to better vessel utilization and improved freight rates for its container shipping services. The Group's container volume in 3Q10 remained relatively stable compared to 3Q09.

Despite the increase in revenue, cost of services in 3Q10 rose marginally by 1.1% to US\$85.2 million, due to improved operating efficiency. Accordingly, gross profit increased 13 times, from US\$0.9 million in 3Q09 to US\$12.0 million in 3Q10.

Other operating expenses in 3Q10 were higher due to the weakening US dollar against the Singapore dollar, the Thai baht, the Indonesian rupiah and the Malaysian ringgit. For the same reason, the Group also incurred a higher foreign exchange loss of US\$958,000 in 3Q10 versus US\$436,000 a year ago.

Due to lower cash and bank balances and lower interest rates, financial income for 3Q10 declined 54.3% to US\$37,000 from US\$81,000 in 3Q09. Financial expenses also declined 19.6% from US\$842,000 in 3Q09 to US\$677,000 in 3Q10, owing to lower interest on borrowings and a smaller loan balance.

Share of results of associated company was US\$282,000 in 3Q10 versus US\$102,000 in 3Q09, in view of greater positive contribution from the Group's 25%-owned LNG vessel.

The Group reported a turnaround in profit after tax of US\$6.3 million for 3Q10, compared to a net loss of US\$4.0 million in 3Q09.

- 8 b) In line with the increase in business activity, trade debtors increased from US\$37.4 million as at 31 December 2009, to US\$47 million as at 30 September 2010.

At the close of the third quarter of 2010, fixed assets was US\$317.3 million, higher than that recorded at the close of the financial year 2009, as the Group's advance payment for vessel purchases continued to be capitalised 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.

According to the International Monetary Fund (IMF), world trade will increase by 9% in 2010 and 6% in 2011. In addition, Drewry also estimates that global container demand will grow by 12% in 2010 against a fleet growth of 8%. Taken together, these figures bode well for shipping lines as a whole.

However, with nagging supply issues such as newbuildings on order and idle containership capacity, the container market continues to be in a delicate position. In view of the end of the peak season for shipping, the Group expects a near term slowdown in shipping demand, as well as a slight decline in Asia-Europe rates. Nonetheless, the decline is expected to be limited as shipping lines are now probably more disciplined following the shipping crisis in 2009.

In the meantime, Samudera seeks to expand its service coverage, where opportunities arise, by deploying its vessels in new service routings or by slot exchanges with other shipping lines.

Bunker prices are also expected to remain volatile, and the Group will continue its efforts to manage this by hedging a part of its bunker consumption and implementing bunker surcharges where possible.

Two Supramax bulk carriers with a carrying capacity of 57,700 dwt each, scheduled for delivery by the first half of 2011. The Group plans to deploy these vessels on time-charter contracts. These vessels are expected to start contributing to the Group from the second quarter of 2011.

As part of the Group's continuous effort to participate in the Indonesian shipping market, the Group has reflagged another chemical tanker, Sinar Jogja, and secured for the latter, a two-year extension of the existing time-charter contract.

Samudera will continue to explore opportunities by working closely with its customers and partners in achieving optimal schedules and service routes.

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.

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13. Interested Person Transactions

(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Mandated transactions)	3Q 2010 US\$'000	3Q 2009 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	726	687
Provision of services - Office rental	26	32
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	222	224
<u>PT. Panuriwan</u>		
Provision of services - Building rental	7	6
Provision of services - Charter hire	348	311
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	75	87
<u>PT. Prima Nur Panuriwan</u>		
Provision of services - Stevedorage	924	675
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	80	-
(B) Aggregate value of all interested person transactions during the financial period under review excluding transactions conducted under shareholders' mandate pursuant to Rule 920 (Non-Mandated transactions)	3Q 2010 US\$'000	3Q 2009 US\$'000
<u>PT. Tankindo Perdana</u>		
Sale of vessel - Nurhidayah*	350	-

* The vessel was disposed at market value, a disposal gain of US\$169,000 was recorded

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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 Sep 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

22 October 2010