

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C
(Incorporated in the Republic of Singapore)

FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011

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 financial period ended 31 March 2011.

1 a)(i) **Income Statement for the period ended 31 March 2011**

	Note	Group		+ / (-) %
		1Q 2011 US\$'000	1Q 2010 US\$'000	
Revenue		102,689	82,933	23.8
Cost of sales		(98,378)	(81,107)	21.3
Gross profit		4,311	1,826	136.1
Other operating income	(A)	573	792	(27.7)
Marketing expenses		(1,984)	(1,494)	32.8
Administrative expenses		(1,987)	(1,894)	4.9
Other operating expenses	(B)	(6)	(56)	(89.3)
Profit/(loss) from operations		907	(826)	n.m.
Finance income		73	37	97.3
Finance expense		(610)	(639)	(4.5)
Operating profit/(loss)		370	(1,428)	n.m.
Share of results of associates		209	329	(36.5)
Profit/(loss) before tax		579	(1,099)	n.m.
Income tax expense		(427)	(326)	31.0
Profit/(loss) after tax		152	(1,425)	n.m.
Attributable to:				
Owners of the Company		7	(1,479)	n.m.
Non-controlling interests		145	54	168.5
Profit/(loss) after tax		152	(1,425)	n.m.

n.m. = not meaningful

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

	Group		+ / (-) %
	1Q 2011 US\$'000	1Q 2010 US\$'000	
Profit/(loss) after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	4,544	4,491	1.2
- Allowance for doubtful trade debts	100	136	(26.5)
- Write back of allowance for doubtful trade debts	(12)	(136)	(91.2)
- Finance expenses - interest on borrowings	610	639	(4.5)
(A) Other operating income			
- Foreign exchange gain	335	197	70.1
- Rental income	38	66	(42.4)
- Dividend income	-	355	(100.0)
- Gain on disposal of subsidiary	-	161	(100.0)
- Gain on disposal of fixed assets	77	-	100.0
- Other income	123	13	846.2
	573	792	(27.7)

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

(B) Other operating expenses

- Realised loss on investment securities
- Other expenses

Group		
1Q 2011	1Q 2010	+ / (-)
US\$'000	US\$'000	%
-	(17)	(100.0)
(6)	(39)	(84.6)
<u>(6)</u>	<u>(56)</u>	<u>(89.3)</u>

1 a)(iii) Statement of Comprehensive Income for the period ended 31 March 2011

Profit/(loss) after tax for the financial year

- Net unrealised gain on revaluation of cashflow hedges
- Share of net changes in associated company's hedging reserve
- Currency translation from foreign operations

Total comprehensive income/(loss) for the period

Total comprehensive income/(loss) attributable to:

- Equity holders of the Company
- Non-controlling interests

Group		
1Q 2011	1Q 2010	
US\$'000	US\$'000	
152	(1,425)	
-	18	
340	(334)	
18	167	
<u>510</u>	<u>(1,574)</u>	
375	(1,960)	
135	386	
<u>510</u>	<u>(1,574)</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	
	31 Mar 11 US\$'000	31 Dec 10 US\$'000	31 Mar 11 US\$'000	31 Dec 10 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)
Retained earnings	174,489	174,482	118,681	121,153
Foreign currency translation reserve	(11,351)	(11,379)	-	-
Other reserves	(4,746)	(5,086)	-	-
	<u>226,979</u>	<u>226,604</u>	<u>187,268</u>	<u>189,740</u>
Non-controlling interests	3,970	3,835	-	-
Total equity	<u>230,949</u>	<u>230,439</u>	<u>187,268</u>	<u>189,740</u>
Non-current assets				
Subsidiaries	-	-	54,496	54,496
Associated companies	7,470	6,909	12,117	12,117
Property, plant and equipment	337,605	315,204	134,993	122,917
Deferred tax assets	15	15	-	-
Advance payments for vessel purchase	2,210	-	2,210	-
Fixed deposits	245	696	-	-
	<u>347,545</u>	<u>322,824</u>	<u>203,816</u>	<u>189,529</u>
Current assets				
Inventories	4,320	2,894	1,180	411
Trade receivables	52,030	46,297	32,007	33,149
Prepaid operating expenses	15,089	13,229	5,546	4,786
Other receivables and deposits	4,213	4,437	637	589
Due from immediate holding company	2,054	2,054	-	-
Due from subsidiaries (trade)	-	-	4,587	4,723
Due from subsidiaries (non-trade)	-	-	35,712	24,738
Due from related company	299	369	115	109
Due from minority shareholders of a subsidiary	48	48	48	48
Fixed deposits	15,844	34,655	11,283	28,711
Cash and bank balances	22,508	12,347	17,208	7,231
	<u>116,405</u>	<u>116,330</u>	<u>108,323</u>	<u>104,496</u>
Current liabilities				
Trade payables	28,284	20,782	18,772	14,383
Other payables and liabilities	22,597	18,883	6,109	5,917
Due to immediate holding company (trade)	827	722	693	470
Due to related companies (trade)	24	1,324	-	-
Due to subsidiary (trade)	-	-	-	25
Due to subsidiary (non-trade)	-	-	1,081	1,081
Finance leases	333	324	80	78
Bank term loans (secured)	23,077	13,779	17,387	8,089
Income tax payable	2,191	2,212	431	392
	<u>77,333</u>	<u>58,026</u>	<u>44,553</u>	<u>30,435</u>
Net current assets	<u>39,072</u>	<u>58,304</u>	<u>63,770</u>	<u>74,061</u>
Non-current liabilities				
Finance leases	991	1,070	264	277
Bank term loans (secured)	154,677	149,619	80,054	73,573
Net assets	<u>230,949</u>	<u>230,439</u>	<u>187,268</u>	<u>189,740</u>

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

	As at 31 Mar 2011		As at 31 Dec 2010	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	23.41	-	14.10	-
Amount repayable after one year	155.67	-	150.69	-
	<u>179.08</u>	<u>-</u>	<u>164.79</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 period

	Group	
	1Q 2011 US\$'000	1Q 2010 US\$'000
Cash flows from operating activities		
Profit/(loss) before tax	579	(1,099)
Adjustments:		
Depreciation of property, plant and equipment	4,544	4,491
Gain on disposal of property, plant and equipment	(77)	-
Loss on disposal of investment securities	-	17
Gain on disposal on investment in subsidiary	-	(161)
Allowance for doubtful trade debts	100	136
Write back of allowance for doubtful trade debts	(12)	(136)
Finance expense	610	639
Finance income	(73)	(37)
Share of results of associated companies	(209)	(329)
Property, plant and equipment written off	6	-
Currency realignment	413	101
Operating profit before working capital changes	5,881	3,622
(Increase)/ decrease in:		
Inventories	(1,426)	(342)
Trade receivables	(5,821)	(2,784)
Other receivables	223	742
Prepayments	(2,263)	631
Due from immediate holding company	-	(3)
Due from related companies	70	(425)
Due from associated companies	-	1,714
Increase/ (decrease) in:		
Trade payables	7,502	(514)
Other payables and liabilities	3,539	(313)
Due to related companies	(1,299)	-
Due to immediate holding company	106	413
Cash generated from operations	6,512	2,741
Interest paid	(610)	(639)
Income tax paid	(60)	(336)
Net cash generated from operating activities	5,842	1,766
Cash flows from investing activities		
Interest income received	73	37
Proceeds from disposal of property, plant and equipment	600	-
Proceeds from disposal of investment securities	-	478
Proceeds from disposal of subsidiary	-	155
Acquisition of property, plant and equipment	(27,290)	(196)
Advance payment for vessel purchase	(2,210)	(114)
Dividend paid to minority shareholders	-	(355)
Net cash used in investing activities	(28,827)	5
Cash flows from financing activities		
Repayment of hire purchase creditors	(78)	(51)
Proceeds from bank term loans	17,383	-
Repayment of bank term loans	(3,422)	(5,289)
(Increase)/ Decrease in pledged deposits	1,274	(470)
Net cash generated/(used in) from financing activities	15,157	(5,810)
Net decrease in cash and cash equivalents	(7,828)	(4,039)
Effect of exchange rate changes on cash and cash equivalents	-	112
Cash and cash equivalents at the beginning of the period	40,126	39,610
Cash and cash equivalents at the end of the period	32,298	35,683

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Cashflow Statement for the period (continued)

	Group	
	1Q 2011 US\$'000	1Q 2010 US\$'000
Fixed deposits	16,089	28,201
Cash and bank balance (current)	22,508	14,912
Less: Pledged deposits	(6,299)	(7,430)
Cash and cash equivalents at the end of the period	32,298	35,683

- 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 period.**

Statements of Changes in Equity for the period ended 31 March 2011

	Share Capital	Treasury Shares	Other Reserves	Translation Reserve	Retained Earnings	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 Dec 2010	68,761	(174)	(5,086)	(11,379)	174,482	226,604	3,835	230,439
Total comprehensive income/ (loss) for the period	-	-	340	28	7	375	135	510
Balance as at 31 Mar 2011	68,761	(174)	(4,746)	(11,351)	174,489	226,979	3,970	230,949
Balance as at 31 Dec 2009								
68,761	(174)	(3,700)	(11,488)	165,226	218,625	2,834	221,459	
Total comprehensive income/ (loss) for the period	-	-	(332)	(149)	(1,479)	(1,960)	386	(1,574)
Disposal of subsidiary	-	-	(21)	53	-	32	(193)	(161)
Dividend paid	-	-	-	-	-	-	(355)	(355)
Fair value of loan	-	-	7	-	(7)	-	-	-
Balance as at 31 Mar 2010	68,761	(174)	(4,046)	(11,584)	163,740	216,697	2,672	219,369
COMPANY								
	Share Capital	Treasury Shares	Retained Earnings	Total Equity				
	US\$'000	US\$'000	US\$'000	US\$'000				
Balance as at 31 Dec 2010	68,761	(174)	121,153	189,740				
Total comprehensive income for the period	-	-	(2,472)	(2,472)				
Balance as at 31 Mar 2011	68,761	(174)	118,681	187,268				
Balance as at 31 Dec 2009								
68,761	(174)	114,469	183,056					
Total comprehensive loss for the period	-	-	(2,792)	(2,792)				
Balance as at 31 Mar 2010	68,761	(174)	111,677	180,264				

- 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 31 Mar 2011, there was no change in the Company's share capital.

As at 31 Mar 2011, 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 31 March 2011 was 538,038,199 (31 Dec 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 2010.

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 2011. 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	
1Q 2011	1Q 2010
US cents	US cents
-	(0.27)
-	(0.27)

Earnings per ordinary share for the quarter ended 31 March 2011 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the financial year of 538,038,199 (1Q 2010: 538,038,199).

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	
31 Mar 11	31 Dec 10	31 Mar 11	31 Dec 10
US cents	US cents	US cents	US cents
42.19	42.12	34.81	35.27

Net asset value per ordinary share as at 31 Mar 2011 and 31 Dec 2010 is calculated based on the number of issued ordinary shares (excluding treasury shares) of 538,038,199.

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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.**

Income Statement

Group revenue increased by 23.8% to US\$102.7 million (1Q11), as compared to US\$82.9 million for 1Q10. This was mainly due to an increase in activity across all business segments. In particular, for container shipping which saw a 26.9% revenue increase to US\$86.1 million in 1Q11 versus 1Q10. The improvement is mainly attributed to the improvement in freight rates and volume from inter-island container shipping business in Indonesia.

Overall container volume handled grew 3.7% to 347,000 TEUs in 1Q11 from 334,000 TEUs in 1Q10.

Cost of sales rose by 21.3% to US\$98.4 million, from US\$81.1 million, largely due to an increase in stevedoring expenses, bunker prices and charter hire rates. In line with the increase in business activity, container costs also increased.

As such, gross profit for 1Q11 increased 136.1% to US\$4.3 million, from US\$1.8 million in 1Q10.

Due to the strengthening of the various currencies (where the Group operates) against USD, administrative and marketing expenses increased in USD terms. Administrative and marketing expenses in 1Q11 increased by US\$0.6M as compared to 1Q10.

Overall, the Group made a turn-around and posted an operating profit of US\$0.4M in 1Q11 as compared to an operating loss of US\$1.4 million in 1Q10. In 1Q11 the Group had a break-even result for profit after tax.

Balance Sheet

As of 31 March 2011, property, plant and equipment amounted to US\$337.6 million, higher than US\$315.2 million recorded as of 31 December 2010. This is the result of the Group's purchase of two vessels during the quarter.

Inventory increased to US\$4.3 million as of 31 March 2011 from US\$2.9 million as of 31 December 2010, mainly due to the rise in fuel prices.

In line with the increase in business activity, trade receivables increased to US\$52.0 million as of 31 March 2011, versus US\$46.3 million as of 31 December 2010. On the same note, trade payables also increased to US\$28.3 million as of 31 March 2011 from US\$20.8 million as of 31 December 2010.

The purchase of Sinar Kutai, one of the Supramaxes which the Group took delivery of in Q1 2011, was partially funded by internal resources and led to the decrease in fixed deposits to US\$15.8 million at the end of the quarter. The corresponding purchase amount was subsequently drawdown from bank term loan, which will be reflected in the next quarter.

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.

As the industry faces headwinds in the form of rising bunker prices, a slowing rate of demand growth and nagging supply issues, the Group expects a near-term slowing in shipping demand.

Given the geopolitical issues in North-Africa and the Middle east, bunker fuel prices are anticipated to remain volatile. As a result of this, and to better manage our cost, the Group will continue its efforts to implement bunker recovery surcharges which will help to mitigate any increase.

The Group continues to be vigilant in its focus on making all aspects of its operations cost efficient and to work with its customers and partners in seeking better ways to serve them.

In line with the Group's long-term strategy of increasing its ratio of owned vessels, the Group has taken delivery of two container vessels and two newly built Supramaxes since January 2011.

Two vessels – Sinar Bintan and Sinar Solo both container vessels of 1,054TEUs were delivered in February and early April respectively and have both been gainfully deployed on the Group's regional routes.

The Group has entered into a contract to acquire another container vessel on 21 April 2011, with a carrying capacity of 1,054 TEUs, for a purchase consideration of US\$15,200,000. The vessel, built in 2005, has been part of the existing chartered fleet and is expected to be delivered in mid 2011. In addition and as part of the Group's continuous effort to participate in the Indonesian shipping market, the Group plans to bolster its inter-island shipping business with additional capacity either by way of chartered or owned vessels.

As charter hire rates are expected to remain high, the addition of owned ships will allow the Group to have better flexibility in fleet deployment and provide stability in overall vessel operating costs.

In the industrial shipping sector, the Group took delivery of two newly built Supramax dry-bulk carriers of 57,700 dwt each in March and April and believes that the addition of these two vessels will contribute positively to the Group. Upon delivery, all these vessels have started their deployment with their maiden voyages serving customers for west coast of USA-Brazil routes and China-India 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)	1Q 2011 US\$'000	1Q 2010 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	766	662
Provision of services - Office rental	27	25
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	229	223
<u>PT. Panurjwan</u>		
Provision of services - Building rental	7	7
Provision of services - Charter hire	389	315
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	88	97
<u>PT. Prima Nur Panurjwan</u>		
Provision of services - Stevedorage	1,295	681
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	78	-
(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)		
<u>PT. Silkargo Indonesia</u>		
Sale of Subsidiary, Silkargo LLC	-	380

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 31 Mar 2011 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

25 April 2011