

SAMUDERA SHIPPING LINE LTD

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

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 Third Quarter ended 30 September 2011.

1 a)(i) **Income Statement for the Third Quarter ended 30 September 2011**

	Note	Group		+ / (-) %
		3Q 2011 US\$'000	3Q 2010 US\$'000	
Revenue		116,866	97,185	20.3
Cost of sales		(108,824)	(85,214)	27.7
Gross profit		8,042	11,971	(32.8)
Other operating income	(A)	1,039	349	197.7
Marketing expenses		(1,866)	(1,897)	(1.6)
Administrative expenses		(2,208)	(2,362)	(6.5)
Other operating expenses	(B)	(8)	(992)	(99.2)
Profit from operations		4,999	7,069	(29.3)
Finance income		108	37	191.9
Finance expense		(897)	(677)	32.5
Operating profit		4,210	6,429	(34.5)
Share of results of associates		227	282	(19.5)
Profit before tax		4,437	6,711	(33.9)
Income tax expense		(534)	(436)	22.5
Profit after tax		3,903	6,275	(37.8)
Attributable to:				
Owners of the Company		3,708	6,228	(40.5)
Non-controlling interests		195	47	314.9
Profit after tax		3,903	6,275	(37.8)

n.m. = not meaningful

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

	Group		+ / (-) %
	3Q 2011 US\$'000	3Q 2010 US\$'000	
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	5,371	4,498	19.4
- Allowance for doubtful trade debts	99	46	115.2
- Write back of allowance for doubtful trade debts	(42)	(15)	180.0
- Finance expenses - interest on borrowings	897	677	32.5
(A) Other operating income			
- Rental income	73	54	35.2
- Gain on disposal of fixed assets	13	239	(94.6)
- Foreign exchange gain	850	-	n.m.
- Other income	103	56	83.9
	1,039	349	197.7

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

(B) Other operating expenses

- Foreign exchange loss
- Claim expenses
- Other expenses

<u>Group</u>		
3Q 2011	3Q 2010	+ / (-)
US\$'000	US\$'000	%
-	(958)	n.m.
-	(30)	n.m.
(8)	(4)	100.0
<u>(8)</u>	<u>(992)</u>	(99.2)

1 a)(iii) Statement of Comprehensive Income for the Third Quarter ended 30 September 2011

	<u>Group</u>		
	3Q 2011	3Q 2010	
	US\$'000	US\$'000	
Profit after tax for the period	3,903	6,275	
Net unrealised gain on revaluation of cashflow hedges	-	12	
Share of net changes in associated company's hedging reserve	(2,712)	(1,488)	
Currency translation from foreign operations	(101)	137	
Total comprehensive income for the period	<u>1,090</u>	<u>4,936</u>	
Total comprehensive income attributable to:			
Owners of the Company	901	4,849	
Non-controlling interests	189	87	
	<u>1,090</u>	<u>4,936</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 11 US\$'000	31 Dec 10 US\$'000	30 Sep 11 US\$'000	31 Dec 10 US\$'000
Capital and reserves attributable to Owners of the Company				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	177,424	174,482	114,317	121,153
Foreign currency translation reserve	(11,472)	(11,379)	-	-
Other reserves	(8,399)	(5,086)	-	-
	226,140	226,604	182,904	189,740
Non-controlling interests	4,150	3,835	-	-
Total equity	230,290	230,439	182,904	189,740
Non-current assets				
Subsidiaries	-	-	54,496	54,496
Associated companies	3,343	6,909	12,117	12,117
Property, plant and equipment	374,725	315,204	157,837	122,917
Deferred tax assets	15	15	-	-
Fixed deposits	245	696	-	-
	378,328	322,824	224,450	189,530
Current assets				
Inventories	4,954	2,894	1,738	411
Trade receivables	53,729	46,297	36,709	33,149
Prepaid operating expenses	18,014	13,229	7,396	4,786
Other receivables and deposits	4,130	4,437	912	589
Due from immediate holding company	2,106	2,054	-	-
Due from subsidiaries (trade)	-	-	6,441	4,723
Due from subsidiaries (non-trade)	-	-	30,537	24,738
Due from related company	1,065	369	187	109
Due from minority shareholders of a subsidiary	48	48	48	48
Fixed deposits	15,661	34,655	6,745	28,711
Cash and bank balances	16,717	12,347	8,422	7,231
	116,424	116,330	99,135	104,495
Current liabilities				
Trade payables	29,973	20,782	20,906	14,383
Other payables and liabilities	22,946	18,883	6,623	5,917
Due to immediate holding company (trade)	594	722	507	470
Due to related companies (trade)	54	1,324	-	-
Due to subsidiary (trade)	-	-	86	25
Due to subsidiary (non-trade)	-	-	1,081	1,081
Finance leases	315	324	49	78
Bank term loans (secured)	33,173	13,779	21,678	8,089
Income tax payable	2,004	2,212	425	392
	89,059	58,026	51,355	30,435
Net current assets	27,365	58,304	47,780	74,060
Non-current liabilities				
Finance leases	792	1,070	200	277
Bank term loans (secured)	174,609	149,619	89,126	73,573
Deferred tax liability	2	-	-	-
Net assets	230,290	230,439	182,904	189,740

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

	As at 30 Sep 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	33.49	-	14.10	-
Amount repayable after one year	175.40	-	150.69	-
	<u>208.89</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 Third Quarter

	Group	
	3Q 2011 US\$'000	3Q 2010 US\$'000
Cash flows from operating activities		
Profit before tax	4,437	6,711
Adjustments:		
Depreciation of property, plant and equipment	5,371	4,498
Gain on disposal of property, plant and equipment	(13)	(239)
Allowance for doubtful trade debts	99	46
Write back of allowance for doubtful trade debts	(42)	(15)
Finance expense	897	677
Finance income	(108)	(37)
Share of results of associated companies	(227)	(282)
Unrealised loss on derivative financial instruments	373	(225)
Currency realignment	(1,014)	940
Operating profit before working capital changes	9,773	12,074
(Increase) decrease in:		
Inventories	(958)	(142)
Trade receivables	(326)	485
Other receivables	(265)	160
Prepaid operating expenses	(1,098)	551
Due from immediate holding company	(16)	33
Due from related companies	1,065	(31)
Increase (decrease) in:		
Trade payables	358	(2,362)
Other payables and liabilities	2,054	574
Due to related companies	4	(25)
Due to immediate holding company	(430)	(60)
Cash generated from operations	10,161	11,257
Interest paid	(897)	(677)
Income tax paid	(443)	(309)
Net cash generated from operating activities	8,821	10,271
Cash flows from investing activities		
Interest income received	108	37
Proceeds from disposal of property, plant and equipment	13	419
Acquisition of property, plant and equipment	(21,085)	(1,033)
Dividend received from associate	-	174
Dividend paid to minority shareholders	(209)	(117)
Net cash used in investing activities	(21,173)	(520)
Cash flows from financing activities		
Repayment of hire purchase creditors	(76)	(70)
Proceeds from bank term loans	12,160	-
Repayment of bank term loans	(6,366)	(3,707)
(Increase) decrease in pledged deposits	(934)	4,513
Net cash generated from financing activities	4,784	736
Net (decrease)/ increase in cash and cash equivalents	(7,568)	10,487
Effect of exchange rate changes on cash and cash equivalents	(5)	84
Cash and cash equivalents at the beginning of the period	32,069	29,986
Cash and cash equivalents at the end of the period	24,496	40,557

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Cashflow Statement for the Third Quarter (continued)

	Group	
	3Q 2011 US\$'000	3Q 2010 US\$'000
Fixed deposits	15,906	28,149
Cash and bank balance (current)	16,717	15,826
Less: Pledged deposits	<u>(8,127)</u>	<u>(3,418)</u>
Cash and cash equivalents at the end of the period	<u>24,496</u>	<u>40,557</u>

- 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 Third Quarter ended 30 September 2011

	Share Capital	Treasury Shares	Other Reserves	Translation Reserve	Retained Earnings	Attributable to Owners	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 2011	68,761	(174)	(5,687)	(11,377)	173,716	225,239	4,170	229,409
Total comprehensive income (loss) for the period	-	-	(2,712)	(95)	3,708	901	189	1,090
Dividend paid	-	-	-	-	-	-	(209)	(209)
Balance as at 30 Sep 2011	<u>68,761</u>	<u>(174)</u>	<u>(8,399)</u>	<u>(11,472)</u>	<u>177,424</u>	<u>226,140</u>	<u>4,150</u>	<u>230,290</u>
Balance as at 30 Jun 2010	68,761	(174)	(6,398)	(11,531)	164,387	215,045	3,952	218,997
Total comprehensive income (loss) for the period	-	-	(1,476)	97	6,228	4,849	87	4,936
Dividend paid	-	-	-	-	-	-	(117)	(117)
Balance as at 30 Sep 2010	<u>68,761</u>	<u>(174)</u>	<u>(7,874)</u>	<u>(11,434)</u>	<u>170,615</u>	<u>219,894</u>	<u>3,922</u>	<u>223,816</u>

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 30 Jun 2011	68,761	(174)	114,106	182,693
Total comprehensive income for the period	-	-	211	211
Balance as at 30 Sep 2011	<u>68,761</u>	<u>(174)</u>	<u>114,317</u>	<u>182,904</u>
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	<u>68,761</u>	<u>(174)</u>	<u>117,820</u>	<u>186,407</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.**

During the three months ended 30 Sep 2011, there was no change in the Company's share capital.

As at 30 Sep 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.

- 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 2011 was 538,038,199 (30 Jun 2011: 538,038,199) shares.

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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 Dec 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.

The Group's vessels, net of salvage values, are depreciated on a straight line basis over their useful lives. The estimated salvage values are reviewed periodically by the management to ensure the amount is consistent with the understanding of the future economic benefits embodied in these vessels at the point of disposal. The Management is of the opinion the salvage values of the class of assets (the Group's vessels) should be adjusted from its initial estimated amount to better reflect the expected realisation value.

This has resulted in an increase in the salvage value of the Group's vessels by US\$21.5M and a reduction in the Group's depreciation expenses and increase in profit before taxation by US\$0.8M for the period Jan 2011 - Sep 2011.

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 the number of ordinary shares in issue
- (ii) On a fully diluted basis

Group	
3Q 2011	3Q 2010
US cents	US cents
0.69	1.16
0.69	1.16

Earnings per ordinary share for the quarter ended 30 Sep 2011 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (3Q 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	
30 Sep 11	31 Dec 10	30 Sep 11	31 Dec 10
US cents	US cents	US cents	US cents
42.03	42.12	33.99	35.27

Net asset value per ordinary share as at 30 Sep 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 for the third quarter ended 30 Sep 2011 ("3Q11") rose 20.3% to US\$116.9 million, from US\$97.2 million for the corresponding period in 2010 ("3Q10").

Container shipping, which recorded a 20.3% increase in revenue, benefited from higher volume in Indonesia domestic shipping services, as well as some intra-Asia trade routes. Total container volume handled rose 8.1% to 353,600 TEUs in 3Q11, from 327,200 TEUs a year ago. Compared to 3Q10, freight rates for Indonesia domestic shipping services were higher due to increase in demand during the quarter, while rates for intra-Asia services were slightly lifted by the implementation of surcharges in certain trade lanes.

Revenue contribution from bulk and tanker business registered a 17.7% improvement contributed mainly from the deployment of two supramax vessels which started operation in 2Q11.

However, cost of services rose 27.7% to US\$108.8 million, as a result of higher bunker price, increased charter-hire for some container vessels upon lease renewal and an increase in cost denominated in local currencies, such as stevedoring and port charges, due to the depreciation of US currency. The negative impact of the high cost of services led to an 85% decline in gross profit for the regional container shipping business. This was mitigated by improvements in the Indonesia domestic container shipping as well as bulk and tanker segments, thus resulting in a 32.8% decline in overall gross profit to US\$8.0 million.

During the period, the Group registered a foreign exchange gain of US\$0.9 million, on the revaluation of non-US dollar denominated assets and liabilities.

The adjustment in the salvage value of the Group's vessels as at 30 Sep 2011 has led to a reduction of depreciation expense by US\$0.8M in 3Q11.

In consideration of the above, as the cost of services increased at a rate higher than the increase in revenue, the Group recorded a 37.8% decline in profit after tax to US\$3.9 million for 3Q11, compared to 3Q10.

Balance Sheet

As at 30 Sep 2011, the Group's fixed assets stood at US\$374.7 million, compared to US\$315.2 million at the close of 2010, following the addition of five container vessels to its fleet.

Trade debtors increased by 16.1% to US\$53.7 million and trade creditors rose by 44.2% to US\$30.0 million. The increase in both trade debtors and trade creditors are in line with the increase in the volume and activities of the Group during the period.

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.**

Demand for Indonesia domestic shipping services is expected to remain strong, and present opportunities for growth in the months ahead. In line with this, the Group has, in August 2011, added two more 378-TEU container vessels, namely Sinar Jimbaran and Sinar Jepara, for deployment in Indonesia waters. In October 2011, the Group has also re-flagged its chemical tanker, Sinar Busan, under Indonesian registry, in order to continue tapping opportunities there.

Nevertheless, the Group is mindful that uncertainties in global economic conditions, along with the vessel over-supply situation, will place freight rates under pressure, while the high bunker price is expected to have a negative impact on operating cost.

In July 2011, the Group acquired Sinar Bandung, a 1,054-TEU container vessel it had previously been charter-hiring for its Bangkok Express Service (BKX). The Sinar Bandung acquisition, along with the acquisition of two other similar-sized vessels - Sinar Bintan and Sinar Solo - in the first half of the year, is part of its strategy of maintaining a balanced fleet of owned and chartered-in vessels. This will offer the Group greater flexibility in fleet deployment and provide stability in the cost of operating its fleet.

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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

(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Mandated transactions)	3Q 2011 US\$'000	3Q 2010 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	817	726
Provision of services - Office rental	27	26
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	297	222
<u>PT. Panurjwan</u>		
Provision of services - Building rental	7	7
Provision of services - Charter hire	261	348
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	170	75
<u>PT. Prima Nur Panuriwan</u>		
Provision of services - Stevedorage	1,280	924
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	80	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)		
<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 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

24 October 2011