

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012

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 2012.

1 a)(i) Income Statement for the period ended 31 March 2012

	Note	Group		+ / (-) %
		1Q 2012 US\$'000	1Q 2011 US\$'000	
Revenue		110,449	102,689	7.6
Cost of sales		(109,199)	(98,378)	11.0
Gross profit		1,250	4,311	(71.0)
Other operating income	(A)	191	573	(66.7)
Marketing expenses		(1,707)	(1,984)	(14.0)
Administrative expenses		(1,998)	(1,987)	0.6
Other operating expenses	(B)	(58)	(6)	866.7
(Loss)/profit from operations		(2,322)	907	n.m.
Finance income		53	73	(27.4)
Finance expense		(1,122)	(610)	83.9
Operating (loss)/profit		(3,391)	370	n.m.
Share of results of associates		343	209	64.1
(Loss)/profit before tax		(3,048)	579	n.m.
Income tax expense		(761)	(427)	78.2
(Loss)/profit after tax		(3,809)	152	n.m.
Attributable to:				
Owners of the Company		(3,864)	7	n.m.
Non-controlling interests		55	145	(62.1)
(Loss)/profit after tax		(3,809)	152	n.m.

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	1Q 2012 US\$'000	1Q 2011 US\$'000	
(Loss)/profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	6,418	4,544	41.2
- Allowance for doubtful trade debts	178	100	78.0
- Write back of allowance for doubtful trade debts	(149)	(12)	1141.7
- Finance expenses - interest on borrowings	1,122	610	83.9
(A) Other operating income			
- Foreign exchange gain	-	335	n.m.
- Rental income	70	38	84.2
- Gain on disposal of property, plant and equipment	4	77	(94.8)
- Gain on disposal of investment securities	47	-	n.m.
- Other income	70	123	(43.1)
	191	573	(66.7)

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

	Group		+ / (-) %
	1Q 2012 US\$'000	1Q 2011 US\$'000	
(B) Other operating expenses			
- Foreign exchange loss	(25)	-	n.m.
- Other expenses	(33)	(6)	450.0
	<u>(58)</u>	<u>(6)</u>	866.7

1 a)(iii) Statement of Comprehensive Income for the period ended 31 March 2012

	Group	
	1Q 2012 US\$'000	1Q 2011 US\$'000
(Loss)/profit after tax for the financial period	(3,809)	152
Share of net changes in associated company's hedging reserve	558	340
Currency translation from foreign operations	135	18
Total comprehensive (loss)/income for the period	<u>(3,116)</u>	<u>510</u>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(3,150)	375
Non-controlling interests	34	135
	<u>(3,116)</u>	<u>510</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 12 US\$'000	31 Dec 11 US\$'000	31 Mar 12 US\$'000	31 Dec 11 US\$'000
ASSETS				
Current assets				
Inventories	5,453	4,718	1,963	1,506
Trade receivables	55,079	60,955	38,282	43,024
Prepaid operating expenses	17,305	14,632	9,426	6,982
Other receivables and deposits	4,741	4,724	566	695
Due from immediate holding company (non-trade)	2,087	2,091	-	-
Due from immediate holding company (trade)	1,289	459	1,289	459
Due from subsidiaries (trade)	-	-	6,270	5,361
Due from subsidiaries (non-trade)	-	-	8,696	9,298
Due from related company (trade)	867	687	524	411
Due from minority shareholders of a subsidiary (non-trade)	48	48	48	48
Investment securities	1,024	2,052	-	-
Cash and bank balances	25,597	30,646	11,200	15,949
	113,490	121,012	78,264	83,733
Non-current assets				
Subsidiaries	-	-	72,572	72,354
Associates companies	3,998	3,097	12,117	12,117
Property, plant and equipment	372,039	374,694	154,125	155,961
Deferred tax assets	36	36	-	-
Cash and bank balances	245	245	-	-
	376,318	378,072	238,814	240,432
Total assets	489,808	499,084	317,078	324,165
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	28,153	27,876	19,528	19,126
Other payables and liabilities	20,217	21,312	6,677	7,144
Due to immediate holding company (trade)	64	115	-	-
Due to related companies (trade)	206	215	149	157
Finance leases	319	319	51	49
Bank term loans (secured)	23,648	28,959	13,213	20,377
Income tax payable	2,297	2,004	468	437
	74,904	80,800	40,086	47,290
Non-current liabilities				
Finance leases	641	709	181	186
Bank term loans (secured)	180,111	180,425	91,818	87,004
Deferred tax liability	2	2	-	-
	180,754	181,136	91,999	87,190
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	180,402	184,266	116,406	121,098
Foreign currency translation reserve	(11,681)	(11,837)	-	-
Other reserves	(7,811)	(8,369)	-	-
Equity attributable to owners of the Company	229,497	232,647	184,993	189,685
Non-controlling interests	4,653	4,501	-	-
Total equity	234,150	237,148	184,993	189,685
Total liabilities and equity	489,808	499,084	317,078	324,165

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

	As at 31 Mar 2012		As at 31 Dec 2011	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	23.97	-	29.28	-
Amount repayable after one year	180.75	-	181.13	-
	<u>204.72</u>	<u>-</u>	<u>210.41</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 2012 US\$'000	1Q 2011 US\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(3,048)	579
Adjustments:		
Depreciation of property, plant and equipment	6,418	4,544
Gain on disposal of property, plant and equipment	(4)	(77)
Gain on disposal of investment securities	(47)	-
Allowance for doubtful trade debts	178	100
Write back of allowance for doubtful trade debts	(149)	(12)
Finance expense	1,122	610
Finance income	(53)	(73)
Share of results of associated companies	(343)	(209)
Property, plant and equipment written off	-	6
Currency realignment	378	413
Operating profit before working capital changes	4,452	5,881
(Increase)/ decrease in:		
Inventories	(736)	(1,426)
Trade receivables	5,847	(5,821)
Other receivables	(18)	223
Prepayments	(2,672)	(2,263)
Due from immediate holding company	(827)	-
Due from related companies	(180)	70
Increase/ (decrease) in:		
Trade payables	277	7,502
Other payables and liabilities	(1,095)	3,539
Due to related companies	(9)	(1,299)
Due to immediate holding company	(50)	106
Cash generated from operations	4,989	6,512
Interest paid	(1,122)	(610)
Income tax paid	(511)	(60)
Net cash generated from operating activities	3,356	5,842
Cash flows from investing activities		
Interest income received	53	73
Proceeds from disposal of property, plant and equipment	4	600
Proceeds from disposal of investment securities	1,075	-
Acquisition of property, plant and equipment	(3,670)	(27,290)
Advance payment for vessel purchase	-	(2,210)
Net cash used in investing activities	(2,538)	(28,827)
Cash flows from financing activities		
Repayment of hire purchase creditors	(78)	(78)
Proceeds from bank term loans	8,065	17,383
Repayment of bank term loans	(14,042)	(3,422)
Decrease in pledged deposits	1,981	1,274
Additional investment in a subsidiary by a non-controlling interest	118	-
Net cash (used in)/generated from financing activities	(3,956)	15,157
Net decrease in cash and cash equivalents	(3,138)	(7,828)
Effect of exchange rate changes on cash and cash equivalents	71	-
Cash and cash equivalents at the beginning of the period	22,610	40,126
Cash and cash equivalents at the end of the period	19,543	32,298

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Cashflow Statement for the period (continued)

	Group	
	1Q 2012 US\$'000	1Q 2011 US\$'000
Cash and bank balances (current)	25,597	38,352
Cash and bank balances (non-current)	245	245
Less: Pledged deposits	<u>(6,299)</u>	<u>(6,299)</u>
Cash and cash equivalents at the end of the period	<u>19,543</u>	<u>32,298</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 period ended 31 March 2012

	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 2011	68,761	(174)	(8,369)	(11,837)	184,266	232,647	4,501	237,148
Total comprehensive income/ (loss) for the period	-	-	558	156	(3,864)	(3,150)	34	(3,116)
Additional investment in subsidiary by non-controlling interests	-	-	-	-	-	-	118	118
Balance as at 31 Mar 2012	<u>68,761</u>	<u>(174)</u>	<u>(7,811)</u>	<u>(11,681)</u>	<u>180,402</u>	<u>229,497</u>	<u>4,653</u>	<u>234,150</u>
Balance as at 31 Dec 2010	68,761	(174)	(5,086)	(11,379)	174,482	226,604	3,835	230,439
Total comprehensive income for the period	-	-	340	28	7	375	135	510
Balance as at 31 Mar 2011	<u>68,761</u>	<u>(174)</u>	<u>(4,746)</u>	<u>(11,351)</u>	<u>174,489</u>	<u>226,979</u>	<u>3,970</u>	<u>230,949</u>
					Share Capital	Treasury Shares	Retained Earnings	Total Equity
					US\$'000	US\$'000	US\$'000	US\$'000
COMPANY								
Balance as at 31 Dec 2011	68,761	(174)	121,098	189,685				
Total comprehensive loss for the period	-	-	(4,692)	(4,692)				
Balance as at 31 Mar 2012	<u>68,761</u>	<u>(174)</u>	<u>116,406</u>	<u>184,993</u>				
Balance as at 31 Dec 2010	68,761	(174)	121,153	189,740				
Total comprehensive loss for the period	-	-	(2,472)	(2,472)				
Balance as at 31 Mar 2011	<u>68,761</u>	<u>(174)</u>	<u>118,681</u>	<u>187,268</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 31 March 2012, there was no change in the Company's share capital.

As at 31 March 2012, 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 2012 was 538,038,199 (31 Dec 2011: 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 2011.

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 2012. 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 2012	1Q 2011
US cents	US cents
(0.72)	0.00
(0.72)	0.00

Earnings per ordinary share for the quarter ended 31 March 2012 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (1Q 2011: 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 12	31 Dec 11	31 Mar 12	31 Dec 11
US cents	US cents	US cents	US cents
42.65	43.24	34.38	35.25

Net asset value per ordinary share as at 31 Mar 2012 and 31 Dec 2011 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 first quarter ended 31 March 2012 ("1Q12") rose 7.6% to US\$110.4 million, from US\$102.7 million for the corresponding period in 2011 ("1Q11").

Revenue from the Indonesia domestic container shipping business grew 8.8% to US\$14.7 million, in line with a 4.5% increase in volume handled during the quarter to 38,000 TEUs. The regional container shipping business recorded a 7.0% increase in revenue to US\$78.1 million despite a 0.8% decline in container volume handled to 308,000 TEUs mainly due to change in cargo mix from lower freight trade lanes to higher freight trade lanes. Revenue from the bulk and tanker business rose 5.4%, mainly due to the addition of two 57,700 DWT supramax vessels to its fleet in March and April 2011.

The increase in Group revenue was nevertheless outpaced by the increase in cost of services, which rose 11.0% to US\$109.2 million, mainly due to higher bunker price from an average of US\$590/ton in 1Q11 to US\$715/ton in 1Q12. Group gross profit recorded for 1Q12 thus fell 70.6% to US\$1.3 million in 1Q12, compared to US\$4.3 million in 1Q11.

The Group's Indonesia domestic container shipping business was also affected by the removal of bunker subsidy in February 2012, affecting the contribution from some of our vessels. As a result, gross profit contributed by the Indonesia domestic container shipping business fell from US\$2.7 million in 1Q11 to US\$1.0 million. In view of this development, the Group has put in place measures to maximize vessel utilization, reduce vessel turnaround time and re-deploy its vessels on the various service routes in order to minimize bunker consumption.

For the regional container shipping business, freight rate improvements from the implementation of bunker surcharges were nevertheless insufficient to offset the bunker price increase. As such, the business recorded a wider gross loss to US\$2.5 million in 1Q12, compared to a gross loss of US\$0.4 million in 1Q11.

The bulk and tanker business, which recorded the smallest increase in cost of sales, reported a 12.3% improvement in gross profit from US\$1.4 million in 1Q11 to US\$1.6 million.

On the back of higher borrowings arising from the addition of six container vessels and two supramax vessels in 2011, as part of the Group's long term strategy for future growth, the Group recorded a 83.9% rise in finance expenses in 1Q12 to US\$1.1 million.

As an overall result, the Group recorded loss after tax of US\$3.8 million in 1Q12, compared to profit after tax of US\$0.2 million in 1Q11.

Balance sheet

Group inventories stood at US\$5.5 million as at 31 March 2012, compared to US\$4.7 million at the end of 2011, mainly due to an increase in bunker price during the quarter even as bunker consumption remained relatively unchanged.

Fixed deposits decreased 29% to US\$12.9 million in view of loan repayment and vessels docking 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.

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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 general macro-economic conditions still have not painted a positive picture for the industry, with any possible growth in demand being weighed down by a sluggish US economy, threats of a slowdown in China and the slow Eurozone recovery.

The upward trend in bunker price continues to take a toll on the shipping business. To mitigate the impact of this on its performance, the Group continues to work on recovering this higher cost through the implementation of bunker surcharges for 2012.

Demand for the Group's Indonesia domestic shipping services should remain healthy in view of the strength of the country's economy, and the Group is hopeful of an improvement in container volume handled in the current financial year. Nevertheless, it is also mindful of other possible challenges ahead, particularly in terms of port congestion and the changes in fuel price policy by the Indonesia government.

The fleet under bulk and tanker business should continue to contribute as they are currently employed.

In view of these, the Group will continue its strategy of maximizing fleet utilization and implementing cost efficiency measures. At the same time, it will also leverage its strengths to explore new opportunities in existing markets. In line with this, the Group has established a new joint-venture company to engage in the shipping agency business in Malaysia, to further strengthen its presence in the country.

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 2012 US\$'000	1Q 2011 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	685	766
Provision of services - Office rental	35	27
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	306	229
<u>PT. Panurjwan</u>		
Provision of services - Building rental	7	7
Provision of services - Charter hire	285	389
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	222	65
<u>PT. Prima Nur Panurjwan</u>		
Provision of services - Stevedorage	1,360	1,295
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	79	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)	1Q 2012 US\$'000	1Q 2011 US\$'000
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Land lease	152	23

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 2012 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 2012