

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 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 30 June 2012

1 a)(i) Income Statement for the period ended 30 June 2012

	Note	Group		+ / (-) %
		2Q 2012 US\$'000	2Q 2011 US\$'000	
Revenue		129,532	116,599	11
Cost of service		(120,915)	(109,420)	11
Gross profit		8,617	7,179	20
Other operating income	(A)	8,812	266	3213
Marketing expenses		(2,089)	(2,199)	(5)
Administrative expenses		(2,279)	(2,339)	(3)
Other operating expenses	(B)	(3,991)	(222)	1698
Profit from operations		9,070	2,685	238
Finance income		102	100	2
Finance expense		(1,079)	(807)	34
Operating profit		8,093	1,978	309
Share of results of associates		380	175	117
Profit before tax		8,473	2,153	294
Income tax expense		(937)	(520)	80
Profit after tax		7,536	1,633	361
Attributable to:				
Owners of the Company		7,412	1,432	418
Non-controlling interests		124	201	(38)
Profit after tax		7,536	1,633	361

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	2Q 2012 US\$'000	2Q 2011 US\$'000	
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	6,520	5,844	12
- Allowance for doubtful trade debts	173	67	158
- Write back of allowance for doubtful trade debts	(87)	(10)	770
- Finance expenses - interest on borrowings	1,079	807	34
(A) Other operating income			
- Foreign exchange gain	284	-	n.m.
- Rental income	71	70	1
- Gain on disposal of property, plant and equipment	4,398	29	n.m.
- Gain on disposal of investment securities	12	-	n.m.
- Insurance claim*	3,894	-	n.m.
- Other income	153	167	(8)
	8,812	266	3213

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	Group		+ / (-) %
	2Q 2012 US\$'000	2Q 2011 US\$'000	
(B) Other operating expenses			
- Foreign exchange loss	-	(216)	n.m.
- Property, plant and equipment written off *	(3,960)	-	n.m.
- Claim expenses	(18)	-	n.m.
- Other expenses	(13)	(6)	117
	<u>(3,991)</u>	<u>(222)</u>	1698

* The property, plant and equipment written off is related to a vessel which caught fire in March 2012. The estimated insurance receivable for the vessel is recorded as insurance claim income.

1 a)(iii) Statement of Comprehensive Income for the period ended 30 June 2012

	Group	
	2Q 2012 US\$'000	2Q 2011 US\$'000
Profit after tax for the financial period	7,536	1,633
Share of net changes in associated company's hedging reserve	(990)	(941)
Currency translation from foreign operations	(305)	(27)
Total comprehensive income for the period	<u>6,241</u>	<u>665</u>
Total comprehensive income attributable to:		
Owners of the Company	6,135	465
Non-controlling interests	106	200
	<u>6,241</u>	<u>665</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 June 12 US\$'000	31 Dec 11 US\$'000	30 June 12 US\$'000	31 Dec 11 US\$'000
ASSETS				
Current assets				
Inventories	5,319	4,718	2,119	1,506
Trade receivables	64,983	60,955	48,004	43,024
Prepaid operating expenses	16,255	14,632	8,404	6,982
Other receivables and deposits	8,407	4,724	504	695
Due from immediate holding company (non-trade)	2,087	2,091	-	-
Due from immediate holding company (trade)	-	459	-	459
Due from subsidiaries (trade)	-	-	4,829	5,361
Due from subsidiaries (non-trade)	-	-	8,151	9,298
Due from related company (trade)	905	687	539	411
Due from minority shareholders of a subsidiary (non-trade)	48	48	48	48
Investment securities	483	2,052	-	-
Cash and bank balances	31,312	30,646	13,679	15,949
	129,799	121,012	86,277	83,733
Non-current assets				
Subsidiaries	-	-	72,732	72,354
Associated companies	3,389	3,097	12,117	12,117
Property, plant and equipment	361,728	374,694	154,999	155,961
Deferred tax assets	36	36	-	-
Cash and bank balances	245	245	-	-
	365,398	378,072	239,848	240,432
Total assets	495,197	499,084	326,125	324,165
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	31,281	27,876	23,692	19,126
Other payables and liabilities	22,180	21,312	9,314	7,144
Due to immediate holding company (trade)	1,409	115	1,175	-
Due to subsidiary	-	-	63	-
Due to related companies (trade)	451	215	352	157
Finance leases	314	319	50	49
Bank term loans (secured)	23,602	28,959	13,190	20,377
Income tax payable	2,748	2,004	464	437
	81,985	80,800	48,300	47,290
Non-current liabilities				
Finance leases	561	709	166	186
Bank term loans (secured)	173,721	180,425	88,248	87,004
Deferred tax liability	2	2	-	-
	174,284	181,136	88,414	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	186,512	184,266	120,824	121,098
Foreign currency translation reserve	(11,946)	(11,837)	-	-
Other reserves	(8,801)	(8,369)	-	-
Capital reserve	4	-	-	-
Equity attributable to owners of the Company	234,356	232,647	189,411	189,685
Non-controlling interests	4,572	4,501	-	-
Total equity	238,928	237,148	189,411	189,685
Total liabilities and equity	495,197	499,084	326,125	324,165

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

	As at 30 June 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	23.92	-	29.28	-
Amount repayable after one year	174.28	-	181.13	-
	<u>198.20</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	
	2Q 2012 US\$'000	2Q 2011 US\$'000
Cash flows from operating activities		
Profit before tax	8,473	2,153
Adjustments:		
Depreciation of property, plant and equipment	6,520	5,844
Gain on disposal of property, plant and equipment	(4,398)	(29)
Gain on disposal of investment securities	(12)	-
Allowance for doubtful trade debts	173	67
Write back of allowance for doubtful trade debts	(87)	(10)
Finance expense	1,079	807
Finance income	(102)	(100)
Share of results of associated companies	(380)	(175)
Property, plant and equipment written off	3,960	-
Insurance claim	(3,894)	-
Currency realignment	(342)	585
Operating profit before working capital changes	10,990	9,142
(Increase)/ decrease in:		
Inventories	133	324
Trade receivables	(9,990)	(1,486)
Other receivables	228	348
Prepayments	1,050	(1,827)
Due from immediate holding company	1,289	(37)
Due from related companies	(38)	(1,832)
Increase/ (decrease) in:		
Trade payables	3,128	1,331
Other payables and liabilities	1,963	(2,076)
Due to related companies	245	26
Due to immediate holding company	1,345	198
Cash generated from operations	10,343	4,111
Interest paid	(1,079)	(807)
Income tax paid	(379)	(735)
Net cash generated from operating activities	8,885	2,569
Cash flows from investing activities		
Interest income received	102	100
Proceeds from disposal of property, plant and equipment	8,407	81
Proceeds from disposal of investment securities	1,438	-
Acquisition of property, plant and equipment	(4,410)	(24,285)
Purchase of investment securities	(892)	-
Advance payment for vessel purchase	-	(953)
Dividend paid to minority shareholders	-	875
Net cash generated from/(used in) investing activities	4,645	(24,182)
Cash flows from financing activities		
Repayment of hire purchase creditors	(81)	(134)
Proceeds from bank term loans	-	28,809
Repayment of bank term loans	(5,888)	(4,168)
Dividends paid	(1,302)	(2,205)
Decrease in pledged deposits	(1)	(895)
Acquisition of non-controlling interests in a subsidiary	(161)	-
Net cash (used in)/generated from financing activities	(7,433)	21,407
Net decrease in cash and cash equivalents	6,097	(206)
Effect of exchange rate changes on cash and cash equivalents	(383)	(24)
Cash and cash equivalents at the beginning of the period	19,543	32,299
Cash and cash equivalents at the end of the period	25,257	32,069

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Cashflow Statement for the period (continued)

	Group	
	2Q 2012 US\$'000	2Q 2011 US\$'000
Cash and bank balances (current)	31,312	39,018
Cash and bank balances (non-current)	245	245
Less: Pledged deposits	(6,300)	(7,194)
Cash and cash equivalents at the end of the period	25,257	32,069

- 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 30 June 2012

	Share Capital	Treasury Shares	Other Reserves	Capital Reserve	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	US\$'000
GROUP									
Balance as at 31 Mar 2012	68,761	(174)	(7,811)	-	(11,681)	180,402	229,497	4,653	234,150
Total comprehensive income/ (loss) for the period	-	-	(990)	-	(287)	7,412	6,135	106	6,241
Dividends paid	-	-	-	-	-	(1,302)	(1,302)	-	(1,302)
Effects of acquiring non- controlling interests in a subsidiary	-	-	-	4	22	-	26	(187)	(161)
Balance as at 30 June 2012	68,761	(174)	(8,801)	4	(11,946)	186,512	234,356	4,572	238,928
Balance as at 31 Mar 2011	68,761	(174)	(4,746)	-	(11,351)	174,489	226,979	3,970	230,949
Total comprehensive income for the period	-	-	(941)	-	(26)	1,432	465	200	665
Dividends paid	-	-	-	-	-	(2,205)	(2,205)	-	(2,205)
Balance as at 30 June 2011	68,761	(174)	(5,687)	-	(11,377)	173,716	225,239	4,170	229,409

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 31 Mar 2012	68,761	(174)	116,406	184,993
Total comprehensive loss for the period	-	-	5,720	5,720
Dividends paid	-	-	(1,302)	(1,302)
Balance as at 30 June 2012	68,761	(174)	120,824	189,411
Balance as at 31 Mar 2011	68,761	(174)	118,681	187,268
Total comprehensive loss for the period	-	-	(2,370)	(2,370)
Dividends paid	-	-	(2,205)	(2,205)
Balance as at 30 June 2011	68,761	(174)	114,106	182,693

- 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 June 2012, there was no change in the Company's share capital.

As at 30 June 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 30 June 2012 was 538,038,199 (31 March 2012: 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 Dec 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	
2Q 2012	2Q 2011
US cents	US cents
1.38	0.27
1.38	0.27

Earnings per ordinary share for the quarter ended 30 June 2012 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (2Q 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 Jun 12	31 Dec 11	31 Jun 12	31 Dec 11
US cents	US cents	US cents	US cents
43.56	43.24	35.20	35.25

Net asset value per ordinary share as at 30 June 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 second quarter ended 30 June 2012 ("2Q12") rose 11% to US\$129.5 million, from US\$116.6 million for the corresponding period in 2011 ("2Q11"), mainly contributed by the regional and domestic container shipping segments.

Regional container shipping reaped a 24% increase in revenue to US\$94.6 million from US\$76.1 million mainly due to an increase in container volume handled, as well as additional revenue from bunker surcharges in the period. Total container volume handled for this segment rose 6% to 340,900 TEUs, compared to 320,800 TEUs in 2Q11.

The Indonesia domestic container shipping business recorded an 11% increase in revenue to US\$17.2 million as container volume handled rose 19% to 45,400 TEUs from 38,300 TEUs, arising from additional service routes.

However, revenue from the bulk and tanker business dropped by 33%, mainly due to the expiry of back-to-back charter operation for off-shore activities and drop in market charter rates for the bulk carrier fleet.

Total cost of service increased 11% to US\$120.9 million from US\$109.4 million, in line with the increase in number of vessel call in the container shipping as well as increase in bunker prices during the period.

Finance expense registered a 34% increase to US\$1.1 million as additional loans were taken at end of 2011 for the purchase of three container vessels for deployment in Indonesia waters. The vessels acquisition is part of the Group's strategy to build on its presence in the Indonesia domestic container shipping market.

Other operating income increased to US\$4.9 million from US\$266,000 in 2Q11 on the back of a gain on disposal of containers, amounting to US\$4.1 million. In addition the Group recorded a US\$276,000 gain from the disposal of two dry bulk carriers as well as a foreign exchange gain of US\$284,000 due to the strengthening of the USD against SGD.

Driven by the implementation of bunker surcharges as well as increase in container volume handled, coupled with the gain on disposal of assets for the quarter, the Group registered a 361% increase in profit after tax to US\$7.5 million from US\$1.6 million in 2Q11.

Balance sheet

As at 30 June 2012, the Group's fixed assets was lower at US\$354.7 million, compared to US\$365.9 million at the close of 2011 as a result of the disposal of two dry bulk carriers and the write-off provision of a vessel which had caught fire earlier in the year. This vessel was adequately insured and there was minimal impact to the Group's finances and operations.

Trade debtors increased 7% to US\$65.0 million and trade creditors rose 12% to US\$31.3 million, in line with the overall increase in business activity for the Group.

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.

Bunker price volatility continues to be a key concern for the Group. As such, the Group will continue to mitigate the impact by implementing bunker surcharges whenever possible and entering into bunker hedging when appropriate.

The Group's Indonesia domestic container shipping segment continues to face challenges ahead due to port congestion and the change in fuel price policy by the Indonesian government. Despite these challenges, it is expected to continue to grow and contribute positively as the country's economy is expected to continue to grow.

Despite the weak charter hire market, the Group's bulk and tanker business is expected to continue to contribute positively as its fleet is currently well employed.

Going forward, the Group will continue to focus on optimizing fleet utilization and performance, pursue new opportunities to grow its existing markets, and also look for ways to improve its cost efficiencies.

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)	2Q 2012 US\$'000	2Q 2011 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	870	828
Provision of services - Office rental	35	27
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	306	220
<u>PT. Panuriwan</u>		
Provision of services - Building rental	7	7
Provision of services - Charter hire	464	533
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	213	43
<u>PT. Prima Nur Panuriwan</u>		
Provision of services - Stevedorage	1,466	1,290
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	79	79
(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. Samudera Mbiantu Sesami</u>		
Provision of services - Charter hire	-	4,871
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	148	70

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 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

24 July 2012