

# SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

## THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2012

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

	Note	Group		+ / (-) %
		3Q 2012 US\$'000	3Q 2011 US\$'000	
Revenue		118,433	116,866	1
Cost of service		(111,702)	(108,824)	3
<b>Gross profit</b>		<b>6,731</b>	<b>8,042</b>	(16)
Other operating income	(A)	552	1,039	(47)
Marketing expenses		(2,024)	(1,866)	8
Administrative expenses		(1,677)	(2,208)	(24)
Other operating expenses	(B)	(554)	(8)	n.m.
<b>Profit from operations</b>		<b>3,028</b>	<b>4,999</b>	(39)
Finance income		62	108	(43)
Finance expense		(1,009)	(897)	12
<b>Operating profit</b>		<b>2,081</b>	<b>4,210</b>	(51)
Share of results of associates		282	227	24
<b>Profit before tax</b>		<b>2,363</b>	<b>4,437</b>	(47)
Income tax expense		(939)	(534)	76
<b>Profit after tax</b>		<b>1,424</b>	<b>3,903</b>	(64)
<b>Attributable to:</b>				
Owners of the Company		1,259	3,708	(66)
Non-controlling interests		165	195	(15)
<b>Profit after tax</b>		<b>1,424</b>	<b>3,903</b>	(64)

n.m. = not meaningful

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

	Group		+ / (-) %
	3Q 2012 US\$'000	3Q 2011 US\$'000	
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	6,397	5,371	19
- Allowance for doubtful trade debts	336	99	239
- Write back of allowance for doubtful trade debts	(203)	(42)	383
- Finance expenses - interest on borrowings	1,009	897	12
(A) Other operating income			
- Foreign exchange gain	-	850	n.m.
- Rental income	73	73	0
- Gain on disposal of property, plant and equipment	350	13	n.m.
- Gain on disposal of investment securities	26	-	n.m.
- Other income	103	103	0
	<b>552</b>	<b>1,039</b>	(47)

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(B) Other operating expenses  
- Foreign exchange loss  
- Other expenses

<b>Group</b>		
<b>3Q 2012</b>	<b>3Q 2011</b>	<b>+ / (-)</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
(535)	-	n.m.
(19)	(8)	138
<u>(554)</u>	<u>(8)</u>	n.m.

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

**Profit after tax for the financial period**

Share of net changes in associate's hedging reserve

Currency translation from foreign operations

**Total comprehensive income for the period**

**Total comprehensive income attributable to:**

Owners of the Company

Non-controlling interests

<b>Group</b>		
<b>3Q 2012</b>	<b>3Q 2011</b>	
<b>US\$'000</b>	<b>US\$'000</b>	
<b>1,424</b>	<b>3,903</b>	
(140)	(2,712)	
207	(101)	
<u><b>1,491</b></u>	<u><b>1,090</b></u>	
<b>1,303</b>	<b>901</b>	
188	189	
<u><b>1,491</b></u>	<u><b>1,090</b></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 12 US\$'000	31 Dec 11 US\$'000	30 Sep 12 US\$'000	31 Dec 11 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Inventories	5,800	4,718	2,317	1,506
Trade receivables	57,882	60,955	41,531	43,024
Prepaid operating expenses	17,428	14,632	9,235	6,982
Other receivables and deposits	9,735	4,724	346	695
Due from immediate holding company (non-trade)	2,087	2,091	-	-
Due from immediate holding company (trade)	938	459	938	459
Due from subsidiaries (trade)	-	-	5,462	5,361
Due from subsidiaries (non-trade)	-	-	8,326	9,298
Due from related company (trade)	858	687	459	411
Due from minority shareholders of a subsidiary (non-trade)	48	48	48	48
Investment securities	-	2,052	-	-
Cash and bank balances	33,394	30,646	12,534	15,949
	<b>128,170</b>	<b>121,012</b>	<b>81,196</b>	<b>83,733</b>
<b>Non-current assets</b>				
Subsidiaries	-	-	72,732	72,354
Associated companies	2,906	3,097	12,117	12,117
Property, plant and equipment	356,583	374,694	153,981	155,961
Deferred tax assets	36	36	-	-
Cash and bank balances	245	245	-	-
	<b>359,770</b>	<b>378,072</b>	<b>238,830</b>	<b>240,432</b>
<b>Total assets</b>	<b>487,940</b>	<b>499,084</b>	<b>320,026</b>	<b>324,165</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	27,414	27,876	18,935	19,126
Other payables and liabilities	23,182	21,312	11,173	7,144
Due to immediate holding company (trade)	145	115	-	-
Due to subsidiary	-	-	89	-
Due to related companies (trade)	390	215	286	157
Finance leases	323	319	50	49
Bank term loans (secured)	23,653	28,959	13,249	20,377
Income tax payable	3,403	2,004	490	437
	<b>78,510</b>	<b>80,800</b>	<b>44,272</b>	<b>47,290</b>
<b>Non-current liabilities</b>				
Finance leases	524	709	161	186
Bank term loans (secured)	168,548	180,425	85,758	87,004
Deferred tax liability	2	2	-	-
	<b>169,074</b>	<b>181,136</b>	<b>85,919</b>	<b>87,190</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	187,771	184,266	121,248	121,098
Foreign currency translation reserve	(11,762)	(11,837)	-	-
Other reserves	(8,941)	(8,369)	-	-
Capital reserve	4	-	-	-
Equity attributable to owners of the Company	235,659	232,647	189,835	189,685
Non-controlling interests	4,697	4,501	-	-
<b>Total equity</b>	<b>240,356</b>	<b>237,148</b>	<b>189,835</b>	<b>189,685</b>
<b>Total liabilities and equity</b>	<b>487,940</b>	<b>499,084</b>	<b>320,026</b>	<b>324,165</b>

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

	As at 30 Sep 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	23.98	-	29.28	-
Amount repayable after one year	169.07	-	181.13	-
	<u>193.05</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	
	3Q 2012	3Q 2011
	US\$'000	US\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,363	4,437
Adjustments:		
Depreciation of property, plant and equipment	6,397	5,371
Gain on disposal of property, plant and equipment	(350)	(13)
Gain on disposal of investment securities	(26)	-
Allowance for doubtful trade debts	336	99
Write back of allowance for doubtful trade debts	(203)	(42)
Finance expense	1,009	897
Finance income	(62)	(108)
Share of results of associated companies	(282)	(227)
Unrealised loss on derivative financial instruments	-	373
Currency realignment	864	(1,014)
Operating profit before working capital changes	10,046	9,773
(Increase)/ decrease in:		
Inventories	(477)	(958)
Trade receivables	6,967	(326)
Other receivables	(1,330)	(265)
Prepayments	(1,173)	(1,098)
Due from immediate holding company	(938)	(16)
Due from related companies	47	1,065
Increase/ (decrease) in:		
Trade payables	(3,868)	358
Other payables and liabilities	1,002	2,054
Due to related companies	(61)	4
Due to immediate holding company	(1,264)	(430)
Cash generated from operations	8,951	10,161
Interest paid	(1,009)	(897)
Income tax paid	(374)	(443)
<b>Net cash generated from operating activities</b>	<b>7,568</b>	<b>8,821</b>
<b>Cash flows from investing activities</b>		
Interest income received	62	108
Proceeds from disposal of property, plant and equipment	1,592	13
Proceeds from disposal of investment securities	509	-
Acquisition of property, plant and equipment	(2,292)	(21,085)
Dividend paid to non-controlling shareholders	(63)	(209)
Dividend received from an associate	625	-
<b>Net cash generated from/(used in) investing activities</b>	<b>433</b>	<b>(21,173)</b>
<b>Cash flows from financing activities</b>		
Repayment of hire purchase creditors	(83)	(76)
Proceeds from bank term loans	-	12,160
Repayment of bank term loans	(5,888)	(6,366)
Decrease in pledged deposits	(4)	(934)
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,975)</b>	<b>4,784</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,026</b>	<b>(7,568)</b>
Effect of exchange rate changes on cash and cash equivalents	52	(5)
Cash and cash equivalents at the beginning of the period	25,257	32,069
<b>Cash and cash equivalents at the end of the period</b>	<b>27,335</b>	<b>24,496</b>

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## Cashflow Statement for the period (continued)

	Group	
	3Q 2012 US\$'000	3Q 2011 US\$'000
Cash and bank balances (current)	33,394	32,378
Cash and bank balances (non-current)	245	245
Less: Pledged deposits	(6,304)	(8,127)
<b>Cash and cash equivalents at the end of the period</b>	<b>27,335</b>	<b>24,496</b>

- 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 September 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
<b>GROUP</b>									
<b>Balance as at 30 Jun 2012</b>	68,761	(174)	(8,801)	4	(11,946)	186,512	234,356	4,572	238,928
Total comprehensive income/ (loss) for the period	-	-	(140)	-	184	1,259	1,303	188	1,491
Dividends paid	-	-	-	-	-	-	-	(63)	(63)
<b>Balance as at 30 Sep 2012</b>	<b>68,761</b>	<b>(174)</b>	<b>(8,941)</b>	<b>4</b>	<b>(11,762)</b>	<b>187,771</b>	<b>235,659</b>	<b>4,697</b>	<b>240,356</b>
<b>Balance as at 30 Sep 2011</b>									
<b>Balance as at 30 Jun 2011</b>	68,761	(174)	(5,687)	-	(11,377)	173,716	225,239	4,170	229,409
Total comprehensive income for the period	-	-	(2,712)	-	(95)	3,708	901	189	1,090
Dividends paid	-	-	-	-	-	-	-	(209)	(209)
<b>Balance as at 30 Sep 2011</b>	<b>68,761</b>	<b>(174)</b>	<b>(8,399)</b>	<b>-</b>	<b>(11,472)</b>	<b>177,424</b>	<b>226,140</b>	<b>4,150</b>	<b>230,290</b>
<b>COMPANY</b>									
<b>Balance as at 30 Jun 2012</b>	68,761	(174)							189,411
Total comprehensive income for the period	-	-						424	424
<b>Balance as at 30 Sep 2012</b>	<b>68,761</b>	<b>(174)</b>						<b>121,248</b>	<b>189,835</b>
<b>Balance as at 30 Sep 2011</b>									
<b>Balance as at 30 Jun 2011</b>	68,761	(174)						114,106	182,693
Total comprehensive income for the period	-	-						211	211
<b>Balance as at 30 Sep 2011</b>	<b>68,761</b>	<b>(174)</b>						<b>114,317</b>	<b>182,904</b>

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

As at 30 September 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 September 2012 was 538,038,199 (31 December 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	
3Q 2012	3Q 2011
US cents	US cents
0.23	0.69
0.23	0.69

Earnings per ordinary share for the quarter ended 30 September 2012 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (3Q 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	
30 Sep 12	31 Dec 11	30 Sep12	31 Dec 11
US cents	US cents	US cents	US cents
43.80	43.24	35.28	35.25

Net asset value per ordinary share as at 30 September 2012 and 31 December 2011 is calculated based on the number of issued ordinary share: (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 September 2012 ("3Q12") increased 1% to US\$118.4 million, compared to US\$116.9 million recorded in the previous corresponding period ("3Q11"). The revenue increase reflects higher contribution from the regional container shipping and Indonesia domestic container shipping segments, despite a drop in revenue for the bulk and tanker business.

Revenue from the regional container shipping business recorded a 3% improvement to US\$87.0 million, on the back of bunker surcharges collection which was implemented from end of April to July 2012. Total container volume handled for this segment was relatively flat at 313,000 TEUs, compared to 317,000 TEUs in 3Q11.

The Indonesia domestic container shipping business recorded a 9% increase in revenue to US\$15.5 million as total container volume handled rose 12% to 41,000 TEUs, from 36,000 TEUs in 3Q11.

However, revenue from the bulk and tanker business on the other hand, fell 14%, from US\$17.2 million in 3Q11 to US\$14.9 million in 3Q12 as a result of a drop in charter rates in the market and fleet reduction following the disposal of three bulk carriers between June and July 2012.

Cost of services increased 3% to US\$111.7 million from US\$108.8 million in 3Q11. Cost of services for the container shipping segment rose 5% to US\$98.9 million, mainly due to additional vessels deployment and higher bunker costs. Cost of service for the bulk and tanker business fell 12% to US\$12.9 million, on reduced number of vessels operated.

The Group registered a foreign exchange loss of US\$535,000 in 3Q12, versus a gain of US\$850,000 in 3Q11, mainly due to the strengthening of the Singapore dollar against the US dollar.

Finance expense registered a 12% increase to US\$1.0 million as additional loans were taken at end of 2011 for the purchase of three container vessels for deployment in Indonesia waters.

During the quarter, the Group recorded a disposal gain of US\$350,000 arising from sale of a dry bulk carrier. The disposal coupled with the increased in business activities resulted in a higher tax expense of US\$939,000 in 3Q12, versus US\$534,000 in 3Q11.

Overall, the Group recorded a profit after tax to US\$1.4 million compared to US\$3.9 million in 3Q11.

**Balance sheet**

As at 30 September 2012, property, plant and equipment stood at US\$356.6 million, compared to US\$374.7 million at the close of 2011, in view of the disposal of three dry bulk carriers between May and July 2012.

Other receivables and deposits increased to US\$9.7 million, from US\$4.7 million as at 31 December 2011, was mainly due to the insurance receivable claim pertaining to a vessel which caught fire in March 2012.

**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.**

Industry outlook remains cloudy for the rest of 2012, as sluggishness in the world's major economies continue to hamper the recovery of global trade activity.

The Group's Indonesia domestic container shipping segment should continue to experience healthy demand, in view of a resilient Indonesian economy. On the flip side, it will continue to face the challenges of port congestion and the change in fuel price policy as implemented in the country.

Despite the softening of charter hire rates which is likely to put a cap on its profit level, the Group's bulk and tanker business should continue to contribute positively to its performance as its fleet is fully employed. In addition, the Group expects an increase in activity in the ship manning and operation services for the marine and shores business.

During the year, Sinar Banjar, a 4,700 dwt dry bulk carrier, with an approximate book value of US\$1.27 million, was hit by strong wind and current and was grounded two miles away from the jetty in Bengkulu. The salvage of the vessel is still ongoing. The management will continue to evaluate the cost and benefit of the salvage and its insurance recoverability, the final position is expected to be in the fourth quarter of the year.

Bunker prices remain a concern, even though price levels appear to be reaching relative stability. To mitigate the impact on the Group's performance, the Group will regularly implement bunker surcharges where possible, and engage in bunker hedging at appropriate times.

The Group shall also remain focused on optimizing its fleet utilization and improving its operational efficiency, while keeping a lookout for possible growth opportunities.

**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

<b>(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Mandated transactions)</b>	<b>3Q 2012 US\$'000</b>	<b>3Q 2011 US\$'000</b>
<b><u>PT. Samudera Indonesia Tbk and its subsidiary</u></b>		
Provision of services - Agency Commission	818	817
Provision of services - Office rental	33	27
<b><u>PT. Samudera Indonesia Ship Management</u></b>		
Provision of services - Ship Management Fees	303	297
<b><u>PT. Panuriwan</u></b>		
Provision of services - Building rental	7	7
Provision of services - Charter hire	417	261
<b><u>PT. Masaji Tatanan Container</u></b>		
Provision of services - Container depot	269	99
<b><u>PT. Prima Nur Panuriwan</u></b>		
Provision of services - Stevedorage	1,316	1,280
<b><u>PT. Tankindo Perdana</u></b>		
Provision of services - Charter hire	27	80
<b>(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)</b>	<b>3Q 2012 US\$'000</b>	<b>3Q 2011 US\$'000</b>
<b><u>PT. Masaji Tatanan Container</u></b>		
Provision of services - Container depot	119	71
<b><u>PT Silkargo Line</u></b>		
Provision of services - Charter hire	66	-

## 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 September 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

23 October 2012