

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

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 2013.

1 a)(i) Income Statement for the period ended 30 June 2013

	Note	Group		+ / (-) %
		2Q 2013 US\$'000	2Q 2012 US\$'000	
Revenue		104,824	129,532	(19.1)
Cost of sales		(104,277)	(120,915)	(13.8)
Gross profit		547	8,617	(93.7)
Other operating income	(A)	580	8,812	(93.4)
Marketing expenses		(1,950)	(2,089)	(6.7)
Administrative expenses		(1,613)	(2,279)	(29.2)
Other operating expenses	(B)	(74)	(3,991)	(98.1)
(Loss)/profit from operations		(2,510)	9,070	n.m.
Finance income		72	102	(29.4)
Finance expense		(914)	(1,079)	(15.3)
Operating (loss)/profit		(3,352)	8,093	n.m.
Share of results of associate		427	380	12.4
(Loss)/profit before tax		(2,925)	8,473	n.m.
Income tax expense		(666)	(937)	(28.9)
(Loss)/profit after tax		(3,591)	7,536	n.m.
Attributable to:				
Owners of the Company		(3,628)	7,412	n.m.
Non-controlling interests		37	124	(70.2)
(Loss)/profit after tax		(3,591)	7,536	n.m.

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	2Q 2013 US\$'000	2Q 2012 US\$'000	
(Loss)/profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	6,488	6,520	(0.5)
- Allowance for doubtful trade debts	188	173	8.7
- Write back of allowance for doubtful trade debts	(247)	(87)	183.9
- Finance expenses - interest on borrowings	914	1,079	(15.3)
(A) Other operating income			
- Foreign exchange gain	397	284	39.8
- Rental income	8	71	(88.7)
- Gain on disposal of property, plant and equipment	-	4,398	n.m.
- Gain on disposal of investment securities	38	12	216.7
- Insurance claim	-	3,894	n.m.
- Other income	137	153	(10.5)
	580	8,812	n.m.

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

	Group		+ / (-) %
	2Q 2013 US\$'000	2Q 2012 US\$'000	
(B) Other operating expenses			
- Property, plant and equipment written off	-	(3,960)	n.m.
- Claim expenses	-	(18)	n.m.
- Other expenses	(74)	(13)	469.2
	<u>(74)</u>	<u>(3,991)</u>	(98.1)

1 a)(iii) Statement of Comprehensive Income for the period ended 30 June 2013

	Group	
	2Q 2013 US\$'000	2Q 2012 US\$'000
(Loss)/profit after tax for the financial period	(3,591)	7,536
Share of net changes in associated company's hedging reserve	1,590	(990)
Currency translation from foreign operations	(99)	(305)
Total comprehensive (loss)/income for the period	<u>(2,100)</u>	<u>6,241</u>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(2,124)	6,135
Non-controlling interests	24	106
	<u>(2,100)</u>	<u>6,241</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 Jun 13 US\$'000	31 Dec 12 US\$'000	30 Jun 13 US\$'000	31 Dec 12 US\$'000
ASSETS				
Current assets				
Inventories	5,756	5,510	2,080	2,209
Trade receivables	67,072	65,573	48,276	48,397
Prepaid operating expenses	11,753	15,566	5,567	7,108
Other receivables and deposits	6,557	10,568	1,394	341
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	2,977	1,793	419	226
Due from subsidiaries (trade)	-	-	4,104	4,564
Due from subsidiaries (non-trade)	-	-	2,533	3,324
Due from related company (trade)	1,921	2,013	441	401
Fair value through profit or loss - Investment securities	2,267	-	-	-
Cash and bank balances	24,529	29,658	9,204	16,258
	124,919	132,768	74,018	82,828
Non-current assets				
Subsidiaries	-	-	72,732	72,732
Associate	6,505	3,415	12,117	12,117
Property, plant and equipment	339,049	350,272	148,451	152,137
Deferred tax assets	40	40	-	-
	345,594	353,727	233,300	236,986
Total assets	470,513	486,495	307,318	319,814
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	30,068	28,510	22,180	19,766
Other payables and liabilities	26,193	22,141	11,632	10,661
Due from subsidiary (trade)	-	-	142	122
Due from subsidiary (non-trade)	-	-	3,825	3,825
Due to immediate holding company (trade)	20	2	-	-
Due to related companies (trade)	2,591	3,695	131	125
Finance leases	259	309	43	48
Bank term loans (secured)	24,412	24,497	13,190	13,249
Income tax payable	2,283	2,401	502	505
	85,826	81,555	51,645	48,301
Non-current liabilities				
Finance leases	337	451	123	150
Bank term loans (secured)	151,325	164,351	75,200	82,482
Deferred tax liabilities	3	3	-	-
	151,665	164,805	75,323	82,632
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	178,017	187,118	111,763	120,294
Capital reserve	26	26	-	-
Foreign currency translation reserve	(12,087)	(11,851)	-	-
Other reserves	(6,290)	(8,564)	-	-
Equity attributable to owners of the Company	228,253	235,316	180,350	188,881
Non-controlling interests	4,769	4,819	-	-
Total equity	233,022	240,135	180,350	188,881
Total liabilities and equity	470,513	486,495	307,318	319,814

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

	As at 30 Jun 2013		As at 31 Dec 2012	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	24.67	-	24.81	-
Amount repayable after one year	151.66	-	164.80	-
	<u>176.33</u>	<u>-</u>	<u>189.61</u>	<u>-</u>

Details of any collateral

The Group's borrowings are secured by means of:

- > Corporate guarantees from the Company and a subsidiary
- > 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 2013 US\$'000	2Q 2012 US\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(2,925)	8,473
Adjustments:		
Depreciation of property, plant and equipment	6,488	6,520
Gain on disposal of property, plant and equipment	-	(4,398)
Gain on disposal of investment securities	(38)	(12)
Allowance for doubtful trade debts	188	173
Write back of allowance for doubtful trade debts	(247)	(87)
Finance expense	914	1,079
Finance income	(72)	(102)
Share of results of associate	(427)	(380)
Insurance claim	-	3,960
Property, plant and equipment written off	-	(3,894)
Currency realignment	(464)	(342)
Operating profit before working capital changes	3,417	10,990
(Increase)/ decrease in:		
Inventories	3	133
Trade receivables	(30)	(9,990)
Other receivables and deposits	(121)	228
Prepaid operating expenses	4,660	1,050
Due from immediate holding company	272	1,289
Due from related companies	(25)	(38)
Increase/ (decrease) in:		
Trade payables	24	3,128
Other payables and liabilities	(623)	1,963
Due to related companies	(2,397)	245
Due to immediate holding company	18	1,345
Cash generated from operations	5,198	10,343
Interest paid	(914)	(1,079)
Income tax paid	(768)	(379)
Net cash generated from operating activities	3,516	8,885
Cash flows from investing activities		
Interest income received	72	102
Proceeds from disposal of property, plant and equipment	-	8,407
Proceeds from disposal of investment securities	-	1,438
Acquisition of property, plant and equipment	(897)	(4,410)
Purchase of investment securities	(2,228)	(892)
Net cash (used)/generated from investing activities	(3,053)	4,645
Cash flows from financing activities		
Repayment of hire purchase creditors	(89)	(81)
Repayment of bank term loans	(6,082)	(5,888)
Dividends paid	(1,050)	(1,302)
Dividend paid to minority shareholders	(187)	-
Decrease/(increase) in pledged deposits	120	(1)
Additional investment in a subsidiary by a non-controlling interest	-	(161)
Net cash used in financing activities	(7,288)	(7,433)
Net (decrease)/increase in cash and cash equivalents	(6,825)	6,097
Effect of exchange rate changes on cash and cash equivalents	(98)	(383)
Cash and cash equivalents at the beginning of the period	23,587	19,543
Cash and cash equivalents at the end of the period	16,664	25,257

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Cashflow Statement for the period (continued)

	Group	
	2Q 2013 US\$'000	2Q 2012 US\$'000
Cash and bank balances (current)	24,529	31,312
Cash and bank balances (non-current)	-	245
Less: Pledged deposits	(7,865)	(6,300)
Cash and cash equivalents at the end of the period	16,664	25,257

- 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 2013

	Share Capital	Treasury Shares	Capital Reserves	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	US\$'000
GROUP									
Balance as at 31 Mar 2013	68,761	(174)	26	(7,880)	(12,001)	182,695	231,427	4,932	236,359
Total comprehensive income/ (loss) for the period	-	-	-	1,590	(86)	(3,628)	(2,124)	24	(2,100)
Dividends paid	-	-	-	-	-	(1,050)	(1,050)	(187)	(1,237)
Balance as at 30 Jun 2013	68,761	(174)	26	(6,290)	(12,087)	178,017	228,253	4,769	233,022

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)
Additional investment in subsidiary by non-controlling interests	-	-	4	-	22	-	26	(187)	(161)
Balance as at 30 Jun 2012	68,761	(174)	4	(8,801)	(11,946)	186,512	234,356	4,572	238,928

COMPANY

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 31 Mar 2013	68,761	(174)	114,468	183,055
Total comprehensive loss for the period	-	-	(1,655)	(1,655)
Dividends paid	-	-	(1,050)	(1,050)
Balance as at 30 Jun 2013	68,761	(174)	111,763	180,350

Balance as at 31 Mar 2012	68,761	(174)	116,406	184,993
Total comprehensive income for the period	-	-	5,720	5,720
Dividends paid	-	-	(1,302)	(1,302)
Balance as at 30 Jun 2012	68,761	(174)	120,824	189,411

- 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 2013 there was no change in the Company's share capital.

As at 30 June 2013, 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 2013 was 538,038,199 (31 Mar 2013: 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 2012.

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 2013. 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 (loss) 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 2013	2Q 2012
US cents	US cents
(0.67)	1.38
(0.67)	1.38

Earnings per ordinary share for the quarter ended 30 June 2013 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (2Q 2012: 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 Jun 13	31 Dec 12	30 Jun 13	31 Dec 12
US cents	US cents	US cents	US cents
42.42	43.74	33.52	35.11

Net asset value per ordinary share as at 30 Jun 2013 and 31 Dec 2012 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 2013 ("2Q13") declined 19.1% to USD104.8 million, from USD129.5 million in the corresponding period in 2012 ("2Q12"), weighed down by lower contribution across all three business segments.

The Group's regional container shipping business contributed USD73.3 million in revenue in 2Q13, a 22.5% decline from USD94.6 million in 2Q12, as a result of lower volume and declining freight rates. The oversupply of vessel capacity and strong competition in the market affected freight rates and reduced volume handled by the Group. Container volume fell 19.8% to 273,300 TEUs, compared to 340,900 TEUs in 2Q12.

The Indonesian domestic container shipping business turned in revenue of USD15.3 million in 2Q13, declining 11.5% from USD17.2 million in 2Q12. While demand was relatively healthy with container volume handled rising 1.1% to 45,900 TEUs compared to 45,400 TEUs in 2Q12, the introduction of new capacity by competitors vying for a market share intensified competition and adversely affected freight rates.

Revenue from the bulk carrier, offshore and tanker business decreased 4.6% to USD15.5 million, from USD16.3 million in 2Q12. This was largely due to lower charter rates and lower employment days as a number of vessels were laid off for few days for scheduled maintenance during the quarter.

The Group's cost of services fell 13.8% to USD104.3 million in 2Q13, compared to USD120.9 million in 2Q12. This was in line with the drop in container volume handled, lower bunker price and Group's effort to rationalize its services in the regional container shipping business. Cost of services for the Indonesian domestic container shipping segment remained stable, while that for the bulk carrier, offshore and tanker business rose on the back of more vessels were employed under own operations during the period.

The Group registered foreign exchange gain of USD397,000 in 2Q13, versus USD284,000 in 2Q12, mainly due to the strengthening of the US dollar against the Singapore dollar.

Other operating expenses declined 98.1% to USD74,000, from USD4.0 million in 2Q12, taking into account the USD4.0 million write-off of Sinar Jombang, a container vessel, that caught fire in March 2012. Other operating income also fell 93.4% to USD580,000 from USD8.8 million in 2Q12, as that for 2Q12 included a USD3.9 million insurance claims on Sinar Jombang, and a USD4.4 million gain on disposal of property, plant and equipment.

Taking the above into consideration, the Group incurred a loss from operations of USD2.5 million, compared to a profit from operations of USD9.1 million in 2Q12.

Consequently, net loss after tax was USD3.6 million in 2Q13, compared to a profit after tax of USD7.5 million in 2Q12.

Balance sheet

As at 30 June 2013, the value of property, plant and equipment stood at USD339.0 million, compared to USD350.3 million at the end of 2012, mainly due to asset depreciation.

Other debtors fell by 37.9% to USD6.6 million, from USD10.6 million, mainly due to the receipt of a USD4.0 million insurance claim for Sinar Jombang in 1Q13.

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.

Conditions are set to remain challenging for the regional container shipping segment, as competition intensifies in the intra-Asia routes. The Group has rationalized both capacity and services in an effort to be more competitive. This, along with the expected renewal of vessel hire contracts at lower rates, should help to reduce its operating costs.

In the Indonesian container shipping segment, the introduction of new capacity by competitors is likely to continue to have a negative impact on freight rates. In view of this, the Group will actively review the performance of its various service routes and restructure them for better efficiency. It also plans to rationalize its charter capacity upon the expiry of charter hire contracts where commercially feasible. The Group will explore new areas with less intense competition, and push for freight improvement.

The Group's bulk carrier and tanker fleet should remain fully employed, following the completion of scheduled maintenance of some vessels in 2Q13. The Group will also review its vessel deployment strategy and charter arrangement for its Supramax bulk carriers to achieve the best returns possible as well as exploring opportunities to expand its vessel operation management services for major oil company in Indonesia.

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 2013 US\$'000	2Q 2012 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	684	870
Provision of services - Office rental	37	35
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	253	306
<u>PT. Panuriwan</u>		
Provision of services - Building rental	7	7
Provision of services - Charter hire	410	464
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	271	213
<u>PT. Prima Nur Panuriwan</u>		
Provision of services - Stevedorage	1,536	1,466
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	75	79
<u>PT. Silkargo Line</u>		
Provision of services - Charter hire	534	-
(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)	2Q 2013 US\$'000	2Q 2012 US\$'000
<u>PT. Silkargo Line</u>		
Provision of services - Charter hire	263	-
<u>PT. Panuriwan</u>		
Provision of services - Fixed slot purchase	1,097	-
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Land lease	77	148

14. Negative Assurance Confirmation Pursuant To Rule 705(4) of the Listing Manual

We, Asmari Herry Prayitno 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 2013 to be false or misleading.

On behalf of the Board of Directors,

Asmari Herry Prayitno
Executive Director and Interim CEO

Anwarsyah
Executive Director and CFO

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director

July 30, 2013