

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF YEAR AND FULL YEAR RESULTS

1 a) (i) **An income statement and statement of comprehensive income, or a statement of comprehensive income, 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 2013.

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

	Note	Group		+ / (-) %
		3Q 2013 US\$'000	3Q 2012 US\$'000	
Revenue		97,428	118,433	(17.7)
Cost of sales		(93,750)	(111,702)	(16.1)
Gross profit		3,678	6,731	(45.4)
Other operating income	(A)	525	552	(4.9)
Marketing expenses		(1,916)	(2,024)	(5.3)
Administrative expenses		(1,570)	(1,677)	(6.4)
Other operating expenses	(B)	(33)	(554)	(94.0)
Profit from operations		684	3,028	(77.4)
Finance income		63	62	1.6
Finance expense		(863)	(1,009)	(14.5)
Operating (loss)/profit		(116)	2,081	n.m.
Share of results of associate		424	282	50.4
Profit before tax		308	2,363	(87.0)
Income tax expense		(576)	(939)	(38.7)
(Loss)/profit after tax		(268)	1,424	n.m.
Attributable to:				
Owners of the Company		(239)	1,259	(119.0)
Non-controlling interests		(29)	165	(117.6)
(Loss)/profit after tax		(268)	1,424	n.m.

n.m. = not meaningful

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

	Group		+ / (-) %
	3Q 2013 US\$'000	3Q 2012 US\$'000	
(Loss)/profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	6,421	6,397	0.4
- Allowance for doubtful trade debts	80	336	(76.2)
- Write back of allowance for doubtful trade debts	(85)	(203)	(58.1)
- Finance expenses - interest on borrowings	863	1,009	(14.5)
(A) Other operating income			
- Foreign exchange gain	326	-	n.m.
- Rental income	44	73	(39.7)
- Gain on disposal of property, plant and equipment	23	350	(93.4)
- Gain on disposal of investment securities	13	26	(50.0)
- Claim income	9	-	n.m.
- Other income	110	103	6.8
	525	552	n.m.

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

	Group		+ / (-) %
	3Q 2013 US\$'000	3Q 2012 US\$'000	
(B) Other operating expenses			
- Foreign exchange loss	-	(535)	n.m.
- Property, plant and equipment written off	(33)	-	n.m.
- Other expenses	-	(19)	(100.0)
	<u>(33)</u>	<u>(554)</u>	(94.0)

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

	Group	
	3Q 2013 US\$'000	3Q 2012 US\$'000
(Loss)/profit after tax for the financial period	(268)	1,424
Share of other comprehensive income/(loss) of associate	296	(140)
Foreign currency translation (loss)/income	(60)	207
Other comprehensive (loss)/income for the period, net of tax	(32)	1,491
Total comprehensive (loss)/income attributable to:		
Owners of the Company	5	1,303
Non-controlling interests	(37)	188
	<u>(32)</u>	<u>1,491</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 13 US\$'000	31 Dec 12 US\$'000	30 Sep 13 US\$'000	31 Dec 12 US\$'000
ASSETS				
Current assets				
Inventories	5,822	5,510	2,282	2,209
Trade receivables	66,741	65,573	47,832	48,397
Prepaid operating expenses	10,755	15,566	4,441	7,108
Other receivables and deposits	7,496	10,568	2,595	341
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	3,801	1,793	937	226
Due from subsidiaries (trade)	-	-	2,773	4,564
Due from subsidiaries (non-trade)	-	-	2,543	3,324
Due from related companies (trade)	2,098	2,013	474	401
Cash and bank balances	24,868	29,658	10,755	16,258
	<u>123,668</u>	<u>132,768</u>	<u>74,632</u>	<u>82,828</u>
Non-current assets				
Subsidiaries	-	-	72,732	72,732
Associate	5,851	3,415	12,117	12,117
Property, plant and equipment	335,046	350,272	147,286	152,137
Deferred tax assets	40	40	-	-
	<u>340,937</u>	<u>353,727</u>	<u>232,135</u>	<u>236,986</u>
Total assets	<u>464,605</u>	<u>486,495</u>	<u>306,767</u>	<u>319,814</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	28,344	28,510	20,785	19,766
Other payables and liabilities	28,710	22,141	12,093	10,661
Due to subsidiary (trade)	-	-	122	122
Due to subsidiary (non-trade)	-	-	3,825	3,825
Due to immediate holding company (trade)	37	2	-	-
Due to related companies (trade)	2,428	3,695	253	125
Finance leases	249	309	42	48
Bank term loans (secured)	24,291	24,497	13,213	13,249
Income tax payable	2,347	2,401	532	505
	<u>86,406</u>	<u>81,555</u>	<u>50,865</u>	<u>48,301</u>
Non-current liabilities				
Finance leases	278	451	116	150
Bank term loans (secured)	144,920	164,351	72,213	82,482
Deferred tax liabilities	11	3	-	-
	<u>145,209</u>	<u>164,805</u>	<u>72,329</u>	<u>82,632</u>
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	177,778	187,118	114,986	120,294
Capital reserve	26	26	-	-
Foreign currency translation reserve	(12,139)	(11,851)	-	-
Other reserves	(5,994)	(8,564)	-	-
Equity attributable to owners of the Company	<u>228,258</u>	<u>235,316</u>	<u>183,573</u>	<u>188,881</u>
Non-controlling interests	4,732	4,819	-	-
Total equity	<u>232,990</u>	<u>240,135</u>	<u>183,573</u>	<u>188,881</u>
Total liabilities and equity	<u>464,605</u>	<u>486,495</u>	<u>306,767</u>	<u>319,814</u>

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

	As at 30 Sep 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	24.54	-	24.81	-
Amount repayable after one year	145.20	-	164.80	-
	<u>169.74</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	
	3Q 2013	3Q 2012
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	308	2,363
Adjustments:		
Depreciation of property, plant and equipment	6,421	6,397
Gain on disposal of property, plant and equipment	(23)	(350)
Gain on disposal of investment securities	(13)	(26)
Allowance for doubtful trade debts	80	336
Write back of allowance for doubtful trade debts	(85)	(203)
Finance expense	863	1,009
Finance income	(63)	(62)
Share of results of associate	(424)	(282)
Property, plant and equipment written off	33	-
Currency realignment	(420)	864
Operating profit before working capital changes	6,677	10,046
(Increase)/ decrease in:		
Inventories	(65)	(477)
Trade receivables	336	6,967
Other receivables and deposits	(937)	(1,330)
Prepaid operating expenses	997	(1,173)
Due from immediate holding company	(824)	(938)
Due from related companies	(177)	47
Increase/ (decrease) in:		
Trade payables	(1,725)	(3,868)
Other payables and liabilities	2,516	1,002
Due to related companies	(163)	(61)
Due to immediate holding company	17	(1,264)
Cash generated from operations	6,652	8,951
Interest paid	(863)	(1,009)
Income tax paid	(487)	(374)
Net cash generated from operating activities	5,302	7,568
Cash flows from investing activities		
Interest income received	63	62
Proceeds from disposal of property, plant and equipment	52	1,592
Proceeds from disposal of investment securities	2,279	509
Acquisition of property, plant and equipment	(2,531)	(2,292)
Dividend received from an associate	1,375	625
Net cash generated from investing activities	1,238	496
Cash flows from financing activities		
Repayment of hire purchase creditors	(72)	(83)
Repayment of bank term loans	(6,071)	(5,888)
Dividend paid to non-controlling shareholders	-	(63)
Decrease/(increase) in pledged deposits	57	(4)
Net cash used in financing activities	(6,086)	(6,038)
Net increase in cash and cash equivalents	454	2,026
Effect of exchange rate changes on cash and cash equivalents	(59)	52
Cash and cash equivalents at the beginning of the period	16,664	25,257
Cash and cash equivalents at the end of the period	17,059	27,335
Cash and bank balances (current)	24,868	33,394
Cash and bank balances (non-current)	-	245
Less: Pledged deposits	(7,809)	(6,304)
Cash and cash equivalents at the end of the period	17,059	27,335

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- 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 Sep 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 30 Jun 2013	68,761	(174)	26	(6,290)	(12,087)	178,017	228,253	4,769	233,022
Total comprehensive income/(loss) for the period	-	-	-	296	(52)	(239)	5	(37)	(32)
Balance as at 30 Sep 2013	68,761	(174)	26	(5,994)	(12,139)	177,778	228,258	4,732	232,990
2012									
Balance as at 30 Jun 2012	68,761	(174)	4	(8,801)	(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)
Balance as at 30 Sep 2012	68,761	(174)	4	(8,941)	(11,762)	187,771	235,659	4,697	240,356
COMPANY									
Balance as at 30 Jun 2013	68,761	(174)				111,763			180,350
Total comprehensive income for the period	-	-				3,223			3,223
Balance as at 30 Sep 2013	68,761	(174)				114,986			183,573
2012									
Balance as at 30 Jun 2012	68,761	(174)				120,824			189,411
Total comprehensive income for the period	-	-				424			424
Balance as at 30 Sep 2012	68,761	(174)				121,248			189,835

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

As at 30 Sep 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.

- 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 2013 was 538,038,199 (30 Jun 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.

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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.

(Loss)/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 2013	3Q 2012
US cents	US cents
(0.04)	0.23
(0.04)	0.23

Earnings per ordinary share for the quarter ended 30 Sept 2013 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (3Q 2012: 538,038,199). The basic and diluted earnings per share are the same as there are no potential dilutive shares.

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 13	31 Dec 12	30 Sep 13	31 Dec 12
US cents	US cents	US cents	US cents
42.42	43.74	34.12	35.11

Net asset value per ordinary share as at 30 Sept 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 third quarter ended 30 September 2013 ("3Q13") decreased 17.7% to USD97.4 million, from USD118.4 million in the previous corresponding period ("3Q12"), on lower contribution from the regional and Indonesia domestic container shipping businesses. However, the performance of regional container shipping has improved.

The regional container shipping business registered revenue of USD70.7 million, an 18.8% decline from USD87.0 million in 3Q12, as increased competition in regional waters and a vessel oversupply situation continued to impact freight rates and volume handled by this business. Container volume handled fell to 289,100 TEUs, compared to 313,000 TEUs in 3Q12, as part of the Group's effort to reduce its exposure to shipping cargo with negative contribution.

Revenue from the Indonesia domestic container shipping business was USD10.8 million, a 30.6% fall from USD15.5 million in 3Q12. Increased capacity as a result of new entrants into this market segment since the second quarter of the financial year affected freight rates and volume handled. Volume handled declined 9.1% to 37,000 TEUs, from 40,700 TEUs last year.

The bulk carrier, offshore and tanker business, on the other hand, recorded a 2.6% increase in revenue to USD15.3 million, from USD14.9 million. Higher revenue resulted from the vessel operation management services with a major oil company in Indonesia and from higher number of back-to-back charter employment days. This was partially eroded by declines in revenue received from time and voyage charters of its vessels.

The Group's cost of services declined 16.1% to USD93.8 million, from USD111.7 million in 3Q12, in line with the fall in business activity. In addition, cost of services for the regional container shipping business declined on lower charter hire rates and bunker prices, along with measures undertaken by the Group to improve its margins. Cost of services for the bulk carrier, offshore and tanker business were higher however, due to additional activity for vessel operation management services and a higher number of voyages made in 3Q13.

The Group registered foreign exchange gain of USD326,000 in 3Q13, versus a loss of USD535,000 in 3Q12, mainly due to the strengthening of the USD dollar against the Singapore dollar.

Overall, net loss after tax was USD0.3 million in 3Q13, compared to a profit after tax of USD1.4 million in 3Q12.

Balance sheet

As at 30 September 2013, property, plant and equipment stood at USD335.0 million, compared to USD350.3 million at the end of 2012, mainly due to asset depreciation.

Other receivables fell by 29.1% to USD7.5 million, from USD10.6 million, mainly due to the receipt of a USD4.0 million insurance claim for Sinar Jombang in 1Q13.

Other payables and liabilities increased USD6.6 million mainly due to accrued expenses related to additional activities in vessel operation management services and back-to-back charter projects in the bulk carrier, offshore and tanker business.

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 Group has rationalized both capacity and services in an effort to position itself more competitively. It is also continuously reviewing its vessel hire contracts so as to renew these contracts at lower rates, which should help to reduce its operating costs.

The conditions continue to be challenging in the Indonesian container shipping business due to excess capacity. The Group plans to further rationalize charter capacity upon the expiry of charter hire contracts where commercially feasible, so as to manage its operating costs more effectively.

Following the completion of scheduled maintenance in the last quarter, the Group expects its bulk carrier and tanker fleet to remain gainfully employed in the months ahead. The Baltic Supramax Index has shown improvement since beginning of 3Q 2013. The Group will also endeavor to increase its vessel operation management services for other major oil companies.

Going forward, the Group will continue its strategy of maximizing its fleet utilization and improving operational efficiency by terminating non-profitable routes, converting existing owned capacity to slot exchange arrangements, reconfiguring existing service routes and exploring new opportunities for cooperation with partners to enhance its service routes coverage.

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)	3Q 2013 US\$'000	3Q 2012 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	660	818
Provision of services - Office rental	36	33
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	253	303
<u>PT. Panuriwan</u>		
Provision of services - Building rental	7	7
Provision of services - Charter hire	210	417
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	276	269
<u>PT. Prima Nur Panuriwan</u>		
Provision of services - Stevedorage	1,206	1,316
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	80	27
<u>PT. Silkargo Line</u>		
Provision of services - Charter hire	805	-
(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)	3Q 2013 US\$'000	3Q 2012 US\$'000
<u>PT. Silkargo Line</u>		
Provision of services - Charter hire	-	66
<u>PT. Panuriwan</u>		
Provision of services - Fixed slot purchase	611	-
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Land lease	72	119

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 Sept 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

October 25, 2013