

SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C

(Incorporated in the Republic of Singapore)

FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

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

1 a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors announces the unaudited results of the Group for the financial period ended 31 March 2014.

1 a)(i) Income Statement for the period ended 31 March 2014

	Note	Group		+ / (-) %
		1Q 2014 US\$'000	1Q 2013 US\$'000	
Revenue		86,218	96,315	(10.5)
Cost of sales		(81,918)	(96,709)	(15.3)
Gross profit/(loss)		4,300	(394)	n.m.
Other operating income	(A)	236	904	(73.9)
Marketing expenses		(1,497)	(1,934)	(22.6)
Administrative expenses		(1,380)	(1,720)	(19.8)
Other operating expenses	(B)	(254)	(60)	323.3
Profit/(Loss) from operations		1,405	(3,204)	n.m.
Finance income		54	20	170.0
Finance expense		(711)	(902)	(21.2)
Operating Profit/(Loss)		748	(4,086)	n.m.
Share of results of associate		342	390	(12.3)
Profit/(Loss) before tax		1,090	(3,696)	n.m.
Income tax expense		(646)	(627)	3.0
Profit/(Loss) for the period		444	(4,323)	n.m.
Attributable to:				
Owners of the Company		414	(4,423)	n.m.
Non-controlling interests		30	100	(70.0)
Profit/(Loss) for the period		444	(4,323)	n.m.

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	1Q 2014 US\$'000	1Q 2013 US\$'000	
Profit/Loss for the period is arrived at after charging (crediting) :			
- Depreciation of property, plant and equipment	6,080	6,339	(4.1)
- Depreciation of investment properties	6	-	n.m.
- Allowance for doubtful trade debts	160	281	(43.1)
- Write-back of allowance for doubtful trade debts	(235)	(269)	(12.6)
- Finance expenses - interest on borrowings	711	902	(21.2)
(A) Other operating income			
- Net of foreign exchange gains	-	671	(100.0)
- Rental income	66	74	(10.8)
- Gain on disposal of property, plant and equipment	30	5	500.0
- Gain on disposal of investment at fair value through profit and loss- investment securities	24	39	(38.5)
- Others	116	115	0.9
	236	904	(73.9)

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

	Group		+ / (-) %
	1Q 2014 US\$'000	1Q 2013 US\$'000	
(B) Other operating expenses			
- Net of foreign exchange losses	(254)	-	n.m.
- Others	-	(60)	n.m.
	<u>(254)</u>	<u>(60)</u>	323.3

1 a)(iii) Statement of Comprehensive Income for the period ended 31 March 2014

	Group	
	1Q 2014 US\$'000	1Q 2013 US\$'000
Profit / (Loss) for the period	444	(4,323)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of associate	76	684
Exchange differences on translation of foreign operations	81	(137)
	<u>157</u>	<u>547</u>
Other comprehensive income for the period, net of tax	157	547
Total comprehensive income for the period	601	(3,776)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	550	(3,889)
Non-controlling interests	51	113
	<u>601</u>	<u>(3,776)</u>

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1 b)(i) **A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

Balance Sheets as at

	Group		Company	
	31 Mar 14 US\$'000	31 Dec 13 US\$'000	31 Mar 14 US\$'000	31 Dec 13 US\$'000
ASSETS				
Current assets				
Inventories	5,546	5,404	2,361	2,306
Trade receivables	54,908	59,268	40,792	44,483
Prepaid operating expenses	12,708	12,198	5,534	6,347
Other receivables and deposits	5,706	6,192	851	1,360
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	986	918	-	-
Due from subsidiaries (trade)	-	-	2,935	3,283
Due from subsidiaries (non-trade)	-	-	2,448	2,581
Due from related companies (trade)	2,338	2,184	396	440
Cash and bank balances	37,928	35,238	20,207	19,688
	<u>122,207</u>	<u>123,489</u>	<u>75,524</u>	<u>80,488</u>
Non-current assets				
Subsidiaries	-	-	72,732	72,732
Associates	7,009	6,590	12,117	12,117
Property, plant and equipment	319,068	326,027	142,891	144,357
Investment properties	727	733	727	733
Deferred tax assets	21	33	-	-
	<u>326,825</u>	<u>333,383</u>	<u>228,467</u>	<u>229,939</u>
Total assets	449,032	456,872	303,991	310,427
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	27,833	29,896	18,840	21,167
Other payables and liabilities	19,089	20,145	8,773	9,636
Due from subsidiary (trade)	-	-	305	419
Due from subsidiary (non-trade)	-	-	3,825	3,825
Due to immediate holding company (trade)	888	1,511	847	1,469
Due to related companies (trade)	1,578	1,713	273	395
Finance leases	247	257	40	41
Bank term loans (secured)	23,767	23,714	13,213	13,202
Income tax payable	2,836	1,810	591	572
	<u>76,238</u>	<u>79,046</u>	<u>46,707</u>	<u>50,726</u>
Non-current liabilities				
Finance leases	158	205	96	105
Bank term loans (secured)	131,432	137,049	65,666	68,803
Retirement benefit obligations	358	327	-	-
Deferred tax liabilities	11	11	-	-
	<u>131,959</u>	<u>137,592</u>	<u>65,762</u>	<u>68,908</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	184,289	183,875	122,935	122,206
Capital reserve	26	26	-	-
Foreign currency translation reserve	(12,101)	(12,161)	-	-
Other reserves	(4,771)	(4,847)	-	-
Equity attributable to owners of the Company	236,030	235,480	191,522	190,793
Non-controlling interests	4,805	4,754	-	-
Total equity	240,835	240,234	191,522	190,793
Total liabilities and equity	449,032	456,872	303,991	310,427

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

	As at 31 Mar 2014		As at 31 Dec 2013	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	24.01	-	23.97	-
Amount repayable after one year	131.59	-	137.25	-
	<u>155.60</u>	<u>-</u>	<u>161.22</u>	<u>-</u>

Details of any collateral

The Group's borrowings are secured by means of:

- > Corporate guarantees from the Company and/or 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	
	1Q 2014 US\$'000	1Q 2013 US\$'000
Operating activities		
Profit/(Loss) before tax	1,090	(3,696)
Adjustments:		
Depreciation of property, plant and equipment	6,080	6,339
Depreciation of investment properties	6	-
Gain on disposal of property, plant and equipment	(30)	(5)
Gain on disposal of investment at fair value through profit and loss- investment securities	(24)	(39)
Allowance for doubtful trade debts	160	281
Write back of allowance for doubtful trade debts	(235)	(269)
Finance expense	711	902
Finance income	(54)	(20)
Share of results of associate	(342)	(390)
Currency realignment	406	(383)
Operating profit before working capital changes	7,768	2,720
(Increase)/ decrease in:		
Inventories	(141)	(249)
Trade receivables	4,435	(1,422)
Other receivables and deposits	487	4,132
Prepaid operating expenses	432	(847)
Due from immediate holding company	(67)	(1,455)
Due from related companies	(154)	117
Increase/ (decrease) in:		
Trade payables	(2,064)	1,535
Other payables and liabilities	(1,024)	4,676
Due to related companies	(135)	1,293
Due to immediate holding company	(623)	(1)
Cash generated from operations	8,914	10,499
Interest paid	(711)	(902)
Income tax paid	(584)	(557)
Net cash generated from operating activities	7,619	9,040
Investing activities		
Interest income received	54	20
Proceeds from disposal of property, plant and equipment	2,245	336
Proceeds from disposal of investments at fair value through profit or loss- investment securities	2,638	3,250
Purchase of investments at fair value through profit or loss- investment securities	(2,614)	(3,211)
Acquisition of property, plant and equipment	(1,294)	(1,207)
Net cash from (used in) investing activities	1,029	(812)
Financing activities		
Repayment of hire purchase creditors	(57)	(87)
Repayment of bank term loans	(5,960)	(6,088)
Decrease in pledged deposits	47	5,260
Net cash used in financing activities	(5,970)	(915)
Net increase in cash and cash equivalents	2,678	7,313
Effect of exchange rate changes on cash and cash equivalents	60	(138)
Cash and cash equivalents at the beginning of the period	27,891	16,412
Cash and cash equivalents at the end of the period	30,629	23,587
Cash and bank balances (current)	37,928	31,573
Less: Pledged deposits	(7,299)	(7,986)
Cash and cash equivalents at the end of the period	30,629	23,587

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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 31 March 2014

	Share Capital US\$'000	Treasury Shares US\$'000	Capital Reserves US\$'000	Other Reserves US\$'000	Foreign Currency Translation Reserve US\$'000	Retained Earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non- Controlling Interests US\$'000	Total Equity US\$'000
GROUP									
Balance as at 31 Dec 2013	68,761	(174)	26	(4,847)	(12,161)	183,875	235,480	4,754	240,234
Profit for the period	-	-	-	-	-	414	414	30	444
Other comprehensive income for the period	-	-	-	76	60	-	136	21	157
Balance as at 31 Mar 2014	68,761	(174)	26	(4,771)	(12,101)	184,289	236,030	4,805	240,835
Balance as at 31 Dec 2012	68,761	(174)	26	(8,564)	(11,851)	187,118	235,316	4,819	240,135
Loss for the period	-	-	-	-	-	(4,423)	(4,423)	100	(4,323)
Other comprehensive income for the period	-	-	-	684	(150)	-	534	13	547
Balance as at 31 Mar 2013	68,761	(174)	26	(7,880)	(12,001)	182,695	231,427	4,932	236,359

COMPANY

Balance as at 31 Dec 2013

Profit for the period, representing total comprehensive income for the period

Balance as at 31 Mar 2014

Share Capital US\$'000	Treasury Shares US\$'000	Retained Earnings US\$'000	Total Equity US\$'000
68,761	(174)	122,206	190,793
-	-	729	729
68,761	(174)	122,935	191,522

Balance as at 31 Dec 2012

Loss for the period, representing total comprehensive loss for the period

Balance as at 31 Mar 2013

68,761	(174)	120,294	188,881
-	-	(5,826)	(5,826)
68,761	(174)	114,468	183,055

- 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 quarter ended 31 Mar 2014, there were no changes in the Company's share capital.

As at 31 Mar 2014, the total issued share capital of the Company was 539,131,199 (31 Dec 2013: 539,131,199) ordinary shares which include 1,093,000 (31 Dec 2013: 1,093,000) ordinary shares held as treasury shares.

As at 31 Mar 2014, there were no outstanding convertibles (31 Dec 2013: NIL).

- 1 d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at 31 Mar 2014 was 538,038,199 (31 Dec 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 presented 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.

Other than the adoption of certain revisions to Financial Reporting Standards("FRS"), the new FRS and Interpretation of FRS ("INT FRS") that are mandatory for the financial year beginning 1 Jan 2014, the Group has adopted the same accounting policies and methods of computation for the current period as those adopted for the audited financial statements for the financial year ended 31 Dec 2013.

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 adoption of the various revised FRS, new FRS and INT FRS effective for the financial year beginning on 1 Jan 2014 does not have a material financial effect on the Group and the Company.

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/(Losses) per ordinary share of the Group based on net profit (loss) attributable to the owners of the Company

- (i) Based on weighted average number of ordinary shares in issue
- (ii) On a fully diluted basis

Group	
1Q 2014	1Q 2013
US cents	US cents
0.08	(0.82)
0.08	(0.82)

Earnings per ordinary share for the quarter ended 31 Mar 2014 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (1Q 2013: 538,038,199).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

Net asset value per ordinary share based on issued share capital as at the end of the period

Group		Company	
31 Mar 14	31 Dec 13	31 Mar 14	31 Dec 13
US cents	US cents	US cents	US cents
43.87	43.77	35.60	35.46

Net asset value per ordinary share as at 31 Mar 2014 and 31 Dec 2013 is calculated based on the number of issued ordinary shares (excluding treasury shares) of 538,038,199.

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

The Group registered revenue of USD86.2 million for the first quarter ended 31 March 2014 ("1Q14"), a 10.5% decline from USD96.3 million in the previous corresponding quarter ("1Q13"), on lower revenue contribution from both its container and non-container shipping businesses.

Revenue for the container shipping business decreased 7.9% to USD71.5 million in 1Q14, from USD77.6 million in 1Q13 on lower average freight rates. Container volume handled recorded a modest increase to 300,000 TEUs, from 293,000 TEUs, as a consequence of the Group's recent effort at restructuring and rationalising its services to better cater to market demand.

The non-container shipping business recorded a 21.9% decline in revenue to USD14.3 million in 1Q14, compared to USD18.3 million a year ago. The decline resulted from the disposal of a chemical tanker and an oil barge unit in December 2013 and lower charter income received from certain vessels under contracts of affreightment. 1Q13 revenue also included charter income for a cable-laying project handled which was absent in 1Q14.

The Group's cost of services declined 15.3% to USD81.9 million in 1Q14 from USD96.7 million in 1Q13, outpacing the revenue decrease. Cost of services for the container shipping business declined due largely to the rationalisation of services, lower charter hire rates, and lower stevedoring cost and port-related charges. The decline in cost of services for the non-container shipping business was in line with its revenue decline.

The Group registered a forex loss of USD254,000 in 1Q14, versus a gain of USD671,000 in 1Q13, as the Singapore dollar strengthened against the US dollar.

Taking the above into consideration, the Group registered profit from operations of USD1.4 million in 1Q14, versus loss from operations of USD3.2 million in 1Q13. Net profit after interest and tax expenses was USD414,000, compared to a net loss of USD4.4 million in 1Q13.

Balance Sheet

As at 31 March 2014, property, plant and equipment stood at USD319.1 million compared to USD326.0 million at the end of 2013. The decline in the asset value resulted from asset depreciation charges and the disposal of a chemical tanker in March 2014.

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9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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.

Operating conditions for the container shipping segment are expected to remain challenging in view of prevailing competition.

The Group has taken steps to restructure its services by downsizing its operations on non-performing routes. With the expiry of long-term vessel charter-in contracts, the Group will benefit from lower cost of renewal. The Group will be taking the opportunity to review its fleet composition.

The Group's non-container fleet remains gainfully deployed. Spot and time charter rates are showing signs of an uptrend. Income from third party vessel operation and management services are expected to continue to contribute positively.

The Group is exploring for opportunities to grow its container shipping business beyond the region. The Group will also continue to strive to optimise its fleet utilisation and operational efficiency by restructuring its services, rationalising non-performing routes and exploring win-win partnership opportunities with other industry players.

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.

13. Interested Person Transactions

(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Mandated transactions)	1Q 2014 US\$'000	1Q 2013 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	598	597
Provision of services - Office rental	28	37
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	293	258
<u>PT. Perusahaan Pelayaran Nusantara Panurjwan</u>		
Provision of services - Building rental	1	7
Provision of services - Charter hire	-	406
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	133	209
<u>PT. Prima Nur Panurjwan</u>		
Provision of services - Stevedorage	10	1,318
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	78	79
<u>PT. Samudera Energi Tangguh</u>		
Provision of services - Charter hire	788	-

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(B) Aggregate value of all interested person transactions during the financial period under review excluding transactions conducted under shareholders' mandate pursuant to Rule 920 (Non-Mandated transactions)	1Q 2014 US\$'000	1Q 2013 US\$'000
<u>PT. Samudera Energi Tangguh</u> Provision of services - Charter hire	-	756
<u>PT. Masaji Tatanan Container</u> Provision of services - Land lease	64	99
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u> Sale of fixed slot space	1,374	-

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

We, Asmari Herry Prayitno and Hermawan F Herman, being two Directors of SAMUDERA SHIPPING LINE LTD (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 31 Mar 2014 to be false or misleading.

On behalf of the Board of Directors,

Asmari Herry Prayitno
Executive Director and CEO

Hermawan F Herman
Executive Director, Finance

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance

24 April 2014