

# SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C  
(Incorporated in the Republic of Singapore)

## SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 Jun 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 30 Jun 2014.

#### 1 a)(i) Income Statement for the period ended 30 Jun 2014

	Note	Group		+ / (-) %
		2Q 2014 US\$'000	2Q 2013 US\$'000	
Revenue		96,888	104,824	(7.6)
Cost of sales		(89,325)	(104,277)	(14.3)
<b>Gross profit</b>		<b>7,563</b>	<b>547</b>	1282.6
Other operating income	(A)	1,009	580	74.0
Marketing expenses		(1,933)	(1,950)	(0.9)
Administrative expenses		(1,486)	(1,613)	(7.9)
Other operating expenses	(B)	-	(74)	n.m.
<b>Profit/(Loss) from operations</b>		<b>5,153</b>	<b>(2,510)</b>	n.m.
Finance income		82	72	13.9
Finance expense		(723)	(914)	(20.9)
<b>Operating Profit/(Loss)</b>		<b>4,512</b>	<b>(3,352)</b>	n.m.
Share of results of associate		310	427	(27.4)
<b>Profit/(Loss) before tax</b>		<b>4,822</b>	<b>(2,925)</b>	n.m.
Income tax expense		(540)	(666)	(18.9)
<b>Profit/(Loss) for the period</b>		<b>4,282</b>	<b>(3,591)</b>	n.m.
<b>Attributable to:</b>				
Owners of the Company		4,208	(3,628)	n.m.
Non-controlling interests		74	37	100.0
<b>Profit/(Loss) for the period</b>		<b>4,282</b>	<b>(3,591)</b>	n.m.

n.m. = not meaningful

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

	Group		+ / (-) %
	2Q 2014 US\$'000	2Q 2013 US\$'000	
Profit/Loss for the period is arrived at after charging (crediting) :			
- Depreciation of property, plant and equipment	6,275	6,488	(3.3)
- Depreciation of investment properties	6	-	n.m.
- Allowance for doubtful trade debts	84	188	(55.3)
- Write-back of allowance for doubtful trade debts	(146)	(247)	(40.9)
- Finance expenses - interest on borrowings	723	914	(20.9)
(A) Other operating income			
- Net of foreign exchange gains	808	397	103.5
- Rental income	82	8	925.0
- Gain on disposal of investment at fair value through profit and loss- investment securities	23	38	(39.5)
- Others	96	137	(29.9)
	<b>1,009</b>	<b>580</b>	74.0

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

	Group		+ / (-) %
	2Q 2014 US\$'000	2Q 2013 US\$'000	
(B) Other operating expenses			
- Others	-	(74)	n.m.
	<u>-</u>	<u>(74)</u>	n.m.

## 1 a)(iii) Statement of Comprehensive Income for the period ended 30 Jun 2014

	Group	
	2Q 2014 US\$'000	2Q 2013 US\$'000
<b>Profit / (Loss) for the period</b>	<b>4,282</b>	<b>(3,591)</b>
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>		
Share of other comprehensive income of associate	(247)	1,590
Exchange differences on translation of foreign operations	121	(99)
	<u>(126)</u>	<u>1,491</u>
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(126)</b>	<b>1,491</b>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>4,156</u></b>	<b><u>(2,100)</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the Company	4,081	(2,124)
Non-controlling interests	75	24
	<u>4,156</u>	<u>(2,100)</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 14 US\$'000	31 Dec 13 US\$'000	30 Jun 14 US\$'000	31 Dec 13 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Inventories	5,630	5,404	2,611	2,306
Trade receivables	58,618	59,268	45,643	44,483
Prepaid operating expenses	12,284	12,198	5,774	6,347
Other receivables and deposits	4,587	6,192	714	1,360
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	450	918	450	-
Due from subsidiaries (trade)	-	-	3,547	3,283
Due from subsidiaries (non-trade)	-	-	2,448	2,581
Due from related companies (trade)	1,999	2,184	517	440
Cash and bank balances	35,954	35,238	16,242	19,688
	<b>121,609</b>	<b>123,489</b>	<b>77,946</b>	<b>80,488</b>
<b>Non-current assets</b>				
Subsidiaries	-	-	72,732	72,732
Associates	7,072	6,590	12,117	12,117
Property, plant and equipment	316,158	326,027	141,009	144,357
Investment properties	721	733	721	733
Deferred tax assets	21	33	-	-
	<b>323,972</b>	<b>333,383</b>	<b>226,579</b>	<b>229,939</b>
<b>Total assets</b>	<b>445,581</b>	<b>456,872</b>	<b>304,525</b>	<b>310,427</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	24,218	29,896	16,902	21,167
Other payables and liabilities	22,309	20,145	10,997	9,636
Due from subsidiary (trade)	-	-	305	419
Due from subsidiary (non-trade)	-	-	3,825	3,825
Due to immediate holding company (trade)	155	1,511	-	1,469
Due to related companies (trade)	1,503	1,713	277	395
Finance leases	245	257	40	41
Bank term loans (secured)	23,738	23,714	13,225	13,202
Income tax payable	2,464	1,810	604	572
	<b>74,632</b>	<b>79,046</b>	<b>46,175</b>	<b>50,726</b>
<b>Non-current liabilities</b>				
Finance leases	148	205	86	105
Bank term loans (secured)	125,565	137,049	62,524	68,803
Retirement benefit obligations	378	327	-	-
Deferred tax liabilities	6	11	-	-
	<b>126,097</b>	<b>137,592</b>	<b>62,610</b>	<b>68,908</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	188,503	183,875	127,153	122,206
Capital reserve	26	26	-	-
Foreign currency translation reserve	(11,980)	(12,161)	-	-
Other reserves	(5,025)	(4,847)	-	-
Equity attributable to owners of the Company	240,111	235,480	195,740	190,793
Non-controlling interests	4,741	4,754	-	-
<b>Total equity</b>	<b>244,852</b>	<b>240,234</b>	<b>195,740</b>	<b>190,793</b>
<b>Total liabilities and equity</b>	<b>445,581</b>	<b>456,872</b>	<b>304,525</b>	<b>310,427</b>

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

	As at 30 Jun 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	23.98	-	23.97	-
Amount repayable after one year	125.71	-	137.25	-
	<u>149.69</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	
	2Q 2014 US\$'000	2Q 2013 US\$'000
<b>Operating activities</b>		
Profit/(Loss) before tax	4,822	(2,925)
Adjustments:		
Depreciation of property, plant and equipment	6,275	6,488
Depreciation of investment properties	6	-
Gain on disposal of investment at fair value through profit and loss- investment securities	(23)	(38)
Allowance for doubtful trade debts	84	188
Write back of allowance for doubtful trade debts	(146)	(247)
Finance expense	723	914
Finance income	(82)	(72)
Share of results of associate	(310)	(427)
Currency realignment	(51)	(464)
Operating profit before working capital changes	11,298	3,417
(Increase)/ decrease in:		
Inventories	(84)	3
Trade receivables	(3,647)	(30)
Other receivables and deposits	1,080	(121)
Prepaid operating expenses	410	4,660
Due from immediate holding company	536	272
Due from related companies	339	(25)
Increase/ (decrease) in:		
Trade payables	(3,614)	24
Other payables and liabilities	3,239	(623)
Due to related companies	(75)	(2,397)
Due to immediate holding company	(681)	18
Cash generated from operations	8,801	5,198
Interest paid	(723)	(914)
Income tax paid	(932)	(768)
<b>Net cash generated from operating activities</b>	<b>7,146</b>	<b>3,516</b>
<b>Investing activities</b>		
Interest income received	82	72
Proceeds from disposal of investments at fair value through profit or loss- investment securities	2,722	1,526
Purchase of investments at fair value through profit or loss- investment securities	(2,699)	(3,754)
Acquisition of property, plant and equipment	(3,336)	(897)
<b>Net cash used in investing activities</b>	<b>(3,231)</b>	<b>(3,053)</b>
<b>Financing activities</b>		
Repayment of hire purchase creditors	(13)	(89)
Repayment of bank term loans	(5,856)	(6,082)
Dividends paid	-	(1,050)
Dividends paid to non-controlling subsidiary	(139)	(187)
Decrease in pledged deposits	93	120
<b>Net cash used in financing activities</b>	<b>(5,915)</b>	<b>(7,288)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,000)</b>	<b>(6,825)</b>
Effect of exchange rate changes on cash and cash equivalents	120	(98)
Cash and cash equivalents at the beginning of the period	30,629	23,587
<b>Cash and cash equivalents at the end of the period</b>	<b>28,749</b>	<b>16,664</b>
Cash and bank balances (current)	35,954	24,529
Less: Pledged deposits	(7,205)	(7,865)
<b>Cash and cash equivalents at the end of the period</b>	<b>28,749</b>	<b>16,664</b>

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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 Jun 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
<b>GROUP</b>									
<b>Balance as at 31 Mar 2014</b>	68,761	(174)	26	(4,771)	(12,101)	184,289	236,030	4,805	240,835
Profit for the period	-	-	-	-	-	4,208	4,208	74	4,282
Other comprehensive loss for the period	-	-	-	(248)	121	-	(127)	1	(126)
<b>Transactions with owners, recognised directly in equity</b>									
Liquidation of subsidiary	-	-	-	(6)	-	6	-	-	-
Dividend paid	-	-	-	-	-	-	-	(139)	(139)
<b>Balance as at 30 Jun 2014</b>	<b>68,761</b>	<b>(174)</b>	<b>26</b>	<b>(5,025)</b>	<b>(11,980)</b>	<b>188,503</b>	<b>240,111</b>	<b>4,741</b>	<b>244,852</b>
<b>Balance as at 31 Mar 2013</b>	68,761	(174)	26	(7,880)	(12,001)	182,695	231,427	4,932	236,359
Loss for the period	-	-	-	-	-	(3,628)	(3,628)	37	(3,591)
Other comprehensive income for the period	-	-	-	1,590	(86)	-	1,504	(13)	1,491
<b>Transactions with owners, recognised directly in equity</b>									
Dividend paid	-	-	-	-	-	(1,050)	(1,050)	(187)	(1,237)
<b>Balance as at 30 Jun 2013</b>	<b>68,761</b>	<b>(174)</b>	<b>26</b>	<b>(6,290)</b>	<b>(12,087)</b>	<b>178,017</b>	<b>228,253</b>	<b>4,769</b>	<b>233,022</b>

## COMPANY

	Share Capital US\$'000	Treasury Shares US\$'000	Retained Earnings US\$'000	Total Equity US\$'000
<b>Balance as at 31 Mar 2014</b>	68,761	(174)	122,935	191,522
Profit for the period, representing total comprehensive income for the period	-	-	4,218	4,218
<b>Balance as at 30 Jun 2014</b>	<b>68,761</b>	<b>(174)</b>	<b>127,153</b>	<b>195,740</b>
<b>Balance as at 31 Mar 2013</b>	68,761	(174)	114,468	183,055
Loss for the period, representing total comprehensive loss for the period	-	-	(1,655)	(1,655)
Dividend paid	-	-	(1,050)	(1,050)
<b>Balance as at 30 Jun 2013</b>	<b>68,761</b>	<b>(174)</b>	<b>111,763</b>	<b>180,350</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 quarter ended 30 Jun 2014, there were no changes in the Company's share capital.

As at 30 Jun 2014, total issued share capital of the Company was 539,131,199 (30 Jun 2013: 539,131,199) ordinary shares which include 1,093,000 (30 Jun 2013: 1,093,000) ordinary shares held as treasury shares.

As at 30 Jun 2014, there were no outstanding convertibles (30 Jun 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 30 Jun 2014 was 538,038,199 (31 Dec 2013: 538,038,199) shares.

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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.

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	
2Q 2014	2Q 2013
US cents	US cents
0.78	(0.67)
0.78	(0.67)

Earnings per ordinary share for the quarter ended 30 Jun 2014 is computed based on the weighted average number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (2Q 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	
30 Jun 14	31 Dec 13	30 Jun 14	31 Dec 13
US cents	US cents	US cents	US cents
44.63	43.77	36.38	35.46

Net asset value per ordinary share as at 30 Jun 2014 and 31 Dec 2013 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**

The Group registered revenue of USD96.9 million for the second quarter ended 30 June 2014 ("2Q14"), a 7.6% decline from USD104.8 million in the previous corresponding quarter ("2Q13"). This is in line with the Group's rationalisation of its services and disposal of underperforming vessels.

Revenue for the container shipping business fell 7.3% to USD82.0 million in 2Q14, from USD88.4 million in 2Q13 as a result of rationalization of services on Indonesia domestic routes. Container volume handled increased by 6.5% to 342,400 TEUs in 2Q14, compared to 321,500 TEUs in 2Q13 due to improvement in the regional routes.

The non-container shipping business recorded a 9.3% decline in revenue to USD14.9 million in 2Q14, compared to USD16.5 million a year ago. This took into account the smaller operating fleet following the disposal of underperforming and relatively old vessels – a chemical tanker and an oil barge unit in December 2013 and another chemical tanker in March 2014.

The Group's cost of services fell 14.3% to USD89.3 million in 2Q14, from USD104.3 million in 2Q13, which outpaced the fall in revenue. The lower cost of services for the container shipping business was due mainly to the rationalisation of services, operating fewer vessels in Indonesia, renewal of charter hire at lower rates and lower bunker prices. The decline in cost of services for the non-container shipping business was in line with the disposal of the three non-performing vessels.

The Group registered a forex gain of USD808,000 in 2Q14, versus USD397,000 in 2Q13, as the US dollar strengthened against the SGD dollar.

Taking the above into consideration, the Group registered a profit from operations of USD5.2 million in 2Q14, versus a loss from operations of USD2.5 million in 2Q13. Net profit after taxation and minority interests was USD4.2 million, compared to a net loss of USD3.6 million in 2Q13.

**Balance Sheet**

As at 30 June 2014, property, plant and equipment stood at USD316 million compared to USD326.0 million at the end of 2013. The decline in asset value was due mainly to the disposal of a chemical tanker in March 2014, along with asset depreciation and amortisation charges during the year.

**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.**

The Group expects operating conditions for container shipping to remain challenging in view of strong competition. Nevertheless, steps taken by the Group to restructure its services, by downsizing its operations on non-profitable routes, have shown positive results. In the non-container shipping segment, it will continue to optimise fleet utilisation including divesting non-performing vessels.



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## 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

<b>(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Mandated transactions)</b>	<b>2Q 2014 US\$'000</b>	<b>2Q 2013 US\$'000</b>
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	681	684
Provision of services - Office rental	26	37
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	283	253
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Provision of services - Building rental	1	7
Provision of services - Charter hire	-	410
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	149	271
<u>PT. Prima Nur Panuriwan</u>		
Provision of services - Stevedorage	-	1,536
<u>PT. Tankindo Perdana</u>		
Provision of services - Charter hire	79	75
<u>PT. Samudera Energi Tangguh</u>		
Provision of services - Charter hire	767	534
<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>2Q 2014 US\$'000</b>	<b>2Q 2013 US\$'000</b>
<u>PT. Samudera Energi Tangguh</u>		
Provision of services - Charter hire	-	263
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Land lease	72	77
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Sale of fixed slot space	813	-
Purchase of fixed slot space	-	1,097

# **SAMUDERA SHIPPING LINE LTD**

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## **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 30 Jun 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**

**23 July 2014**