

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2015

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 period ended 30 June 2015.

1 a)(i) Income Statement for the period ended 30 June 2015

	Note	Group		+ / (-) %
		2Q 2015 US\$'000	2Q 2014 US\$'000	
Revenue		81,292	96,888	(16.1)
Cost of sales		(74,727)	(89,325)	(16.3)
Gross profit		6,565	7,563	(13.2)
Other operating income	(A)	574	1,009	(43.1)
Marketing expenses		(1,997)	(1,933)	3.3
Administrative expenses		(1,365)	(1,486)	(8.1)
Other operating expenses	(B)	(22)	-	n.m.
Profit from operations		3,755	5,153	(27.1)
Finance income		80	82	(2.4)
Finance costs		(572)	(723)	(20.9)
Operating profit		3,263	4,512	(27.7)
Share of results of associate		258	310	(16.8)
Profit before tax		3,521	4,822	(27.0)
Income tax expense		(325)	(540)	(39.8)
Profit after tax		3,196	4,282	(25.4)
Attributable to:				
Owners of the Company		3,113	4,208	(26.0)
Non-controlling interests		83	74	12.2
Profit after tax		3,196	4,282	(25.4)

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	2Q 2015 US\$'000	2Q 2014 US\$'000	
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	6,207	6,275	(1.1)
- Depreciation of investment properties	6	6	0.0
- Allowance for doubtful trade debts	226	84	169.0
- Write back of allowance for doubtful trade debts	(88)	(146)	(39.7)
- Finance costs - interest on borrowings	572	723	(20.9)
(A) Other operating income			
- Rental income	103	82	25.6
- Net foreign exchange gains	410	808	(49.3)
- Gain on disposal of investment at fair value through profit and loss- investment securities	17	23	(26.1)
- Others	44	96	(54.2)
	<u>574</u>	<u>1,009</u>	(43.1)

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

	Group		+ / (-) %
	2Q 2015 US\$'000	2Q 2014 US\$'000	
(B) Other operating expenses			
- Loss on disposal of plant, property and equipment	(1)	-	n.m.
- Others	(21)	-	n.m.
	<u>(22)</u>	<u>-</u>	n.m.

1 a)(iii) **Statement of Comprehensive Income for the period ended 30 June 2015**

	Group	
	2Q 2015 US\$'000	2Q 2014 US\$'000
Profit after tax for the period	3,196	4,282
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income (loss) of associate	562	(247)
Exchange differences on translation of foreign operations	(43)	121
	<u>519</u>	<u>(126)</u>
Other comprehensive income (loss) for the period, net of tax	<u>519</u>	<u>(126)</u>
Total comprehensive income for the period	<u>3,715</u>	<u>4,156</u>
Total comprehensive income attributable to:		
Owners of the Company	3,640	4,081
Non-controlling interests	75	75
	<u>3,715</u>	<u>4,156</u>

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 15 US\$'000	31 Dec 14 US\$'000	30 Jun 15 US\$'000	31 Dec 14 US\$'000
ASSETS				
Current assets				
Inventories	5,096	3,951	1,548	1,327
Trade receivables	51,486	50,536	41,268	42,958
Prepaid operating expenses	12,099	8,921	6,573	4,729
Other receivables and deposits	2,713	2,616	570	547
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	1,885	1,059	1,885	1,059
Due from subsidiaries (trade)	-	-	2,571	3,038
Due from subsidiaries (non-trade)	-	-	1,347	1,233
Due from related companies (trade)	2,249	2,142	333	436
Investment securities	1,025	-	-	-
Cash and bank balances	46,116	52,343	32,733	33,734
	124,756	123,655	88,828	89,061
Non-current assets				
Subsidiaries	-	-	72,380	72,380
Associate	7,665	6,656	12,117	12,117
Property, plant and equipment	298,637	305,814	133,774	136,675
Investment properties	695	708	695	708
Employee benefits	653	687	-	-
	307,650	313,865	218,966	221,880
Total assets	432,406	437,520	307,794	310,941
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	22,852	18,354	15,900	13,641
Other payables and liabilities	22,889	23,072	13,498	15,109
Due to immediate holding company (trade)	164	41	-	-
Due to subsidiary (non-trade)	-	-	3,825	3,825
Due to related companies (trade)	2,010	1,428	346	275
Finance leases	47	44	37	38
Bank term loans (secured)	23,303	23,896	12,867	13,136
Income tax payable	2,323	2,560	601	597
	73,588	69,395	47,074	46,621
Non-current liabilities				
Finance leases	65	68	43	62
Bank term loans (secured)	100,698	112,418	48,510	54,998
Deferred tax liability	14	15	-	-
	100,777	112,501	48,553	55,060
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	200,262	198,162	143,580	140,673
Foreign currency translation reserve	(12,285)	(12,247)	-	-
Other reserves	(3,446)	(3,803)	-	-
Capital reserve	26	26	-	-
Equity attributable to owners of the Company	253,144	250,725	212,167	209,260
Non-controlling interests	4,897	4,899	-	-
Total equity	258,041	255,624	212,167	209,260
Total liabilities and equity	432,406	437,520	307,794	310,941

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

	As at 30 Jun 2015		As at 31 Dec 2014	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	23.35	-	23.94	-
Amount repayable after one year	100.76	-	112.49	-
	<u>124.11</u>	<u>-</u>	<u>136.43</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

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 ended

	Group	
	2Q 2015	2Q 2014
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	3,521	4,822
Adjustments:		
Depreciation of property, plant and equipment	6,207	6,275
Depreciation of investment properties	6	6
Loss on disposal of property, plant and equipment	1	-
Net gain on disposal of investments at fair value through profit or loss - investment securities	(17)	(23)
Allowance for doubtful trade debts	226	84
Write back of doubtful trade debts	(88)	(146)
Finance costs	572	723
Finance income	(80)	(82)
Share of results of associates	(258)	(310)
Net foreign exchange gain	429	(51)
Operating profit before working capital changes	10,519	11,298
(Increase) decrease in:		
Inventories	(674)	(84)
Trade receivables	(5,738)	(3,647)
Other receivables and deposits	(201)	1,080
Prepaid operating expenses	(1,275)	410
Due from immediate holding company	(446)	536
Due from related companies	(133)	339
Increase (decrease) in:		
Trade payables	2,530	(3,614)
Other payables and liabilities	1,195	3,239
Due to related companies	(515)	(75)
Due to immediate holding company	(236)	(681)
Cash generated from operations	5,026	8,801
Interest paid	(572)	(723)
Income tax paid	(255)	(932)
Net cash generated from operating activities	4,199	7,146
Cash flows from investing activities		
Interest income received	80	82
Proceeds from disposal of investments at fair value through profit or loss - investment securities	480	2,722
Purchase of property, plant and equipment	(2,981)	(3,336)
Purchase of investments at fair value through profit or loss - investment securities	(1,488)	(2,699)
Net cash used in investing activities	(3,909)	(3,231)
Cash flows from financing activities		
Repayment of finance leases	(11)	(13)
Repayment of bank term loans	(5,936)	(5,856)
Dividend paid	(7,133)	-
(Increase)/Decrease in pledged deposits	(1)	93
Dividend paid to non-controlling shareholder	(73)	(139)
Net cash used in financing activities	(13,154)	(5,915)
Net decrease in cash and cash equivalents	(12,864)	(2,000)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(36)	120
Cash and cash equivalents at the beginning of the period	52,812	30,629
Cash and cash equivalents at the end of the period	39,912	28,749

Cashflow Statement for the period ended (continued)

	Group	
	2Q 2015 US\$'000	2Q 2014 US\$'000
Cash and bank balances (current)	46,116	35,954
Less: Pledged deposits	(6,204)	(7,205)
Cash and cash equivalents at the end of the period	39,912	28,749

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 2015

	Share Capital	Treasury Shares	Capital Reserve	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 2015	68,761	(174)	26	(4,008)	(12,250)	204,282	256,637	4,895	261,532
Profit for the period	-	-	-	-	-	3,113	3,113	83	3,196
Other comprehensive income (loss) for the period	-	-	-	562	(35)	-	527	(8)	519
Total	-	-	-	562	(35)	3,113	3,640	75	3,715
Transactions with owners, recognised directly in equity									
Dividend paid	-	-	-	-	-	(7,133)	(7,133)	(73)	(7,206)
Total	-	-	-	-	-	(7,133)	(7,133)	(73)	(7,206)
Balance as at 30 June 2015	68,761	(174)	26	(3,446)	(12,285)	200,262	253,144	4,897	258,041
Balance as at 31 Mar 2014	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 income (loss) for the period	-	-	-	(248)	121	-	(127)	1	(126)
Total	-	-	-	(248)	121	4,208	4,081	75	4,156
Transactions with owners, recognised directly in equity									
Dividend paid	-	-	-	-	-	-	-	(139)	(139)
Liquidation of subsidiary	-	-	-	(6)	-	6	-	-	-
Total	-	-	-	(6)	-	6	-	(139)	(139)
Balance as at 30 June 2014	68,761	(174)	26	(5,025)	(11,980)	188,503	240,111	4,741	244,852

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 31 Mar 2015	68,761	(174)	147,706	216,293
Profit for the period, representing total comprehensive income for the period	-	-	3,007	3,007
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(7,133)	(7,133)
Total	-	-	(4,126)	(4,126)
Balance as at 30 June 2015	68,761	(174)	143,580	212,167
Balance as at 31 Mar 2014	68,761	(174)	122,935	191,522
Profit for the period, representing total comprehensive income for the period	-	-	4,218	4,218
Total	-	-	4,218	4,218
Balance as at 30 June 2014	68,761	(174)	127,153	195,740

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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 June 2015, there was no change in the Company's share capital.

As at 30 June 2015, total issued share capital of the Company was 539,131,199 (30 June 2014: 539,131,199) ordinary shares which include 1,093,000 (30 June 2014: 1,093,000) ordinary shares held as treasury shares.

As at 30 June 2015, there were no outstanding convertibles (30 June 2014: 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 June 2015 was 538,038,199 (31 Dec 2014: 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.**

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 2015, 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 2014.

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 2015 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 per ordinary share of the Group based on net profit attributable to the owners of the Company

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

Group	
Q2 2015	Q2 2014
US cents	US cents
0.58	0.78
0.58	0.78

Earnings per ordinary share for the quarter ended 30 June 2015 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (30 June 2014: 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 June 15	31 Dec 14	30 June 15	31 Dec 14
US cents	US cents	US cents	US cents
47.05	46.60	39.43	38.89

Net asset value per ordinary share as at 30 June 2015 and 31 Dec 2014 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

For the second quarter ended 30 June 2015 ("2Q15"), the Group registered revenue of USD81.3 million, a 16.1% decline from USD96.9 million for the corresponding quarter a year ago ("2Q14"). The decline was mainly due to lower revenue from both its container shipping and bulk & tanker business segments.

Revenue from the container shipping fell 16.6% to USD68.4 million in 2Q15 on the back of softening of Indonesia market condition and the exiting of non-profitable routes into vessel chartering.

Revenue from the bulk & tanker business recorded a 15.9% decline to USD11.5 million, from USD13.7 million in 2Q14. This came about as the Group operated fewer vessels in 2Q15, following the disposal of non-performing vessels earlier on, as well as the docking of an oil tanker for scheduled maintenance during the period under review.

Cost of services declined 16.3% to USD74.7 million in 2Q15, from USD89.3 million in 2Q14, largely due to lower container volume handled, fewer vessels operated in the bulk & tanker business and a decline in bunker price. Consequently, the Group recorded a decrease in gross profit to USD 6.6 million, compared to USD7.6 million in 2Q14. Gross profit margin improved to 8.1% in 2Q15.

As a result of lower gross profit and smaller gain on foreign exchange, profit from operations decreased 27.1% to USD3.8 million, from USD5.2 million.

As such, the Group recorded net profit of USD3.1 million for 2Q15, compared to USD4.2 million in 2Q14.

Balance sheet

Cash and bank balance as at 30 June 2015 stands at USD46.1 million, compared to USD52.3 million at 31 Dec 2014, due to dividend payment during the quarter.

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 both the container, as well as bulk and tanker, industries are expected to remain challenging in the near to medium term.

Strong competition continues to exert downward pressure on freight rates. While lower bunker price and charter-in rates should help to mitigate the impact, the Group expects these to be volatile in the near term as well. The Group plans to explore new opportunities in existing markets and to grow its market share.

While tanker charter rates have remained relatively stable, excess tonnage in the market is expected to depress charter rates for the Group's bulk carriers. This will adversely impact its bulk and tanker business.

The Group continues to focus efforts on improving the operational efficiency of its business while maximising the utilisation of its fleet.

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)	2Q 2015 US\$'000	2Q 2014 US\$'000
Expenses		
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Agency commission	616	681
Office rental	22	26
<u>PT. Samudera Indonesia Ship Management</u>		
Ship management fees	291	283
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Building rental	-	1
Vessel charter hire	389	-
<u>PT. Masaji Tatanan Container</u>		
Container depot	63	149
<u>PT. Tankindo Perdana</u>		
Vessel charter hire	-	79
<u>PT. Samudera Energi Tangguh</u>		
Vessel charter hire	39	767
(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 2015 US\$'000	2Q 2014 US\$'000
Expenses		
<u>PT. Masaji Tatanan Container</u>		
Land lease	-	72
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Freight expenses	126	-
Revenue		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	909	-
Fixed slot	-	813

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 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
30 July 2015