

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPT 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 Sept 2015.

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

	Note	Group		+ / (-) %
		3Q 2015 US\$'000	3Q 2014 US\$'000	
Revenue		75,157	88,193	(14.8)
Cost of sales		(69,536)	(79,611)	(12.7)
Gross profit		5,621	8,582	(34.5)
Other operating income	(A)	1,595	964	65.5
Marketing expenses		(1,610)	(2,229)	(27.8)
Administrative expenses		(1,336)	(1,398)	(4.4)
Other operating expenses	(B)	(2,588)	(15)	n.m.
Profit from operations		1,682	5,904	(71.5)
Finance income		65	61	6.6
Finance costs		(536)	(658)	(18.5)
Operating profit		1,211	5,307	(77.2)
Share of results of associate		378	318	18.9
Profit before tax		1,589	5,625	(71.8)
Income tax expense		(384)	(318)	20.8
Profit after tax		1,205	5,307	(77.3)
Attributable to:				
Owners of the Company		1,226	5,207	(76.5)
Non-controlling interests		(21)	100	(121.0)
Profit after tax		1,205	5,307	(77.3)

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	3Q 2015 US\$'000	3Q 2014 US\$'000	
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	6,180	6,198	(0.3)
- Depreciation of investment properties	6	6	0.0
- Allowance for doubtful trade debts	291	227	28.2
- Write back of allowance for doubtful trade debts	(86)	(82)	4.9
- Finance costs - interest on borrowings	536	658	(18.5)
(A) Other operating income			
- Rental income	87	105	(17.1)
- Net foreign exchange gains	1,164	697	67.0
- Gain on disposal of plant, property and equipment	-	107	n.m.
- Gain on disposal of investment at fair value through profit and loss- investment securities	14	25	(44.0)
- Claim	192	-	n.m.
- Others	138	30	360.0
	1,595	964	65.5

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

	Group		+ / (-)
	3Q 2015	3Q 2014	
	US\$'000	US\$'000	%
(B) Other operating expenses			
- Loss on disposal of plant, property and equipment	(4)	-	n.m.
- Impairment of property, plant and equipment (vessels)	(2,579)	-	n.m.
- Property, plant and equipment written off	(5)	-	n.m.
- Others	-	(15)	n.m.
	<u>(2,588)</u>	<u>(15)</u>	n.m.

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

	Group	
	3Q 2015	3Q 2014
	US\$'000	US\$'000
Profit after tax for the period	1,205	5,307
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive (loss) income of associate	(375)	497
Exchange differences on translation of foreign operations	(228)	(55)
	<u>(603)</u>	<u>442</u>
Other comprehensive (loss) income for the period, net of tax	<u>(603)</u>	<u>442</u>
Total comprehensive (loss) income for the period	<u>602</u>	<u>5,749</u>
Total comprehensive (loss) income attributable to:		
Owners of the Company	666	5,655
Non-controlling interests	(64)	94
	<u>602</u>	<u>5,749</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 Sept 15	31 Dec 14	30 Sept 15	31 Dec 14
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Inventories	3,619	3,951	1,154	1,327
Trade receivables	47,994	50,536	40,121	42,958
Prepaid operating expenses	12,568	8,921	7,154	4,729
Other receivables and deposits	2,091	2,616	447	547
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	4,063	1,059	4,062	1,059
Due from subsidiaries (trade)	-	-	2,226	3,038
Due from subsidiaries (non-trade)	-	-	1,346	1,233
Due from related companies (trade)	1,787	2,142	268	436
Investment securities	1,003	-	-	-
Cash and bank balances	43,080	52,343	31,791	33,734
	118,292	123,655	88,569	89,061
Assets held for sale	7,693	-	-	-
	125,985	123,655	88,569	89,061
Non-current assets				
Subsidiaries	-	-	72,380	72,380
Associate	7,668	6,656	12,117	12,117
Property, plant and equipment	282,442	305,814	131,650	136,675
Investment properties	689	708	689	708
Deferred tax assets	-	-	-	-
Employee benefits	644	687	-	-
	291,443	313,865	216,836	221,880
Total assets	417,428	437,520	305,405	310,941
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	18,991	18,354	13,331	13,641
Other payables and liabilities	20,542	23,072	14,155	15,109
Due to immediate holding company (trade)	29	41	-	-
Due to subsidiary (non-trade)	-	-	3,825	3,825
Due to related companies (trade)	1,337	1,428	394	275
Finance leases	44	44	35	38
Bank term loans (secured)	22,513	23,896	12,418	13,136
Income tax payable	2,388	2,560	584	597
	65,844	69,395	44,742	46,621
Non-current liabilities				
Finance leases	47	68	32	62
Bank term loans (secured)	92,881	112,418	44,851	54,998
Deferred tax liability	13	15	-	-
	92,941	112,501	44,883	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	201,488	198,162	147,193	140,673
Foreign currency translation reserve	(12,470)	(12,247)	-	-
Other reserves	(3,821)	(3,803)	-	-
Capital reserve	26	26	-	-
Equity attributable to owners of the Company	253,810	250,725	215,780	209,260
Non-controlling interests	4,833	4,899	-	-
Total equity	258,643	255,624	215,780	209,260
Total liabilities and equity	417,428	437,520	305,405	310,941

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

	As at 30 Sept 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	22.56	-	23.94	-
Amount repayable after one year	92.93	-	112.49	-
	<u>115.49</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	
	3Q 2015 US\$'000	3Q 2014 US\$'000
Cash flows from operating activities		
Profit before tax	1,589	5,625
Adjustments:		
Depreciation of property, plant and equipment	6,180	6,198
Depreciation of investment properties	6	6
Loss on disposal of property, plant and equipment	4	(107)
Net gain on disposal of investments at fair value through profit or loss - investment securities	(14)	(25)
Allowance for doubtful trade debts	291	227
Write back of doubtful trade debts	(86)	(82)
Finance costs	536	658
Finance income	(65)	(61)
Share of results of associates	(378)	(318)
Impairment loss of property, plant and equipment (vessels)	2,579	-
Property, plant and equipment written off	5	-
Net foreign exchange gain	(1,114)	(471)
Operating profit before working capital changes	9,533	11,650
(Increase) decrease in:		
Inventories	1,478	(329)
Trade receivables	3,287	4,514
Other receivables and deposits	622	404
Prepaid operating expenses	(470)	862
Due from immediate holding company	(2,178)	(650)
Due from related companies	462	(696)
Increase (decrease) in:		
Trade payables	(3,862)	(4,363)
Other payables and liabilities	(2,338)	3,258
Due to related companies	(673)	(356)
Due to immediate holding company	(135)	(28)
Cash generated from operations	5,726	14,266
Interest paid	(536)	(658)
Income tax paid	(251)	(433)
Net cash generated from operating activities	4,939	13,175
Cash flows from investing activities		
Interest income received	65	61
Proceeds from disposal of property, plant and equipment	3	210
Proceeds from disposal of investments at fair value through profit or loss - investment securities	35	1,014
Purchase of property, plant and equipment	(332)	(4,112)
Purchase of investments at fair value through profit or loss - investment securities	-	(989)
Dividend received from an associate	-	1,288
Net cash used in investing activities	(229)	(2,528)
Cash flows from financing activities		
Repayment of finance leases	(14)	(13)
Repayment of bank term loans	(7,548)	(5,911)
Decrease/(Increase) in pledged deposits	1,089	(1)
Net cash used in financing activities	(6,473)	(5,925)
Net (decrease) increase in cash and cash equivalents	(1,763)	4,722
Effects of exchange rate changes on the balance of cash held in foreign currencies	(184)	(48)
Cash and cash equivalents at the beginning of the period	39,912	28,749
Cash and cash equivalents at the end of the period	37,965	33,423

Cashflow Statement for the period ended (continued)

	Group	
	3Q 2015 US\$'000	3Q 2014 US\$'000
Cash and bank balances (current)	43,080	40,628
Less: Pledged deposits	(5,115)	(7,205)
Cash and cash equivalents at the end of the period	37,965	33,423

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 Sept 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 30 June 2015	68,761	(174)	26	(3,446)	(12,285)	200,262	253,144	4,897	258,041
Profit for the period	-	-	-	-	-	1,226	1,226	(21)	1,205
Other comprehensive income for the period	-	-	-	(375)	(185)	-	(560)	(43)	(603)
Total	-	-	-	(375)	(185)	1,226	666	(64)	602
Balance as at 30 Sept 2015	68,761	(174)	26	(3,821)	(12,470)	201,488	253,810	4,833	258,643
Balance as at 30 June 2014	68,761	(174)	26	(5,025)	(11,980)	188,503	240,111	4,741	244,852
Profit for the period	-	-	-	-	-	5,207	5,207	100	5,307
Other comprehensive income (loss) for the period	-	-	-	497	(49)	-	448	(6)	442
Total	-	-	-	497	(49)	5,207	5,655	94	5,749
Balance as at 30 Sept 2014	68,761	(174)	26	(4,528)	(12,029)	193,710	245,766	4,835	250,601

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 30 June 2015	68,761	(174)	143,580	212,167
Profit for the period, representing total comprehensive income for the period	-	-	3,613	3,613
Total	-	-	3,613	3,613
Balance as at 30 Sept 2015	68,761	(174)	147,193	215,780
Balance as at 30 June 2014	68,761	(174)	127,153	195,740
Profit for the period, representing total comprehensive income for the period	-	-	5,398	5,398
Total	-	-	5,398	5,398
Balance as at 30 Sept 2014	68,761	(174)	132,551	201,138

- 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 Sept 2015, there was no change in the Company's share capital.

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

As at 30 Sept 2015, there were no outstanding convertibles (30 Sept 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 Sept 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	
Q3 2015	Q3 2014
US cents	US cents
0.23	0.97
0.23	0.97

Earnings per ordinary share for the quarter ended 30 Sept 2015 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (30 Sept 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 Sept 15	31 Dec 14	30 Sept 15	31 Dec 14
US cents	US cents	US cents	US cents
47.17	46.60	40.10	38.89

Net asset value per ordinary share as at 30 Sept 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

Group revenue for the third quarter ended 30 September 2015 ("3Q15") was USD75.2 million, representing a 14.8% decline from USD88.2 million for the previous corresponding quarter ("3Q14"). This decline reflected the lower revenue contribution from both its container shipping and bulk & tanker business segments, in line with the decline in the overall market.

Revenue from the container shipping business fell 15.0% to USD63.0 million in 3Q15 from USD74.1 million in 3Q14. This was driven by lower freight rates and a 6.3% fall in container volume handled in 3Q15 to 279,000 TEUs due to a slowdown in demand for container shipping services across the region.

Revenue from the bulk & tanker business decreased by 18.0% to USD11.0 million, compared to USD13.4 million in 3Q14, as charter-out rates for dry bulk carriers remained under pressure.

Cost of services fell 12.7% to USD69.5 million in 3Q15, compared to USD79.6 million in 3Q14 due largely to lower container handling expenses and bunker cost, offset by an increase in charter-hire cost for the container vessels. As a result, gross profit declined 34.5% to USD5.6 million versus USD8.6 million a year ago.

The Group recorded a foreign exchange gain of USD1.2 million in 3Q15, compared to USD0.7 million in the previous corresponding quarter, as the US dollar gained further ground against the Singapore dollar.

Other operating expenses rose significantly to USD2.6 million from USD15,000 as the Group recorded a USD2.6 million impairment on two container vessels and a chemical tanker that it intends to dispose. Profit from operations thus declined 71.5% to USD1.7 million from USD5.9 million in 3Q14.

Taking the above into account, the Group recorded net profit of USD1.2 million for 3Q15 versus USD5.3 million in 3Q14.

Balance sheet

Billing to customers in Indonesia has been changed from direct billing to billing through the immediate holding company as agent of the Company following the regulation issued by the Indonesia central bank requiring all Indonesian domestic transactions to be in Indonesian Rupiah effective July 2015. As such, intercompany balance due from immediate holding company (trade) increased from USD1.06 million as at 31 December 2014 to USD4.06 million as at 30 September 2015.

Cash and bank balances decreased from USD52.3 million as at 31 Dec 2014 to USD43.1 million, in view of dividend distributed to shareholders during the year.

During the quarter, the Group re-classified four vessels with an aggregate carrying value of USD7.7 million from property, plant and equipment to assets held for sale.

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 challenges to prevail in the container and bulk & tanker sectors in the ensuing months.

Weaker economic data from major markets around the world raises uncertainties for trade demand for the shipping industry. Meanwhile, the capacity in the market is expected to increase further as newbuilding deliveries continue to outpace vessel scraping activities.

In this regard, competition for container cargo is expected to remain intense, and consequently exert pressure on freight rates. However lower bunker prices and charter-hire rates help to partially mitigate the impact of lower freight rates.

Depressed charter rates for bulk carriers will continue to be a drag on the Group's bulk & tanker business, even though charter rates for tankers are continuing to be relatively stable.

The Group has disposed a 3097-dwt chemical tanker (built in 1990) to PT Samudera Energi Tangguh, an interested person for a sale consideration of US\$360,000 in October 2015. The vessel was classified as assets held for sale as at 30 Sept 2015.

In light of the overall decline in the wider market for cargo, the Group will take a critical review of the carrying value and economic benefits of its vessels. If the weak market condition persists, further provisions may be required which will have a negative impact on the Group's performance. In addition, the Group will continue to focus on improving its operational efficiency, and remain nimble-footed as it reviews its network and services to optimise its fleet utilisation.

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)	3Q 2015 US\$'000	3Q 2014 US\$'000
Expenses		
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Agency commission	542	629
Office rental	21	24
<u>PT. Samudera Indonesia Ship Management</u>		
Ship management fees	294	282
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	396	-
<u>PT. Masaji Tatanan Container</u>		
Container depot	38	62
<u>PT. Tankindo Perdana</u>		
Vessel charter hire	-	80
<u>PT. Samudera Energi Tangguh</u>		
Vessel charter hire	41	736
(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)		
Expenses		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Freight expenses	61	-
Revenue		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	612	1,286

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

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
28 October 2015