

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUN 2016

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 Jun 2016.

1 a)(i) Income Statement for the period ended 30 Jun 2016

	Note	Group		+ / (-) %
		2Q 2016 US\$'000	2Q 2015 US\$'000	
Revenue		66,287	81,292	(18.5)
Cost of sales		(61,284)	(74,727)	(18.0)
Gross profit		5,003	6,565	(23.8)
Other operating income	(A)	749	574	30.5
Marketing expenses		(2,128)	(1,997)	6.6
Administrative expenses		(1,444)	(1,365)	5.8
Other operating expenses	(B)	(27)	(22)	22.7
Profit from operations		2,153	3,755	(42.7)
Finance income		118	80	47.5
Finance costs		(473)	(572)	(17.3)
Operating profit		1,798	3,263	(44.9)
Share of results of associate		419	258	62.4
Profit before tax		2,217	3,521	(37.0)
Income tax expense		(332)	(325)	2.2
Profit after tax		1,885	3,196	(41.0)
Attributable to:				
Owners of the Company		1,841	3,113	(40.9)
Non-controlling interests		44	83	(47.0)
Profit after tax		1,885	3,196	(41.0)

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	2Q 2016 US\$'000	2Q 2015 US\$'000	
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	5,180	6,207	(16.5)
- Depreciation of investment properties	6	6	0.0
- Allowance for doubtful trade debts	518	226	129.2
- Write back of allowance for doubtful trade debts	(205)	(88)	133.0
- Finance costs - interest on borrowings	473	572	(17.3)
(A) Other operating income			
- Rental income	80	103	(22.3)
- Net foreign exchange gains	331	410	(19.3)
- Gain on disposal of plant, property and equipment	27	-	n.m.
- Gain on disposal of investment at fair value through profit and loss- investment securities	11	17	(35.3)
- Others	300	44	581.8
	749	574	30.5

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

	Group		+ / (-) %
	2Q 2016 US\$'000	2Q 2015 US\$'000	
(B) Other operating expenses			
- Loss on disposal of plant, property and equipment	-	(1)	n.m.
- Others	(27)	(21)	28.6
	<u>(27)</u>	<u>(22)</u>	22.7

1 a)(iii) **Statement of Comprehensive Income for the period ended 30 Jun 2016**

	Group	
	2Q 2016 US\$'000	2Q 2015 US\$'000
Profit after tax for the period	1,885	3,196
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income of associate	47	562
Exchange differences on translation of foreign operations	(118)	(42)
	<u>(71)</u>	<u>520</u>
Other comprehensive loss for the period, net of tax	<u>(71)</u>	<u>520</u>
Total comprehensive income for the period	<u>1,814</u>	<u>3,716</u>
Total comprehensive income attributable to:		
Owners of the Company	1,781	3,640
Non-controlling interests	33	76
	<u>1,814</u>	<u>3,716</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 16	31 Dec 15	30 Jun 16	31 Dec 15
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	54,704	45,411	35,336	23,633
Trade receivables	48,034	53,771	40,234	45,442
Prepaid operating expenses	9,954	8,491	4,766	4,624
Other receivables and deposits	1,549	1,945	73	438
Investment securities	-	990	-	-
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	3,013	4,551	2,957	4,551
Due from subsidiaries (trade)	-	-	2,293	3,576
Due from subsidiaries (non-trade)	-	-	2,740	1,820
Due from related companies (trade)	2,385	2,653	141	138
Inventories	2,429	3,374	978	1,139
	124,155	123,273	89,518	85,361
Assets classified as held for sale	2,762	2,762	-	-
	126,917	126,035	89,518	85,361
Non-current assets				
Investment properties	670	682	670	682
Property, plant and equipment	259,722	265,936	126,227	129,530
Subsidiaries	-	-	69,169	69,169
Associate	7,642	7,292	10,099	10,099
Investment in equity	54	-	-	-
Deferred tax assets	29	29	-	-
	268,117	273,939	206,165	209,480
Total assets	395,034	399,974	295,683	294,841
LIABILITIES AND EQUITY				
Current liabilities				
Bank term loans	21,360	21,954	11,617	12,055
Trade payables	20,529	17,283	15,845	13,392
Other payables and liabilities	21,995	20,527	12,989	13,529
Due to subsidiary (trade)	-	-	78	68
Due to subsidiary (non-trade)	-	-	-	43
Due to immediate holding company (trade)	-	170	-	-
Due to related companies (trade)	342	1,070	141	512
Finance leases	43	44	37	35
Income tax payable	1,894	1,803	659	609
	66,163	62,851	41,366	40,243
Non-current liabilities				
Bank term loans	75,213	84,734	32,207	37,420
Finance leases	18	36	6	23
Retirement benefit obligations	326	310	-	-
Deferred tax liabilities	2	4	-	-
	75,559	85,084	32,213	37,443
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	197,030	195,203	153,517	148,568
Capital reserve	-	26	-	-
Other reserves	(4,479)	(4,013)	-	-
Foreign currency translation reserve	(12,470)	(12,427)	-	-
Equity attributable to owners of the Company	248,668	247,376	222,104	217,155
Non-controlling interests	4,644	4,663	-	-
Total equity	253,312	252,039	222,104	217,155
Total liabilities and equity	395,034	399,974	295,683	294,841

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

	As at 30 Jun 2016		As at 31 Dec 2015	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	21.40	-	22.00	-
Amount repayable after one year	75.23	-	84.77	-
	<u>96.63</u>	<u>-</u>	<u>106.77</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 2016	2Q 2015
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	2,217	3,521
Adjustments:		
Depreciation of property, plant and equipment	5,180	6,207
Depreciation of investment properties	6	6
Gain on disposal of property, plant and equipment	(27)	1
Net gain on disposal of investments at fair value through profit or loss - investment securities	(11)	(17)
Allowance for doubtful trade debts	518	226
Write back of doubtful trade debts	(205)	(88)
Liquidation of subsidiary	(26)	-
Finance costs	473	572
Finance income	(118)	(80)
Share of results of associates	(419)	(258)
Net foreign exchange loss	6	429
Operating profit before working capital changes	7,594	10,519
Decrease (increase) in:		
Inventories	696	(674)
Trade receivables	1,353	(5,738)
Other receivables and deposits	231	(201)
Prepaid operating expenses	2,050	(1,275)
Due from immediate holding company	443	(446)
Due from related companies	(8)	(133)
Increase (decrease) in:		
Trade payables	(964)	2,530
Other payables and liabilities	894	1,195
Due to related companies	(446)	(515)
Due to immediate holding company	(64)	(236)
Cash generated from operations	11,779	5,026
Interest paid	(473)	(572)
Income tax paid	(214)	(255)
Net cash from operating activities	11,092	4,199
Cash flows from investing activities		
Interest income received	118	80
Proceeds from disposal of property, plant and equipment	753	-
Proceeds from disposal of investments at fair value through profit or loss - investment securities	974	480
Purchase of property, plant and equipment	(2,864)	(2,981)
Purchase of investments at fair value through profit or loss - investment securities	(963)	(1,488)
Net cash used in investing activities	(1,982)	(3,909)
Cash flows from financing activities		
Repayment of finance leases	(11)	(11)
Proceeds from bank term loans	571	-
Repayment of bank term loans	(5,322)	(5,936)
Dividend paid	(2,891)	(7,133)
Increase in pledged deposits	(35)	(1)
Additional investment	(54)	-
Dividend paid to non-controlling shareholder	(123)	(73)
Net cash used in financing activities	(7,865)	(13,154)
Net increase in cash and cash equivalents	1,245	(12,864)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(105)	(36)
Cash and cash equivalents at the beginning of the period	42,186	52,812
Cash and cash equivalents at the end of the period	43,326	39,912
Cash and bank balances (current)	54,704	46,116
Less: Pledged deposits	(11,378)	(6,204)
Cash and cash equivalents at the end of the period	43,326	39,912

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 2016

	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 2016	68,761	(174)	26	(4,526)	(12,363)	198,080	249,804	4,734	254,538
Profit for the period	-	-	-	-	-	1,841	1,841	44	1,885
Other comprehensive loss for the period	-	-	-	47	(107)	-	(60)	(11)	(71)
Total	-	-	-	47	(107)	1,841	1,781	33	1,814
Transactions with owners, recognised directly in equity									
Liquidation of subsidiary	-	-	(26)	-	-	-	(26)	-	(26)
Dividend paid	-	-	-	-	-	(2,891)	(2,891)	(123)	(3,014)
Total	-	-	(26)	-	-	(2,891)	(2,917)	(123)	(3,040)
Balance as at 30 Jun 2016	68,761	(174)	-	(4,479)	(12,470)	197,030	248,668	4,644	253,312
Balance as at 31 Mar 2015	68,761	(174)	26	(4,008)	(12,250)	204,282	256,637	4,894	261,531
Profit for the period	-	-	-	-	-	3,113	3,113	83	3,196
Other comprehensive loss for the period	-	-	-	562	(35)	-	527	(7)	520
Total	-	-	-	562	(35)	3,113	3,640	76	3,716
Transactions with owners, recognised directly in equity									
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(7,133)	(7,133)	(73)	(7,206)
Total	-	-	-	-	-	(7,133)	(7,133)	(73)	(7,206)
Balance as at 30 Jun 2015	68,761	(174)	26	(3,446)	(12,285)	200,262	253,144	4,897	258,041
COMPANY									
Balance as at 31 Mar 2016	68,761	(174)				153,288			221,875
Profit for the period, representing total comprehensive income for the period	-	-				3,120			3,120
Transactions with owners, recognised directly in equity									
Dividend paid	-	-				(2,891)			(2,891)
Total	-	-				229			229
Balance as at 30 Jun 2016	68,761	(174)				153,517			222,104
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
Total	-	-				3,007			3,007
Transactions with owners, recognised directly in equity									
Dividend paid	-	-				(7,133)			(7,133)
Total	-	-				(7,133)			(7,133)
Balance as at 30 Jun 2015	68,761	(174)				143,580			212,167

- 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 Jun 2016, there was no change in the Company's share capital.

As at 30 Jun 2016, total issued share capital of the Company was 539,131,199 (30 Jun 2015: 539,131,199) ordinary shares which include 1,093,000 (30 Jun 2015: 1,093,000) ordinary shares held as treasury shares.

As at 30 Jun 2016, there were no outstanding convertibles (30 Jun 2015: 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 2016 was 538,038,199 (31 Dec 2015: 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 2016, 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 2015.

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 2016 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.**

Group	
Q2 2016	Q2 2015
US cents	US cents
0.34	0.58
0.34	0.58

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

Earnings per ordinary share for the quarter ended 30 Jun 2016 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (30 Jun 2015: 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.**

Group		Company	
30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
US cents	US cents	US cents	US cents
46.22	45.98	41.28	40.36

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

Net asset value per ordinary share as at 30 Jun 2016 and 31 Dec 2015 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.

The Group registered revenue of USD66.3 million for the second financial quarter ended 30 June 2016 ("2Q16"), an 18.5% decline from USD81.3 million in the previous corresponding quarter ("2Q15"). Revenue declined in both container shipping and bulk & tanker business segments.

Volume handled by the Group's container shipping business increased 6.4% to 298,000 TEUs. Nevertheless, on the back of prevailing pressure on freight rates, revenue from the container shipping business fell 16.8% from USD68.4 million in 2Q15.

Year-on-year, the Group's bulk & tanker division operated a smaller fleet following its disposal of four tankers since December 2015. This, along with the dry-docking of two Supramax carriers in 2Q16, led to a 29.3% decline in revenue from the bulk & tanker business to USD8.1 million, compared to USD11.5 million in 2Q15.

Cost of services declined 18.0% to USD61.3 million in 2Q16, compared to USD74.7 million in the previous year. Apart from lower cost from operating a smaller bulk & tanker fleet, the Group also benefited from better vessel utilization

With the decline in revenue outpacing the fall in cost of services, gross profit decreased by 23.8% to USD5.0 million in 2Q16, from USD6.6 million in the previous corresponding quarter.

After the foreign exchange gain and other income recorded during the period, the Group recorded net profit of USD1.8 million in 2Q16, compared to USD3.1 million in 2Q15.

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.

Freight rates continue to be under pressure due to the over-supply situation.

In the meantime, the Group continues to actively identify ways to maintain its competitiveness and strengthen its position in regional waters by seeking out opportunities to work with regional and domestic operators to expand its network.

The tanker business is expected to remain relatively stable. However, with the demand for bulk shipping services lagging the market supply, operating conditions for this business are expected to remain challenging.

The Group will maintain its effort to improve operational efficiency and asset utilisation. The Group adopts a prudent approach in the management of its fleet, and will monitor the market for the right time to dispose of underperforming or aging vessels.

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 2016 US\$'000	2Q 2015 US\$'000
<u>Expenses</u>		
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Agency commissions ⁽¹⁾	663	616
Office rental	22	22
Vessel charter hire	698	-
<u>PT. Samudera Indonesia Ship Management</u>		
Ship management fees	270	291
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	391	389
<u>PT. Masaji Tatanan Container</u>		
Container depot	57	63
<u>PT. Samudera Energi Tangguh</u>		
Vessel charter hire	27	39

(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 2016 US\$'000	2Q 2015 US\$'000
<u>Expenses</u>		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Freight expenses	30	126
<u>Revenue</u>		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	806	909
<u>PT. Samudera Energi Tangguh</u>		
Sale of vessel	350	-

⁽¹⁾ No agency commission is payable for revenue collected or payments made on behalf of Samudera Shipping Line Ltd and the transaction has been accorded as a nil value.

14. Confirmation that the Issuer has procured undertakings from its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

15. Negative Assurance Confirmation Pursuant To Rule 705(5) 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 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
27 July 2016