

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPT 2016

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

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 2016.

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

	Note	Group		+ / (-) %
		3Q 2016 US\$'000	3Q 2015 US\$'000	
Revenue		61,003	75,157	(18.8)
Cost of sales		(60,995)	(69,536)	(12.3)
Gross profit		8	5,621	(99.9)
Other operating income	(A)	2,233	1,595	40.0
Marketing expenses		(3,161)	(1,610)	96.3
Administrative expenses		(2,039)	(1,336)	52.6
Other operating expenses	(B)	(104)	(2,588)	(96.0)
(Loss) Profit from operations		(3,063)	1,682	n.m.
Finance income		107	65	64.6
Finance costs		(463)	(536)	(13.6)
Operating (loss) profit		(3,419)	1,211	n.m.
Share of results of associate		320	378	(15.3)
(Loss) Profit before tax		(3,099)	1,589	n.m.
Income tax expense		(611)	(384)	59.1
(Loss) Profit after tax		(3,710)	1,205	n.m.
Attributable to:				
Owners of the Company		(3,794)	1,226	n.m.
Non-controlling interests		84	(21)	n.m.
(Loss) Profit after tax		(3,710)	1,205	n.m.

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	3Q 2016 US\$'000	3Q 2015 US\$'000	
(Loss) Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	4,977	6,180	(19.5)
- Depreciation of investment properties	6	6	0.0
- Allowance for doubtful trade debts	2,743	291	842.6
- Write back of allowance for doubtful trade debts	(216)	(86)	151.2
- Finance costs - interest on borrowings	463	536	(13.6)
(A) Other operating income			
- Rental income	66	87	(24.1)
- Net foreign exchange gains	-	1,164	(100.0)
- Gain on disposal of assets held for sale (Vessel)	18	-	n.m.
- Gain on disposal of investment at fair value through profit and loss- investment securities	15	14	7.1
- Claim	2,099	192	993.2
- Others	35	138	(74.6)
	<u>2,233</u>	<u>1,595</u>	40.0

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

	Group		+ / (-) %
	3Q 2016 US\$'000	3Q 2015 US\$'000	
(B) Other operating expenses			
- Net of foreign exchange loss	(92)	-	n.m.
- 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	(12)	-	n.m.
	<u>(104)</u>	<u>(2,588)</u>	(96.0)

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

	Group	
	3Q 2016 US\$'000	3Q 2015 US\$'000
(Loss) Profit after tax for the period	(3,710)	1,205
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit obligation	(152)	-
	<u>(152)</u>	<u>-</u>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income (loss) of associate	461	(375)
Exchange differences on translation of foreign operations	30	(228)
	<u>491</u>	<u>(603)</u>
Other comprehensive income (loss) for the period, net of tax	<u>339</u>	<u>(603)</u>
Total comprehensive (loss) income for the period	<u>(3,371)</u>	<u>602</u>
Total comprehensive (loss) income attributable to:		
Owners of the Company	(3,447)	666
Non-controlling interests	76	(64)
	<u>(3,371)</u>	<u>602</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 16 US\$'000	31 Dec 15 US\$'000	30 Sept 16 US\$'000	31 Dec 15 US\$'000
ASSETS				
Current assets				
Cash and bank balances	62,123	45,411	38,367	23,633
Trade receivables	35,427	53,771	29,812	45,442
Prepaid operating expenses	10,125	8,491	5,220	4,624
Other receivables and deposits	1,299	1,945	68	438
Investment securities	-	990	-	-
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	3,577	4,551	3,577	4,551
Due from subsidiaries (trade)	-	-	2,760	3,576
Due from subsidiaries (non-trade)	-	-	3,044	1,820
Due from related companies (trade)	2,489	2,653	150	138
Inventories	2,322	3,374	1,141	1,139
	<u>119,449</u>	<u>123,273</u>	<u>84,139</u>	<u>85,361</u>
Assets classified as held for sale	1,381	2,762	-	-
	<u>120,830</u>	<u>126,035</u>	<u>84,139</u>	<u>85,361</u>
Non-current assets				
Investment properties	663	682	663	682
Property, plant and equipment	256,272	265,936	124,813	129,530
Subsidiaries	-	-	69,169	69,169
Associate	7,082	7,292	10,099	10,099
Investment in equity	55	-	-	-
Deferred tax assets	109	29	-	-
	<u>264,181</u>	<u>273,939</u>	<u>204,744</u>	<u>209,480</u>
Total assets	385,011	399,974	288,883	294,841
LIABILITIES AND EQUITY				
Current liabilities				
Bank term loans	21,053	21,954	11,607	12,055
Trade payables	19,213	17,283	14,699	13,392
Other payables and liabilities	22,098	20,527	12,757	13,529
Due to subsidiary (trade)	-	-	74	68
Due to subsidiary (non-trade)	-	-	-	43
Due to immediate holding company (trade)	142	170	-	-
Due to related companies (trade)	354	1,070	96	512
Finance leases	39	44	33	35
Income tax payable	2,030	1,803	669	609
	<u>64,929</u>	<u>62,851</u>	<u>39,935</u>	<u>40,243</u>
Non-current liabilities				
Bank term loans	69,730	84,734	29,227	37,420
Finance leases	11	36	-	23
Retirement benefit obligations	398	310	-	-
Deferred tax liabilities	2	4	-	-
	<u>70,141</u>	<u>85,084</u>	<u>29,227</u>	<u>37,443</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	193,236	195,203	151,134	148,568
Capital reserve	-	26	-	-
Other reserves	(4,170)	(4,013)	-	-
Foreign currency translation reserve	(12,432)	(12,427)	-	-
Equity attributable to owners of the Company	<u>245,221</u>	<u>247,376</u>	<u>219,721</u>	<u>217,155</u>
Non-controlling interests	4,720	4,663	-	-
Total equity	249,941	252,039	219,721	217,155
Total liabilities and equity	385,011	399,974	288,883	294,841

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

	As at 30 Sept 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	21.09	-	22.00	-
Amount repayable after one year	69.74	-	84.77	-
	<u>90.83</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	
	3Q 2016	3Q 2015
	US\$'000	US\$'000
Cash flows from operating activities		
(Loss) Profit before tax	(3,099)	1,589
Adjustments:		
Depreciation of property, plant and equipment	4,977	6,180
Depreciation of investment properties	6	6
Gain on disposal of property, plant and equipment	-	4
Gain on disposal of assets held for sale (vessel)	(18)	-
Net gain on disposal of investments at fair value through profit or loss - investment securities	(15)	(14)
Allowance for doubtful trade debts	2,743	291
Write back of doubtful trade debts	(216)	(86)
Finance costs	463	536
Finance income	(107)	(65)
Share of results of associates	(320)	(378)
Impairment loss of property, plant and equipment (vessels)	-	2,579
Property, plant and equipment written off	-	5
Net foreign exchange loss	(139)	(1,114)
Operating profit before working capital changes	4,275	9,533
Decrease (increase) in:		
Inventories	108	1,478
Trade receivables	10,079	3,287
Other receivables and deposits	249	622
Prepaid operating expenses	(172)	(470)
Due from immediate holding company	(564)	(2,178)
Due from related companies	(105)	462
Due from an associate		
Increase (decrease) in:		
Trade payables	(1,315)	(3,862)
Other payables and liabilities	(41)	(2,338)
Due to related companies	12	(673)
Due to immediate holding company	142	(135)
Cash generated from operations	12,668	5,726
Interest paid	(463)	(536)
Income tax paid	(494)	(251)
Net cash from operating activities	11,711	4,939
Cash flows from investing activities		
Interest income received	107	65
Proceeds from disposal of property, plant and equipment	-	3
Proceeds from disposal of current assets held for sale	1,399	-
Proceeds from disposal of investments at fair value through profit or loss - investment securities	990	35
Purchase of property, plant and equipment	(1,495)	(332)
Purchase of investments at fair value through profit or loss - investment securities	(975)	-
Dividend received from an associate	1,341	-
Net cash from (used in) investing activities	1,367	(229)
Cash flows from financing activities		
Repayment of finance leases	(11)	(14)
Repayment of bank term loans	(5,687)	(7,548)
(Increase) Decrease in pledged deposits	(30)	1,089
Net cash used in financing activities	(5,728)	(6,473)
Net increase in cash and cash equivalents	7,350	(1,763)
Effects of exchange rate changes on the balance of cash held in foreign currencies	39	(184)
Cash and cash equivalents at the beginning of the period	43,326	39,912
Cash and cash equivalents at the end of the period	50,715	37,965
Cash and bank balances (current)	62,123	43,080
Less: Pledged deposits	(11,408)	(5,115)
Cash and cash equivalents at the end of the period	50,715	37,965

- 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 2016

	Share Capital	Treasury Shares	Capital Reserve	Other Reserve	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 Jun 2016	68,761	(174)	-	(4,479)	(12,470)	197,030	248,668	4,644	253,312
Loss for the period	-	-	-	-	-	(3,794)	(3,794)	84	(3,710)
Other comprehensive income for the period	-	-	-	309	38	-	347	(8)	339
Total	-	-	-	309	38	(3,794)	(3,447)	76	(3,371)
Balance as at 30 Sept 2016	68,761	(174)	-	(4,170)	(12,432)	193,236	245,221	4,720	249,941
Balance as at 30 Jun 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 loss 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

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 30 Jun 2016	68,761	(174)	153,517	222,104
Loss for the period, representing total comprehensive loss for the period	-	-	(2,383)	(2,383)
Total	-	-	(2,383)	(2,383)
Balance as at 30 Sept 2016	68,761	(174)	151,134	219,721
Balance as at 30 Jun 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

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

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

As at 30 Sept 2016, there were no outstanding convertibles (30 Sept 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 Sept 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.**

(Loss) 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 2016	Q3 2015
US cents	US cents
(0.71)	0.23
(0.71)	0.23

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

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

Group		Company	
30 Sept 16	31 Dec 15	30 Sept 16	31 Dec 15
US cents	US cents	US cents	US cents
45.58	45.98	40.84	40.36

Net asset value per ordinary share as at 30 Sept 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.**

Income Statement

The Group registered revenue of USD61.0 million for the third financial quarter ended 30 September 2016 ("3Q16"), an 18.8% decline from USD75.2 million in the corresponding quarter a year ago ("3Q15"). This was due to lower revenue generated from both the container shipping and bulk & tanker business segments.

On the back of prevailing pressure on freight rates and a 2.1% decrease in volume handled to 273,000 TEUs largely due to the loss of volume from Hanjin Shipping Co., Ltd ("Hanjin") after it ceased operation, revenue from the container shipping business declined 17.2% to USD52.1 million in 3Q16, compared to USD63.0 million in 3Q15.

The bulk & tanker division operated a smaller fleet in 3Q16, following its disposal of four tankers since December 2015. This, along with the scheduled dry-docking of tanker and lower charter-out rates for the Group's vessels, led to a 29.3% decline in revenue from the bulk & tanker business to USD7.7 million in 3Q16, compared to USD11.0 million a year ago.

Cost of services declined 12.3% to USD61.0 million in 3Q16, compared to USD69.5 million in 3Q15. Apart from lower cost of operating a smaller fleet, the Group also benefited from lower bunker price and charter-in cost in the quarter under review

With the decline in revenue outpacing the fall in cost of services, the Group recorded a marginal gross profit in 3Q16, compared to USD5.6 million in the previous corresponding quarter.

General & administrative expenses increased to USD5.2 million, from USD2.9 million in 3Q15. The increase took into account a USD2.4 million provision for bad debt in view of the filing of receivership by Hanjin.

The Group recorded a foreign exchange loss of USD92,000 in 3Q16, compared to a gain of USD1.2 million in 3Q15, due to lesser volatility of the US dollar against the Singapore dollar and other regional currencies.

Other operating expenses declined significantly to USD0.1 million, from USD2.6 million in 3Q15, in the absence of a USD2.6 million impairment that was incurred in 3Q15 on two container vessels and a chemical tanker that the Group intended to dispose of. On the other hand, other operating income rose to USD2.2 million, compared to US1.6 million a year ago. This took into account an insurance claim of USD2.1 million received during the quarter for a vessel that was grounded in 2012 following damage to its bottom and subsequently written off.

Accordingly, the Group recorded loss from operations of USD3.1 million in 3Q16, compared to profit from operations of USD1.7 million in the previous corresponding quarter.

Taking the above into account, the Group recorded net loss after tax of USD3.7 million in 3Q16, versus a net profit of USD1.2 million in 3Q15.

Balance Sheet

Trade receivables decreased from USD53.8 million as at 31 December 2015 to USD35.4 million as at 30 September 2016. This was due to normal collection of trade receivables, provision of bad debt relating to Hanjin as announced by the Company on 13 September 2016 and decline in revenue.

Cash and bank balances increased from USD45.4 million as at 31 December 2015 to USD 62.1 million as at 30 September 2016, arising from the sale proceeds of vessels, collection of trade receivables and dividend income, as well as receipt of insurance claim.

Asset held for sale decreased following the disposal of Sinar Demak, an Indonesia-flagged container ship, in 3Q16.

Property, plant and equipment stood at USD256.3 million as at 30 September 2016 compared to USD265.9 million as at 31 December 2015, as a result of vessel disposals and vessel depreciation and amortisation.

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

The Group's financial results is in line with the Company's announcement released on 13 September 2016.

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 container shipping industry continues to face strong headwinds. Amid slowing trade growth and excess capacity in the market, freight rates are expected to remain depressed.

The Group cooperated with Hanjin on slot exchange arrangements for various services in the region. Following Hanjin's receivership, the Group's priority is to ensure the continuity and reliability of its service routes. The Group is proactively looking for replacement cargo on the affected sectors. If necessary, it will also undertake the realignment of service routes to mitigate the impact going forward.

Operationally, the Group continues to 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, while the bulk shipping business may see improvement going forward, with the recent development in commodity trading and a reduction in new deliveries entering the market.

Amid the industry malaise, the Group continues to take steps within its control to mitigate the industry challenges, by working to improve operational efficiency and asset utilisation. The Group will also continue its prudent approach in the management of its fleet, and will monitor the market closely 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)	3Q 2016 US\$'000	3Q 2015 US\$'000
Expenses		
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Agency commissions ⁽¹⁾	497	542
Office rental	23	21
Vessel charter hire	690	-
<u>PT. Samudera Indonesia Ship Management</u>		
Ship management fees	261	294
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	392	396
<u>PT. Masaji Tatanan Container</u>		
Container depot	44	38
<u>PT. Samudera Energi Tangguh</u>		
Vessel charter hire	21	41

(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)

	3Q 2016	3Q 2015
	US\$'000	US\$'000

Expenses

PT. Perusahaan Pelayaran Nusantara Panuriwan
Freight expenses

30 61

Revenue

PT. Perusahaan Pelayaran Nusantara Panuriwan
Vessel charter hire

588 612

⁽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 Sept 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
25 October 2016