

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2017

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 2017.

1 a)(i) **Income Statement for the period ended 30 June 2017**

	Note	Group		+ / (-) %
		2Q 2017 US\$'000	2Q 2016 US\$'000	
Revenue		71,218	66,287	7.4
Cost of sales		(65,964)	(61,284)	7.6
Gross profit		5,254	5,003	5.0
Other operating income	(A)	429	749	(42.7)
Marketing expenses		(1,798)	(2,128)	(15.5)
Administrative expenses		(1,305)	(1,444)	(9.6)
Other operating expenses	(B)	(89)	(27)	229.6
Profit from operations		2,491	2,153	15.7
Finance income		140	118	18.6
Finance costs		(426)	(473)	(9.9)
Operating profit		2,205	1,798	22.6
Share of results of associate/joint venture		188	419	(55.1)
Profit before tax		2,393	2,217	7.9
Income tax expense		(342)	(332)	3.0
Profit after tax		2,051	1,885	8.8
Attributable to:				
Owners of the Company		1,986	1,841	7.9
Non-controlling interests		65	44	47.7
Profit after tax		2,051	1,885	8.8

n.m. = not meaningful

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

	Group		+ / (-) %
	2Q 2017 US\$'000	2Q 2016 US\$'000	
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	4,651	5,180	(10.2)
- Depreciation of investment properties	6	6	0.0
- Allowance for doubtful trade debts	304	518	(41.3)
- Write back of allowance for doubtful trade debts	(166)	(205)	(19.0)
- Finance costs - interest on borrowings	426	473	(9.9)
(A) Other operating income			
- Rental income	93	80	16.3
- Net foreign exchange gains	115	331	(65.3)
- 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	6	11	(45.5)
- Insurance claim	190	-	n.m.
- Others	25	300	(91.7)
	429	749	(42.7)

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

(B) Other operating expenses
- Others

Group		+ / (-) %
2Q 2017	2Q 2016	
US\$'000	US\$'000	
(89)	(27)	229.6
<u>(89)</u>	<u>(27)</u>	229.6

1 a)(iii) **Statement of Comprehensive Income for the period ended 30 June 2017**

Profit after tax for the period

Items that may be reclassified subsequently to profit or loss

Share of other comprehensive gain of associate

Exchange differences on translation of foreign operations

Other comprehensive income (loss) for the period, net of tax

Total comprehensive income for the period

Total comprehensive income attributable to:

Owners of the Company

Non-controlling interests

Group	
2Q 2017	2Q 2016
US\$'000	US\$'000
2,051	1,885
386	47
67	(118)
<u>453</u>	<u>(71)</u>
453	(71)
<u>2,504</u>	<u>1,814</u>
2,532	1,781
(28)	33
<u>2,504</u>	<u>1,814</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 17	31 Dec 16	30 Jun 17	31 Dec 16
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	40,098	54,096	22,881	33,509
Trade receivables	50,616	44,214	40,005	37,490
Prepaid operating expenses	7,779	7,082	4,190	4,468
Other receivables and deposits	1,802	1,007	453	78
Investment securities	936	-	-	-
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	4,948	2,401	4,948	2,364
Due from subsidiaries (trade)	-	-	4,224	3,108
Due from subsidiaries (non-trade)	-	-	3,335	3,052
Due from related companies (trade)	3,523	2,819	144	115
Inventories	2,350	2,606	1,274	1,261
	114,139	116,312	81,454	85,445
Assets classified as held for sale	9,297	3,333	-	-
	123,436	119,645	81,454	85,445
Non-current assets				
Investment properties	644	657	644	657
Property, plant and equipment	227,765	242,994	119,853	122,728
Subsidiaries	-	-	72,531	72,490
Associate/joint venture	9,917	9,008	10,099	10,099
Deferred tax assets	66	58	-	-
Other non-current assets	56	53	-	-
	238,448	252,770	203,127	205,974
Total assets	361,884	372,415	284,581	291,419
LIABILITIES AND EQUITY				
Current liabilities				
Bank term loans	23,087	20,910	13,990	11,488
Trade payables	19,217	20,987	14,843	15,121
Other payables and liabilities	20,404	19,455	12,037	12,486
Due to subsidiary (trade)	-	-	91	84
Due to subsidiary (non-trade)	-	-	1	1
Due to immediate holding company (trade)	244	178	-	-
Due to related companies (trade)	1,310	558	368	195
Due to joint venture	89	-	-	-
Finance leases	10	27	6	23
Income tax payable	1,752	1,537	710	648
	66,113	63,652	42,046	40,046
Non-current liabilities				
Bank term loans	50,866	63,762	17,097	25,638
Finance leases	8	9	-	-
Retirement benefit obligations	36	149	-	-
Deferred tax liabilities	34	-	-	-
	50,944	63,920	17,097	25,638
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	186,240	187,035	156,851	157,148
Other reserves	(2,486)	(2,872)	-	-
Foreign currency translation reserve	(12,310)	(12,631)	-	-
Equity attributable to owners of the Company	240,031	240,119	225,438	225,735
Non-controlling interests	4,796	4,724	-	-
Total equity	244,827	244,843	225,438	225,735
Total liabilities and equity	361,884	372,415	284,581	291,419

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

	As at 30 June 2017		As at 31 Dec 2016	
	Secured	Unsecured	Secured	Unsecured
	US\$ million	US\$ million	US\$ million	US\$ million
Amount repayable in one year or less, or on demand	23.10	-	20.94	-
Amount repayable after one year	50.87	-	63.77	-
	<u>73.97</u>	<u>-</u>	<u>84.71</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 2017	2Q 2016
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	2,393	2,217
Adjustments:		
Depreciation of property, plant and equipment	4,651	5,180
Depreciation of investment properties	6	6
Gain on disposal of property, plant and equipment	-	(27)
Net gain on disposal of investments at fair value through profit or loss - investment securities	(6)	(11)
Allowance for doubtful trade debts	304	518
Write back of doubtful trade debts	(166)	(205)
Liquidation of subsidiary	-	(26)
Finance costs	426	473
Finance income	(140)	(118)
Share of results of associate/joint venture	(188)	(419)
Net foreign exchange loss	79	6
Operating profit before working capital changes	7,359	7,594
Decrease (increase) in:		
Inventories	189	696
Trade receivables	(6,637)	1,353
Other receivables and deposits	(880)	231
Prepaid operating expenses	3,086	2,050
Due from immediate holding company	(2,113)	443
Due from related companies	56	(8)
Increase (decrease) in:		
Trade payables	(342)	(964)
Other payables and liabilities	(392)	894
Due to related companies	527	(446)
Due to immediate holding company	79	(64)
Due to joint venture	89	-
Cash generated from operations	1,021	11,779
Interest paid	(426)	(473)
Income tax paid	(285)	(214)
Net cash from operating activities	310	11,092
Cash flows from investing activities		
Interest income received	140	118
Proceeds from disposal of property, plant and equipment	-	753
Proceeds from disposal of investments at fair value through profit or loss - investment securities	-	974
Purchase of property, plant and equipment	(978)	(2,864)
Purchase of investments at fair value through profit or loss - investment securities	(930)	(963)
Net cash used in investing activities	(1,768)	(1,982)
Cash flows from financing activities		
Repayment of finance leases	(10)	(11)
Proceeds from bank term loans	-	571
Repayment of bank term loans	(6,103)	(5,322)
Dividend paid	(1,922)	(2,891)
Increase in pledged deposits	(69)	(35)
Additional investment in other non-current assets	-	(54)
Dividend paid to non-controlling shareholder	(55)	(123)
Net cash used in financing activities	(8,159)	(7,865)
Net (decrease) increase in cash and cash equivalents	(9,617)	1,245
Effects of exchange rate changes on the balance of cash held in foreign currencies	160	(105)
Cash and cash equivalents at the beginning of the period	37,341	42,186
Cash and cash equivalents at the end of the period	27,884	43,326
Cash and bank balances (current)	40,098	54,704
Less: Pledged deposits	(12,214)	(11,378)
Cash and cash equivalents at the end of the period	27,884	43,326

- 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 2017

	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 31 Mar 2017	68,761	(174)	-	(2,872)	(12,470)	186,176	239,421	4,879	244,300
Profit for the period	-	-	-	-	-	1,986	1,986	65	2,051
Other comprehensive income for the period	-	-	-	386	160	-	546	(93)	453
Total	-	-	-	386	160	1,986	2,532	(28)	2,504
Transactions with owners, recognised directly in equity									
Dividend paid	-	-	-	-	-	(1,922)	(1,922)	(55)	(1,977)
Total	-	-	-	-	-	(1,922)	(1,922)	(55)	(1,977)
Balance as at 30 June 2017	68,761	(174)	-	(2,486)	(12,310)	186,240	240,031	4,796	244,827
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 June 2016	68,761	(174)	-	(4,479)	(12,470)	197,030	248,668	4,644	253,312

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 31 Mar 2017	68,761	(174)	156,145	224,732
Profit for the period, representing total comprehensive profit for the period	-	-	2,628	2,628
Total	-	-	2,628	2,628
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(1,922)	(1,922)
Total	-	-	(1,922)	(1,922)
Balance as at 30 June 2017	68,761	(174)	156,851	225,438
Balance as at 31 Mar 2016	68,761	(174)	156,609	225,196
Profit for the period, representing total comprehensive income for the period	-	-	3,120	3,120
Total	-	-	3,120	3,120
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(2,891)	(2,891)
Total	-	-	(2,891)	(2,891)
Balance as at 30 June 2016	68,761	(174)	156,838	225,425

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017, there was no change in the Company's share capital.

As at 30 June 2017, total issued share capital of the Company was 539,131,199 (30 June 2016: 539,131,199) ordinary shares which include 1,093,000 (30 June 2016: 1,093,000) ordinary shares held as treasury shares and no subsidiary holdings (30 June 2016 : Nil). As at 30 June 2017, the percentage of treasury shares approximate 0.2% (30 June 2016 : 0.2%) of the total number of issued shares excluding treasury shares.

As at 30 June 2017, there were no outstanding convertibles (30 June 2016: 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 2017 was 538,038,199 (31 Dec 2016: 538,038,199) shares.

1 d)(iv) A statement showing all sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1 d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings 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 2017, 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 2016.

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 2017 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 2017	Q2 2016
US cents	US cents
0.37	0.34
0.37	0.34

Earnings per ordinary share for the quarter ended 30 June 2017 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (30 June 2016: 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 17	31 Dec 16	30 June 17	31 Dec 16
US cents	US cents	US cents	US cents
44.61	44.63	41.90	41.96

Net asset value per ordinary share as at 30 June 2017 and 31 Dec 2016 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 recorded a 7.4% increase in revenue to USD71.2 million for the second quarter ended 30 June 2017 ("2Q17"), from USD66.3 million in the corresponding quarter a year ago ("2Q16"). The improvement came mainly on the back of higher revenue contribution from its container shipping business segment.

Driven mainly by the increase in container volume handled from 298,100 TEUs in 2Q16 to 306,700 TEUs in 2Q17, container shipping revenue rose 9.9% to USD62.5 million, versus USD56.9 million in 2Q16.

Revenue from the bulk & tanker business declined 10.6% to USD7.3 million in 2Q17, from USD 8.1 million in 2Q16, on the back of a smaller tanker fleet year-on-year. The decline was partially mitigated by an improvement in vessel employment days and charter rates of the Group's bulk carriers.

In line with the rise in bunker prices and the level of business activity, cost of services rose 7.6% to USD66.0 million in 2Q17, compared to USD61.3 million in 2Q16.

In light of the above, gross profit grew 5.0% to USD5.3 million in 2Q17, from USD5.0 million in 2Q16. Gross profit margin remained at 7.4%.

Profit from operations grew by 15.7% to USD2.5 million, from USD2.2 million, on the back of declines in general & administrative expenses which was partially offset by a smaller foreign exchange gain and lower other operating income recorded in 2Q17.

Share of results from associate company/joint venture declined to USD0.2 million in 2Q17, from USD0.4 million a year ago, mainly due to share of loss from a joint venture company.

Overall, profit after tax for the Group improved 7.9% to USD2.0 million in 2Q17, from USD1.8 million in 2Q16.

Balance sheet

Cash & bank balances decreased to USD40.1 million as at 30 June 2017, compared to USD54.1 million as at 31 December 2016, mainly due to loan repayment, payment of docking for a number of vessels and dividend payment during the quarter.

Assets held for sale increased to USD9.3 million as at 30 June 2017, from USD3.3 million as at 31 December 2016, on account of the Group's planned disposal of two container vessels and a chemical tanker. The Group expects to complete the disposal in the next 12 months.

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 regional container shipping industry continues to face headwinds amid capacity and demand imbalance. Competition for cargo remains strong, resulting in intense pressure on freight rates, whilst bunker prices are expected to continue its rally in the near term.

The Group will continue to focus on maintaining its competitiveness in regional waters, while optimising asset utilisation and operational efficiency to strengthen itself for the challenges ahead.

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 2017 US\$'000	2Q 2016 US\$'000
<u>Expenses</u>		
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Agency commissions ⁽¹⁾	569	663
Office rental	23	22
Vessel charter hire	840	698
 <u>PT. Samudera Indonesia Ship Management</u>		
Ship management fees	231	270
 <u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	422	391
 <u>PT. Masaji Tatanan Container</u>		
Container depot	94	57
 <u>PT. Tangguh Samudera Jaya</u>		
Stevedorage charges	1,025	-
 <u>PT. Samudera Energi Tangguh</u>		
Vessel charter hire	-	27
 (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 2017 US\$'000	2Q 2016 US\$'000
<u>Expenses</u>		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Freight expenses	29	30
 <u>PT Praweda Sarana Informatika</u>		
Software development and system maintenance	85	-
 <u>PT Yasa Wahana Tirta Samudera</u>		
Vessels docking	620	-
 <u>Revenue</u>		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	348	806
 <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 June 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
26 July 2017