

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPT 2017

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 2017.

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

	Note	Group		+ / (-) %
		3Q 2017 US\$'000	3Q 2016 US\$'000	
Revenue		69,666	61,003	14.2
Cost of sales		(65,655)	(60,995)	7.6
Gross profit		4,011	8	n.m.
Other operating income	(A)	436	2,233	(80.5)
Marketing expenses		(1,746)	(3,161)	(44.8)
Administrative expenses		(1,273)	(2,039)	(37.6)
Other operating expenses	(B)	(388)	(104)	273.1
Profit from operations		1,040	(3,063)	n.m.
Finance income		106	107	(0.9)
Finance costs		(411)	(463)	(11.2)
Operating profit (loss)		735	(3,419)	(121.5)
Share of results of associate/joint venture		(61)	320	n.m.
Profit (loss) before tax		674	(3,099)	n.m.
Income tax expense		(328)	(611)	(46.3)
Profit (loss) after tax		346	(3,710)	n.m.
Attributable to:				
Owners of the Company		483	(3,794)	n.m.
Non-controlling interests		(137)	84	n.m.
Profit (loss) after tax		346	(3,710)	n.m.

n.m. = not meaningful

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

	Group		+ / (-) %
	3Q 2017 US\$'000	3Q 2016 US\$'000	
Profit (loss) after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	4,241	4,977	(14.8)
- Depreciation of investment properties	6	6	0.0
- Allowance for doubtful trade debts	781	2,743	(71.5)
- Write back of allowance for doubtful trade debts	(724)	(216)	235.2
- Finance costs - interest on borrowings	411	463	(11.2)
(A) Other operating income			
- Rental income	88	66	33.3
- 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	10	15	(33.3)
- Insurance claim	269	2,099	(87.2)
- Others	69	35	97.1
	436	2,233	(80.5)

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

- (B) Other operating expenses
- Net of foreign exchange loss
 - Loss on disposal of assets held for sale (Vessel)
 - Others

Group		+ / (-) %
3Q 2017	3Q 2016	
US\$'000	US\$'000	
(340)	(92)	269.6
(8)	-	n.m.
(40)	(12)	233.3
(388)	(104)	273.1

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

Profit (loss) after tax for the period

346 (3,710)

Items that will not be reclassified subsequently to profit or loss

Remeasurement of defined benefit obligation

- (152)

- (152)

Items that may be reclassified subsequently to profit or loss

Share of other comprehensive gain of associate

309 461

Exchange differences on translation of foreign operations

(25) 30

284 491

Other comprehensive income for the period, net of tax

284 339

Total comprehensive income (loss) for the period

630 (3,371)

Total comprehensive income (loss) attributable to:

Owners of the Company

651 (3,447)

Non-controlling interests

(21) 76

630 (3,371)

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 17	31 Dec 16	30 Sept 17	31 Dec 16
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	42,312	54,096	22,149	33,509
Trade receivables	50,968	44,214	42,910	37,490
Prepaid operating expenses	9,550	7,082	5,607	4,468
Other receivables and deposits	1,770	1,007	356	78
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	5,503	2,401	5,503	2,364
Due from subsidiaries (trade)	-	-	3,260	3,108
Due from subsidiaries (non-trade)	-	-	3,752	3,052
Due from related companies (trade)	3,922	2,819	465	115
Due from joint venture (non-trade)	357	-	-	-
Inventories	2,285	2,606	1,504	1,261
	118,754	116,312	85,506	85,445
Assets classified as held for sale	8,140	3,333	-	-
	126,894	119,645	85,506	85,445
Non-current assets				
Investment properties	638	657	638	657
Property, plant and equipment	224,523	242,994	118,063	122,728
Subsidiaries	-	-	72,899	72,490
Associate/joint venture	10,460	9,008	10,099	10,099
Deferred tax assets	66	58	-	-
Other non-current assets	56	53	-	-
Due from subsidiaries (non-trade)	-	-	882	-
	235,743	252,770	202,581	205,974
Total assets	362,637	372,415	288,087	291,419
LIABILITIES AND EQUITY				
Current liabilities				
Bank term loans	21,626	20,910	12,698	11,488
Trade payables	22,044	20,987	18,678	15,121
Other payables and liabilities	23,123	19,455	12,834	12,486
Due to subsidiary (trade)	-	-	40	84
Due to subsidiary (non-trade)	-	-	-	1
Due to immediate holding company (trade)	167	178	-	-
Due to related companies (trade)	1,021	558	469	195
Due to joint venture (trade)	89	-	-	-
Finance leases	4	27	-	23
Income tax payable	1,963	1,537	733	648
	70,037	63,652	45,452	40,046
Non-current liabilities				
Bank term loans	47,227	63,762	15,641	25,638
Finance leases	7	9	-	-
Retirement benefit obligations	52	149	-	-
Deferred tax liabilities	34	-	-	-
	47,320	63,920	15,641	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	186,723	187,035	158,407	157,148
Other reserves	(2,177)	(2,872)	-	-
Foreign currency translation reserve	(12,451)	(12,631)	-	-
Equity attributable to owners of the Company	240,682	240,119	226,994	225,735
Non-controlling interests	4,598	4,724	-	-
Total equity	245,280	244,843	226,994	225,735
Total liabilities and equity	362,637	372,415	288,087	291,419

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

	As at 30 Sept 2017		As at 31 Dec 2016	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	21.63	-	20.94	-
Amount repayable after one year	47.23	-	63.77	-
	<u>68.86</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	
	3Q 2017	3Q 2016
	US\$'000	US\$'000
Cash flows from operating activities		
Profit (loss) before tax	674	(3,099)
Adjustments:		
Depreciation of property, plant and equipment	4,241	4,977
Depreciation of investment properties	6	6
Loss (gain) on disposal of assets held for sale (vessel)	8	(18)
Net gain on disposal of investments at fair value through profit or loss - investment securities	(10)	(15)
Allowance for doubtful trade debts	781	2,743
Write back of doubtful trade debts	(724)	(216)
Finance costs	411	463
Finance income	(106)	(107)
Share of results of associate/joint venture	61	(320)
Net foreign exchange loss	311	(139)
Operating profit before working capital changes	5,653	4,275
Decrease (increase) in:		
Inventories	66	108
Trade receivables	(408)	10,079
Other receivables and deposits	32	249
Prepaid operating expenses	(1,771)	(172)
Due from immediate holding company	(556)	(564)
Due from related companies	(399)	(105)
Due from joint venture	(357)	-
Increase (decrease) in:		
Trade payables	2,826	(1,315)
Other payables and liabilities	2,735	(41)
Due to related companies	(289)	12
Due to immediate holding company	(77)	142
Cash generated from operations	7,455	12,668
Interest paid	(411)	(463)
Income tax paid	(117)	(494)
Net cash from operating activities	6,927	11,711
Cash flows from investing activities		
Interest income received	106	107
Proceeds from disposal of property, plant and equipment	-	1,399
Proceeds from disposal of current assets held for sale	1,248	-
Proceeds from disposal of investments at fair value through profit or loss - investment securities	946	990
Purchase of property, plant and equipment	(1,110)	(1,495)
Purchase of investments at fair value through profit or loss - investment securities	-	(975)
Dividend received from an associate	-	1,341
Additional investment in associate/joint venture	(293)	-
Net cash from investing activities	897	1,367
Cash flows from financing activities		
Repayment of finance leases	(7)	(11)
Repayment of bank term loans	(5,286)	(5,687)
Decrease (Increase) in pledged deposits	552	(30)
Dividend paid to non-controlling shareholder	(177)	-
Net cash used in financing activities	(4,918)	(5,728)
Net increase in cash and cash equivalents	2,906	7,350
Effects of exchange rate changes on the balance of cash held in foreign currencies	(140)	39
Cash and cash equivalents at the beginning of the period	27,884	43,326
Cash and cash equivalents at the end of the period	30,650	50,715
Cash and bank balances (current)	42,312	62,123
Less: Pledged deposits	(11,662)	(11,408)
Cash and cash equivalents at the end of the period	30,650	50,715

- 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 2017

	Share Capital	Treasury Shares	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
GROUP								
Balance as at 30 June 2017	68,761	(174)	(2,486)	(12,310)	186,240	240,031	4,796	244,827
Profit for the period	-	-	-	-	483	483	(137)	346
Other comprehensive income for the period	-	-	309	(141)	-	168	116	284
Total	-	-	309	(141)	483	651	(21)	630
Transactions with owners, recognised directly in equity								
Dividend paid	-	-	-	-	-	-	(177)	(177)
Total	-	-	-	-	-	-	(177)	(177)
Balance as at 30 Sept 2017	68,761	(174)	(2,177)	(12,451)	186,723	240,682	4,598	245,280
Balance as at 30 June 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 profit 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

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 30 June 2017	68,761	(174)	156,851	225,438
Profit for the period, representing total comprehensive profit for the period	-	-	1,556	1,556
Total	-	-	1,556	1,556
Balance as at 30 Sept 2017	68,761	(174)	158,407	226,994
Balance as at 30 June 2016	68,761	(174)	156,838	225,425
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)	154,455	223,042

- 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 Sept 2017, there was no change in the Company's share capital.

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

As at 30 Sept 2017, there were no outstanding convertibles (30 Sept 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 Sept 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 (loss) per ordinary share of the Group based on net profit (loss) 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 2017	Q3 2016
US cents	US cents
0.09	(0.71)
0.09	(0.71)

Earnings per ordinary share for the quarter ended 30 Sept 2017 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (30 Sept 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 Sept 17	31 Dec 16	30 Sept 17	31 Dec 16
US cents	US cents	US cents	US cents
44.73	44.63	42.19	41.96

Net asset value per ordinary share as at 30 Sept 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 14.2% increase in revenue to USD69.7 million for the third quarter ended 30 September 2017 ("3Q17"), from USD61.0 million in the corresponding quarter a year ago ("3Q16"), mainly driven by higher revenue contribution from its container shipping business segment.

With a 2.3% increase in container volume handled to 279,000 TEUs, along with higher freight rates, revenue from the container shipping business segment rose 18.0% to USD61.5 million, versus USD52.1 million in 3Q16.

Revenue from the bulk & tanker business declined 13.8% to USD6.7 million in 3Q17, from USD7.7 million in 3Q16, as the Group operated a smaller tanker fleet year-on-year. The decline was partially mitigated by improvements in the vessel employment days of the existing bulk & tanker fleet and charter rates of the Group's bulk carriers.

The Group's cost of services rose 7.6% to USD65.7 million in 3Q17, compared to USD61.0 million in 3Q16, taking into consideration the higher bunker price and greater container volume handled.

With revenue growth outpacing the rise in cost of services, the Group recorded USD4.0 million in gross profit in 3Q17, compared to USD8,000 in 3Q16.

General & administrative expenses decreased 41.9% to USD3.0 million, largely in the absence of a USD2.4 million provision for bad debt made in 3Q16.

Accordingly, the Group registered a profit of USD1.0 million from operations, compared to a loss of USD3.1 million a year ago.

In light of the above, net profit attributable to owners of the Company for 3Q17 was USD0.5 million, which was a turnaround from a loss of USD3.8 million in 3Q16.

Balance sheet

Cash & bank balances decreased to USD42.3 million as at 30 September 2017, compared to USD54.1 million as at 31 December 2016, mainly due to loan repayment, payment of dry-docking for a number of vessels and dividend payment in 1H17.

Following the disposal of one container vessel for USD1.2 million in 3Q17, assets held for sale stood at USD8.1 million as at 30 September 2017. Assets held for sale on the Group's balance sheet current comprises one container vessel and a chemical tanker. The Group expects to complete the disposal of both these vessels within the next 12 months.

Other payables and liabilities increased mainly due to higher tax payable arising from the implementation of GST in India and an increase in business activities.

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 excess capacity that has previously hampered industry recovery is expected to remain. In addition, consolidation among our customers, namely the main line carriers in the container shipping business is expected to change market dynamics. With the uptrend in oil prices compounding the situation, the Group anticipates market conditions to be challenging.

Meanwhile, operating conditions for the bulk and tanker business is expected to continue its positive trend, particularly on the back of an improvement in the dry bulk market.

The Group has also partnered Shal Hawk Sdn Bhd, a Malaysia-based company, to offer warehousing services at Port Klang. The joint venture will construct a warehouse equipped with storage, handling and lift-on/lift-off facilities at the Port Klang Free Zone ("PKFZ"). The 2.8-acre warehouse at PKFZ will handle general and mining cargo, and industrial metals. Construction of the warehouse is expected to be completed by the end of this year. The Group has a 51% stake in the joint venture through its wholly owned subsidiary in Singapore, SILKargo Logistics. The joint venture will continue to look for other warehousing and logistics opportunities in Malaysia, as the Group looks to grow its logistics capabilities in the region.

Going forward, the Group will continue to focus on effort to maintain a competitive footing in regional waters. It will also continue to work on fortifying itself for the challenges ahead, through the optimisation of asset utilisation and operational efficiency.

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 2017 US\$'000	3Q 2016 US\$'000
Expenses		
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Agency commissions ⁽¹⁾	566	497
Office rental	19	23
Vessel charter hire	668	690
<u>PT. Samudera Indonesia Ship Management</u>		
Ship management fees	236	261
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	365	392
<u>PT. Masaji Tatanan Container</u>		
Container depot	81	44
<u>PT. Tangguh Samudera Jaya</u>		
Stevedorage charges	1,254	-
<u>PT. Samudera Energi Tangguh</u>		
Vessel charter hire	-	21
(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 2017 US\$'000	3Q 2016 US\$'000
Expenses		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Freight expenses	16	30
<u>PT Praweda Sarana Informatika</u>		
Software development and system maintenance	89	-
Revenue		
<u>PT. Perusahaan Pelayaran Nusantara Panuriwan</u>		
Vessel charter hire	367	588

⁽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 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
26 October 2017