

# SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C)

## FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

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

#### 1 (a)(i) 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 financial year ended 31 December 2004.

	The Group		
	2004 S\$'000	2003 S\$'000	+ / (-) %
Turnover	596,275	505,051	18.1
Cost of services	(514,570)	(473,644)	8.6
<b>Gross Profit</b>	<b>81,705</b>	<b>31,407</b>	n.m.
Marketing expenses	(12,424)	(5,882)	n.m.
Administrative expenses	(12,000)	(11,712)	2.5
Other operating income	3,600	434	n.m.
Other operating expenses	(103)	-	n.m.
<b>Profit from operations</b>	<b>60,778</b>	<b>14,247</b>	n.m.
Finance expenses, net	(5,544)	(4,885)	13.5
<b>Operating profit</b>	<b>55,234</b>	<b>9,362</b>	n.m.
Share of results of associated company	758	235	n.m.
<b>Profit before tax</b>	<b>55,992</b>	<b>9,597</b>	n.m.
Tax	(656)	(1,008)	(34.9)
<b>Profit after tax and before extraordinary item</b>	<b>55,336</b>	<b>8,589</b>	n.m.
Extraordinary item	(566)	-	n.m.
<b>Profit after tax and extraordinary item</b>	<b>54,770</b>	<b>8,589</b>	n.m.
Minority interests	(392)	(48)	n.m.
<b>Net profit attributable to shareholders</b>	<b>54,378</b>	<b>8,541</b>	n.m.

n.m. = not meaningful

#### 1 (a)(ii) Notes to the Income Statements

	The Group		
	2004 S\$'000	2003 S\$'000	+ / (-) %
(A) Other income including interest income <sup>1</sup>	4,497	1,178	n.m.
(B) Interest on borrowings	(3,100)	(3,595)	(13.8)
(C) Depreciation and amortisation	(16,920)	(16,595)	2.0
(D) (Provision for) Write back of doubtful trade debts, net	(311)	97	n.m.
(E) Foreign exchange loss, net	(3,341)	(2,034)	64.3
(F) Gain on sales of investments, properties and/ or plant and equipment <sup>1</sup>	3,005	218	n.m.

<sup>1</sup> Included in Item under 1.a(ii)(A) and 1.(a)(ii)(F) is the gain on sale of vessel(s)

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.

	The Group		The Company	
	31/12/2004 S\$'000	31/12/2003 S\$'000	31/12/2004 S\$'000	31/12/2003 S\$'000
<b>Capital and reserves</b>				
Share capital (457,675,000 shares @ \$0.10 each)	45,768	45,768	45,768	45,768
Share premium	53,432	53,432	53,432	53,432
Share redemption reserve	504	504	504	504
Capital reserve	267	267	-	-
Translation reserve	(225)	3,635	-	-
Accumulated profits	144,263	92,173	107,026	62,852
	<u>244,009</u>	<u>195,779</u>	<u>206,730</u>	<u>162,556</u>
Minority interests	1,862	1,429	-	-
	<b><u>245,871</u></b>	<b><u>197,208</u></b>	<b><u>206,730</u></b>	<b><u>162,556</u></b>
<b>Non-current assets</b>				
Subsidiaries	-	-	75,717	71,275
Associated company	853	445	283	283
Fixed assets	141,058	177,636	1,538	19,133
Deferred charges	6,261	6,646	-	-
Other non-current assets	41	59	36	54
	<u>148,213</u>	<u>184,786</u>	<u>77,574</u>	<u>90,745</u>
<b>Current assets</b>				
Stocks	2,281	1,887	-	-
Trade debtors	88,170	72,024	78,581	66,633
Other debtors, deposits and prepayments	31,822	12,463	12,993	11,156
Due from immediate holding company (trade)	-	623	-	623
Due from subsidiaries (trade)	-	-	1,593	508
Due from subsidiaries (non-trade)	-	-	10,043	9,484
Due from related companies (trade)	176	552	-	-
Due from associated company (non-trade)	-	283	-	283
Investment securities	19,960	10,725	19,960	10,725
Call and fixed deposits	25,768	12,667	23,375	9,588
Cash and bank balances	46,700	19,784	37,210	11,954
	<u>214,877</u>	<u>131,008</u>	<u>183,755</u>	<u>120,954</u>
<b>Current liabilities</b>				
Trade creditors	31,354	37,903	26,229	31,705
Other creditors and accruals	24,972	13,666	18,271	8,552
Due to immediate holding company (non-trade)	-	486	-	-
Due to related companies (trade)	2,664	1,404	387	84
Due to minority shareholders of a subsidiary (non-trade)	61	-	-	-
Hire purchase creditors, current portion	137	104	74	66
Bank term loans (secured), current portion	12,984	14,961	986	-
Provision for tax	922	697	291	312
	<u>73,094</u>	<u>69,221</u>	<u>46,238</u>	<u>40,719</u>
<b>Net current assets</b>	<b>141,783</b>	<b>61,787</b>	<b>137,517</b>	<b>80,235</b>
<b>Non-current liabilities</b>				
Due to subsidiary (non-trade)	-	-	8,143	8,153
Deferred tax	-	344	-	-
Hire purchase creditors, non-current portion	362	458	218	271
Bank term loans (secured), non-current portion	43,763	48,563	-	-
	<u>245,871</u>	<u>197,208</u>	<u>206,730</u>	<u>162,556</u>

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

	<b>As at 31 Dec 2004</b>		<b>As at 31 Dec 2003</b>	
	Secured S\$ mil	Unsecured S\$ mil	Secured S\$ mil	Unsecured S\$ mil
Amount repayable in one year or less, or on demand	13.12	-	15.07	-
Amount repayable after one year	44.13	-	49.02	-
	<u>57.25</u>	<u>-</u>	<u>64.09</u>	<u>-</u>

**Details of any collateral**

The Group's borrowings are secured by ways of:

- > Corporate guarantee from Company's immediately holding Company, PT Samudera Indonesia Tbk.
- > Corporate guarantee from Company
- > Legal mortgages over certain vessels of the Company and its subsidiaries
- > Legal charges over certain bank accounts
- > Assignment of income derived from certain charter hire contracts of subsidiaries
- > Assignment of insurance of certain vessels of the subsidiaries
- > Fiduciary assignment of certain receivables of a subsidiary

1 (c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>2004</b>	<b>2003</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	55,992	9,597
Adjustments:		
Amortisation of deferred charges	5,238	3,414
Depreciation of fixed assets	11,682	13,181
Gain on disposal of fixed assets	(3,005)	(200)
Write back of provision for doubtful trade debts	(374)	(359)
Loss (gain) on disposal of investment securities	103	(18)
Interest expenses	3,100	3,595
Interest income	(897)	(744)
Provision for doubtful trade debts	685	262
Impairment loss of club memberships	18	-
Share of results of associated company	(758)	(235)
Unrealised gain on investment securities	(120)	(127)
Operating profit before working capital changes	71,664	28,366
(Increase) decrease in:		
Stocks	(474)	(919)
Trade debtors	(16,141)	(3,079)
Other debtors, deposits and prepayments	(3,786)	(6,573)
Due from immediate holding company	623	1,975
Due from associated company	283	(283)
Due from affiliated company	-	80
Due from related companies	396	(417)
Increase (decrease) in:		
Trade creditors	(6,358)	9,441
Other creditors and accruals	11,366	949
Due to related companies	648	50
Due to affiliated company	-	31
Due to immediate holding company	207	1
Due to minority shareholders of a subsidiary	61	(224)
Interest paid	(3,100)	(3,595)
Income tax paid	(980)	(187)
<b>Net cash generated from operating activities</b>	<b>54,409</b>	<b>25,616</b>
<b>Cash flows from investing activities</b>		
Interest income received	897	744
Acquisition of fixed assets	(13,937)	(30,314)
Proceeds from disposal of fixed assets	20,917	242
Additions to deferred charges	(5,581)	(7,658)
Purchase of investment securities	(12,053)	(7,843)
Proceeds from disposal of investment securities	2,835	1,769
Acquisition of shares of subsidiary from a minority shareholder	-	(490)
Investment in associated company	-	(283)
<b>Net cash used in investing activities</b>	<b>(6,922)</b>	<b>(43,833)</b>
<b>Cash flows from financing activities</b>		
Repayment of hire purchase liabilities, net	(149)	(458)
Proceeds from bank term loans	6,822	16,182
Repayment of bank term loans	(11,528)	(15,733)
Dividend paid	(2,288)	(2,288)
Issuance of shares of subsidiary from a minority shareholder	-	598
<b>Net cash used in financing activities</b>	<b>(7,143)</b>	<b>(1,699)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>40,344</b>	<b>(19,916)</b>
Effect of exchange rate changes on cash and cash equivalents	(327)	196
Cash and cash equivalents at the beginning of the year	32,451	52,171
<b>Cash and cash equivalents at the end of the year</b>	<b>72,468</b>	<b>32,451</b>

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 financial year.

Statement of Changes in Equity for the year ended 31 December

	Share capital	Share premium	Share redemption reserve	Capital reserve	Translation reserve	Accumulated profits	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>GROUP</b>							
Balance as at 1 January 2004	45,768	53,432	504	267	3,635	92,173	195,779
Currency translation	-	-	-	-	(3,860)	-	(3,860)
Net profit for the year	-	-	-	-	-	54,378	54,378
Dividend paid	-	-	-	-	-	(2,288)	(2,288)
<b>Balance as at 31 December 2004</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>267</b>	<b>(225)</b>	<b>144,263</b>	<b>244,009</b>
Balance as at 1 January 2003	45,768	53,432	504	267	5,788	85,920	191,679
Currency translation	-	-	-	-	(2,153)	-	(2,153)
Net profit for the year	-	-	-	-	-	8,541	8,541
Dividend paid	-	-	-	-	-	(2,288)	(2,288)
<b>Balance as at 31 December 2003</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>267</b>	<b>3,635</b>	<b>92,173</b>	<b>195,779</b>

	Share capital	Share premium	Share redemption reserve	Accumulated profits	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>COMPANY</b>					
Balance as at 1 January 2004	45,768	53,432	504	62,852	162,556
Net profit for the year	-	-	-	46,462	46,462
Dividend paid	-	-	-	(2,288)	(2,288)
<b>Balance as at 31 December 2004</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>107,026</b>	<b>206,730</b>
Balance as at 1 January 2003	45,768	53,432	504	63,055	162,759
Net profit for the year	-	-	-	2,085	2,085
Dividend paid	-	-	-	(2,288)	(2,288)
<b>Balance as at 31 December 2003</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>62,852</b>	<b>162,556</b>

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 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 year ended 31 December 2004, there was no change in the Company's share capital (2003: 457,675,000 shares).

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.

The Group has applied the same accounting policies and methods of computation in the financial statements of the current financial reporting period as in the audited financial statements for the year ended 31 December 2003.

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.**

Not applicable.

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 for the period based on net profit attributable to shareholders:

- (i) Based on weighted average number of ordinary shares in issue  
(ii) On a fully diluted basis

Group Figures	
2004	2003
11.88 cents	1.87 cents
N.A.	N.A.

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 backing per ordinary share based on issued share capital as at the end of the period

Group		Company	
31/2/2004	31/2/2003	31/2/2004	31/2/2003
53.72 cents	43.09 cents	45.17 cents	35.52 cents

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.

Revenue increased by 18.1% from \$505 mil in 2003 to \$596 mil in 2004. Several factors contributed to the increase in Group revenue for 2004. Some of the factors include an increase in sub-let of several container vessels, better revenue generated from certain services that started in second half of the previous year, deployment of additional vessels in Industrial Shipping (comprising of three coal carriers, three chemical carriers, a gas tanker and 3 marine off-shore support units), improved freight rates and contributions from new subsidiaries in India and Thailand.

The Group's cost of services also increased due to increase in charter hire cost, bunker cost as well as container price and steel. Other factors include increase in port tariffs (that led to higher stevedorage cost), increased freight tax due to increase in freight revenues and an increase in insurance cost in the Industrial Shipping (as a results of more vessels).

Despite the increase in cost of services, the net profit of the Group in 2004 increased by \$45.8 mil from \$8.5 mil in 2003 due to increased revenue, better utilisation of vessels space, change of operation mode in certain service in India from own operation to joint operation, the disposal of two container vessels that were not fully operational, a decrease in interest expenses and contributions from subsidiaries and associate in United Arab Emirates, Singapore and Indonesia.

The Group recorded an extraordinary loss of \$0.6 mil as a result of a vessel being written off in Industrial Shipping after it capsized in the tidal wave in Aceh in late December 2004. The extraordinary loss is after the expected proceeds from insurance claim.

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.**

Container Shipping

While more vessels will be launched, the Group expects cargo volume to remain strong.

For the vessels chartered in by the Company, charter hire rates are still at high level as the contracts were negotiated and concluded in 2004 and beginning of 2005.

To tap on the opportunities in China trade, the Company started additional service to China in Q4 2004. The Company expects better performance and a full year impact from the service when it is better established.

Industrial Shipping

The Group took delivery of Sinar Tokyo in September 2004 and expects full year impact from the deployment of this additional vessel.

The Group plans to dispose off one of its vessels which is performing below the Group's expectation. The disposal of this vessel will improve the Group's assets allocation as the proceeds will be invested for better returns.

Logistics and Others

The Group plans to set up additional subsidiaries in agency activities. By having the subsidiaries, the Group expects to raise its profile, have better control over its business and enhance the capability to develop its business.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final	Final
Dividend Type	Cash	Cash
Dividend Amount per share (in cents)	2.00 cents	1.00 cents (less tax)
Par value of shares	10 cents	10 cents
Tax Rate	Tax Exempt	20%

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per share (in cents)	0.50 cents per ordinary share
Par value of shares	10 cents
Tax Rate	0%

***(c) Date payable***

To be announced later.

***(d) Books closure date***

To be announced later.

12. **If no dividend has been declared / recommended, a statement to that effect.**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group is organised into three main operating divisions, namely:

- Container Shipping
- Industrial Shipping
- Logistics and Others

<b><u>Segment by Business</u></b>	Container Shipping S\$'000	Industrial Shipping S\$'000	Logistics & Others S\$'000	Eliminations S\$'000	Group S\$'000
<b>2004</b>					
Revenues					
- External sales	530,079	54,553	11,643	-	596,275
- Inter-segment sales	2,485	-	5,525	(8,010)	-
Total revenue	<b>532,564</b>	<b>54,553</b>	<b>17,168</b>	<b>(8,010)</b>	<b>596,275</b>
Segment results	49,110	10,822	1,022	(176)	60,778
Financial income (expenses) - net	(2,481)	(3,189)	126	-	(5,544)
Share of results of associated company	-	-	758	-	758
Tax	(167)	143	(632)	-	(656)
Extraordinary item	-	(566)	-	-	(566)
Minority interests	-	(123)	(269)	-	(392)
Net profit for the year	<b>46,462</b>	<b>7,087</b>	<b>1,005</b>	<b>(176)</b>	<b>54,378</b>
Segment assets	173,692	176,990	12,408	-	363,090
Total liabilities	(46,456)	(65,911)	(4,852)	-	(117,219)
Capital expenditure	983	12,470	484	-	13,937
Depreciation and amortisation	821	15,713	386	-	16,920
Other non-cash expenses	795	-	11	-	806
	Container Shipping S\$'000	Industrial Shipping S\$'000	Logistics & Others S\$'000	Eliminations S\$'000	Group S\$'000
<b>2003</b>					
Revenues					
- External sales	446,897	49,764	8,390	-	505,051
- Inter-segment sales	1,428	-	3,832	(5,260)	-
Total revenue	<b>448,325</b>	<b>49,764</b>	<b>12,222</b>	<b>(5,260)</b>	<b>505,051</b>
Segment results	3,595	10,787	(421)	286	14,247
Financial expenses - net	(1,348)	(3,513)	(24)	-	(4,885)
Share of results of associated company	-	-	235	-	235
Tax	(162)	(746)	(100)	-	(1,008)
Minority interests	-	(113)	65	-	(48)
Net profit for the year	<b>2,085</b>	<b>6,415</b>	<b>(245)</b>	<b>286</b>	<b>8,541</b>
Segment assets	129,865	180,273	5,656	-	315,794
Total liabilities	(40,990)	(76,191)	(1,406)	-	(118,587)
Capital expenditure	774	29,474	766	-	31,014
Depreciation and amortisation	3,618	12,707	270	-	16,595
Other non-cash expenses	262	-	-	-	262



**Geographical segment**

Container shipping, logistics and others (\*\*)

	Turnover	
	2004	2003
	S\$'000	S\$'000
Indonesia	209,261	186,838
South East Asia (excluding Indonesia)	130,528	93,494
Middle East and Indian Sub-continent	104,691	131,764
Far East (including China and Hong Kong)	71,401	40,984
Others #	25,841	2,207
<b>Total turnover for Container Shipping, Logistics and Others</b>	<b>541,722</b>	<b>455,287</b>

Others # includes revenue generated from sub-let of vessels as the Directors are of the view that the revenue could not be accurately apportioned.

(\*\*) The Directors believe it could be inaccurate to analyze the profits by geographical segment because certain costs cannot be meaningfully allocated to the different routes as the vessels do not operate on a fixed routes. For the Industrial Shipping, charterers of the Group's vessels have the discretion to operate within a wide trading area and are not constrained by a specific sea route.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to item 8 for the review of performance by business.

Growth in South East Asia and Far East primarily due to market cargo growth and additional new services.

The decrease in turnover in the Middle East and Indian Sub-continent is mainly due to the restructuring of the services in Middle East.

Increase in Others due mainly to increase in charter hire revenue and additional logistics revenue generated from new subsidiaries.

**15. A breakdown of sales.**

	The Group		
	2004	2003	+ / (-)
	S\$'000	S\$'000	%
Sales reported for first half year	266,950	239,470	11.5
Operating profit after tax before minority interests reported for first half year	10,657	9,073	17.5
Sales reported for second half year	329,325	265,581	24.0
Operating profit / (loss) after tax before minority interests reported for second half year	44,113	(484)	n.m.

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	2004	2003
	S\$'000	S\$'000
Ordinary	13,730	2,288
Preference	-	-
<b>Total</b>	<b>13,730</b>	<b>2,288</b>

17. Interested Person Transactions

<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>	<b>2004 S\$'000</b>	<b>2003 S\$'000</b>
<b>Provision of services - Agency Commission</b>		
PT. Samudera Indonesia Tbk	4,511	4,156
PT. Satuan Harapan	63	20
<b>Provision of services - Management Fee</b>		
PT. Samudera Indonesia Tbk	856	697
PT. Tankindo Perdana	-	49
<b>Provision of services - Charter Hire</b>		
PT. Pali Hoka Dayaka	-	392
<b>Provision of services - Ship Management Fees</b>		
PT. Samudera Indonesia Ship Management	1,084	1,126
<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>2004 S\$'000</b>	<b>2003 S\$'000</b>
<b>Acquisition of vessels</b>		
PT. Cumawis and PT. Tankindo Perdana	-	2,409

BY ORDER OF THE BOARD

ANWARSYAH  
Executive Director

Dated this 28 February 2005