

# SAMUDERA SHIPPING LINE LTD

(Company Registration: 199308462C)

## FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

### 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 period ended 31 December 2005.

	The Group		
	FY 2005 S\$'000	FY 2004 S\$'000	+ / (-) %
Turnover	680,380	596,275	14.1
Cost of services	(571,757)	(514,570)	11.1
<b>Gross Profit</b>	<b>108,623</b>	<b>81,705</b>	32.9
Other operating income*	2,666	3,664	(27.2)
Marketing expenses	(15,610)	(12,424)	25.6
Administrative expenses	(11,932)	(12,000)	(0.6)
Other operating expenses	(809)	(103)	n.m.
<b>Profit from operations</b>	<b>82,938</b>	<b>60,842</b>	36.3
Finance income (expenses), net	1,475	(5,608)	n.m.
<b>Operating profit</b>	<b>84,413</b>	<b>55,234</b>	52.8
Share of results of associated company	290	498	(41.8)
<b>Profit before tax</b>	<b>84,703</b>	<b>55,732</b>	52.0
Tax	(1,397)	(396)	n.m.
<b>Profit after tax and before extraordinary item</b>	<b>83,306</b>	<b>55,336</b>	50.5
Extraordinary item	-	(566)	(100.0)
<b>Profit after tax and extraordinary item</b>	<b>83,306</b>	<b>54,770</b>	52.1
<b>Attributable to:</b>			
Equity holders of the Company	82,845	54,378	52.4
Minority interests	461	392	17.6
	<b>83,306</b>	<b>54,770</b>	52.1

<sup>\*)</sup> Included in other operating income is the gain on sale of vessels amounting to \$2.0 million  
n.m. = not meaningful

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

	The Group		
	FY 2005 S\$'000	FY 2004 S\$'000	+ / (-) %
(A) Interest income	2,545	833	n.m.
(B) Interest on borrowings	(2,756)	(3,100)	(11.1)
(C) Depreciation and amortisation	(15,727)	(16,920)	(7.1)
(D) Provision for doubtful trade debts	(822)	(754)	9.0
(E) Write back of provision for doubtful trade debts	416	374	11.2
(F) Foreign exchange gain (loss)	1,686	(3,341)	n.m.

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 Dec 05 S\$'000	31 Dec 04 S\$'000	31 Dec 05 S\$'000	31 Dec 04 S\$'000
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	44,928	45,768	44,928	45,768
Share premium	53,432	53,432	53,432	53,432
Share redemption reserve	1,344	504	1,344	504
Capital reserve	267	267	-	-
Translation reserve	1,571	(225)	-	-
Other reserves**	(477)	-	-	-
Accumulated profits	209,325	144,263	160,905	107,026
	<u>310,390</u>	<u>244,009</u>	<u>260,609</u>	<u>206,730</u>
<b>Minority interests</b>	2,179	1,862	-	-
<b>Total equity</b>	<b><u>312,569</u></b>	<b><u>245,871</u></b>	<b><u>260,609</u></b>	<b><u>206,730</u></b>
<b>Non-current assets</b>				
Subsidiaries	-	-	75,753	75,717
Associated company	853	853	283	283
Fixed assets	137,723	141,058	1,469	1,538
Deferred charges	4,431	6,261	-	-
Other non-current assets	-	41	-	36
	<u>143,007</u>	<u>148,213</u>	<u>77,505</u>	<u>77,574</u>
<b>Current assets</b>				
Stocks	2,304	2,281	-	-
Trade debtors	89,043	88,170	79,444	78,581
Other debtors, deposits and prepayments	21,997	31,822	15,689	12,993
Due from subsidiaries (trade)	-	-	5,667	1,593
Due from subsidiaries (non-trade)	-	-	13,004	10,043
Due from related companies (trade)	-	176	-	-
Due from immediate holding company (trade)	687	-	455	-
Investment securities	24,051	19,960	24,051	19,960
Call and fixed deposits	93,086	25,768	86,371	23,375
Cash and bank balances	57,577	46,700	21,807	37,210
	<u>288,745</u>	<u>214,877</u>	<u>246,488</u>	<u>183,755</u>
<b>Current liabilities</b>				
Trade creditors	39,351	31,354	35,975	26,229
Other creditors and accruals	27,217	24,972	18,539	18,271
Due to related companies (trade)	1,198	2,664	-	387
Due to minority shareholders of a subsidiary (non-trade)	-	61	-	-
Hire purchase creditors, current portion	105	126	35	63
Bank term loans (secured), current portion	7,903	12,984	-	986
Provision for tax	1,700	922	560	291
	<u>77,474</u>	<u>73,083</u>	<u>55,109</u>	<u>46,227</u>
<b>Net current assets</b>	<b>211,271</b>	<b>141,794</b>	<b>191,379</b>	<b>137,528</b>
<b>Non-current liabilities</b>				
Due to subsidiary (non-trade)	-	-	8,145	8,143
Hire purchase creditors, non-current portion	229	373	130	229
Bank term loans (secured), non-current portion	41,480	43,763	-	-
<b>Net assets</b>	<b><u>312,569</u></b>	<b><u>245,871</u></b>	<b><u>260,609</u></b>	<b><u>206,730</u></b>

\*\* Amount is primarily due to the impact of FRS 39. Refer to item 4 on Page 6

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

	<b>As at 31 Dec 2005</b>		<b>As at 31 Dec 2004</b>	
	Secured S\$ million	Unsecured S\$ million	Secured S\$ million	Unsecured S\$ million
Amount repayable in one year or less, or on demand	8.01	-	13.11	-
Amount repayable after one year	41.71	-	44.14	-
	<u>49.72</u>	<u>-</u>	<u>57.25</u>	<u>-</u>

**Details of any collateral**

The Group's borrowings are secured by ways of:

- > Corporate guarantee from the Company
- > Legal mortgages over certain vessels of the 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

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

	FY 2005 S\$'000	FY 2004 S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	84,703	55,732
Adjustments:		
Amortisation of deferred charges	5,028	5,238
Depreciation of fixed assets	10,699	11,682
Gain on disposal of fixed assets	(2,076)	(3,005)
Provision for doubtful trade debts	822	754
Provision for doubtful non-trade debts	-	3
Write back of provision for doubtful trade debts	(416)	(374)
Impairment loss of club memberships	-	18
Club memberships written off	41	-
Loss on disposal of investment securities	23	103
Interest expenses	2,756	3,100
Interest income	(2,545)	(833)
Share of results of associated company	(290)	(498)
Unrealised loss (gain) on investment securities	420	(184)
Operating profit before working capital changes	99,165	71,736
(Increase) decrease in:		
Stocks	(428)	(474)
Trade debtors	(1,279)	(16,221)
Other debtors, deposits and prepayments	9,880	(3,769)
Due from immediate holding company	-	623
Due from related companies	(511)	396
Due from associated company	-	283
Increase (decrease) in:		
Trade creditors	7,996	(6,358)
Other creditors and accruals	1,742	11,366
Due to related companies	(1,466)	648
Due to immediate holding company	-	207
Due to minority shareholders of a subsidiary	(61)	61
Cash generated from operations	115,038	58,498
Interest paid	(2,756)	(3,100)
Income tax paid	(618)	(980)
<b>Net cash generated from operating activities</b>	<b>111,664</b>	<b>54,418</b>
<b>Cash flows from investing activities</b>		
Interest income received	2,545	833
Dividend received from associated company	229	-
Dividends paid to minority shareholder	(168)	-
Proceeds from disposal of fixed assets	20,677	20,917
Proceeds from disposal of investment securities	3,398	2,836
Acquisition of fixed assets	(21,970)	(13,937)
Additions to deferred charges	(3,779)	(5,573)
Purchase of investment securities	(7,622)	(11,989)
<b>Net cash used in investing activities</b>	<b>(6,690)</b>	<b>(6,913)</b>
<b>Cash flows from financing activities</b>		
Payment for share buyback	(4,943)	-
Dividend paid	(12,815)	(2,288)
Repayment of hire purchase liabilities	(225)	(159)
Proceeds from bank term loan	11,189	6,822
Repayment of bank term loans	(19,573)	(11,528)
<b>Net cash used in financing activities</b>	<b>(26,367)</b>	<b>(7,153)</b>
<b>Net increase in cash and cash equivalents</b>	<b>78,607</b>	<b>40,352</b>
Effect of exchange rate changes on cash and cash equivalents	(412)	(335)
Cash and cash equivalents at the beginning of the year	72,468	32,451
<b>Cash and cash equivalents at the end of the year</b>	<b>150,663</b>	<b>72,468</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 period ended 31 December

	Share Capital	Share Premium	Share Redemption Reserve	Capital Reserve	Translation Reserve	Other Reserve	Accumulated Profits	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>GROUP</b>									
Balance as at 1 Jan 2005	45,768	53,432	504	267	(225)	-	144,263	1,862	245,871
Share Buyback	(840)	-	840	-	-	-	(4,943)	-	(4,943)
Effect of adoption of FRS 39	-	-	-	-	-	(1,511)	-	-	(1,511)
Net unrealised loss on revaluation of cash flow hedges	-	-	-	-	-	1,009	-	-	1,009
Statutory reserves	-	-	-	-	-	25	(25)	-	-
Currency translation	-	-	-	-	1,796	-	-	24	1,820
Net profit for the year	-	-	-	-	-	-	82,845	461	83,306
Dividend paid	-	-	-	-	-	-	(12,815)	(168)	(12,983)
<b>Balance as at 31 Dec 2005</b>	<b>44,928</b>	<b>53,432</b>	<b>1,344</b>	<b>267</b>	<b>1,571</b>	<b>(477)</b>	<b>209,325</b>	<b>2,179</b>	<b>312,569</b>
Balance as at 1 Jan 2004	45,768	53,432	504	267	3,635	-	92,173	1,429	197,208
Currency translation	-	-	-	-	(3,860)	-	-	41	(3,819)
Net profit for the year	-	-	-	-	-	-	54,378	392	54,770
Dividend paid	-	-	-	-	-	-	(2,288)	-	(2,288)
<b>Balance as at 31 Dec 2004</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>267</b>	<b>(225)</b>	<b>-</b>	<b>144,263</b>	<b>1,862</b>	<b>245,871</b>

	Share Capital	Share Premium	Share Redemption Reserve	Accumulated Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>COMPANY</b>					
Balance as at 1 Jan 2005	45,768	53,432	504	107,026	206,730
Share Buyback	(840)	-	840	(4,943)	(4,943)
Net profit for the year	-	-	-	71,637	71,637
Dividend paid	-	-	-	(12,815)	(12,815)
<b>Balance as at 31 Dec 2005</b>	<b>44,928</b>	<b>53,432</b>	<b>1,344</b>	<b>160,905</b>	<b>260,609</b>
Balance as at 1 Jan 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 Dec 2004</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>107,026</b>	<b>206,730</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 2005, the Company bought back 8,399,000 ordinary shares of \$0.10 each by way of market purchases pursuant to the Share Buyback Mandate obtained at the extraordinary general meeting held on 27 April 2005. The shares bought back have been cancelled and the nominal value of these shares have been credited to the share redemption reserve of the Company.

As the result, the issued and paid-up share capital of the Company has been reduced from \$45,767,500 comprising 457,675,000 ordinary shares of \$0.10 each to \$44,927,600 comprising 449,276,000 ordinary shares. The total amount incurred for the share buyback was \$4,942,664.

**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.**

On 1 January 2005, the Group and the Company adopted Financial Reporting Standard (FRS) 1, Presentation of Financial Statements and FRS 39, Financial Instruments Recognition and Measurement. The Statement of Changes in Equity of the Group has included the movement of minority interests as required by FRS 1. The changes in fair value of interest rate swap agreements representing cash flow hedges have been included in the Statement of Changes in Equity of the Group as required by FRS 39. As a result of the adoption of FRS 39, the Group recorded a negative balance of \$502,000 as other reserves. The adoption of FRS 1 and FRS 39 did not have material impact to the Consolidated Profit and Loss account for the current period.

Except for the above, 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 2004.

**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.**

Refer to Item 4.

**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	
FY 2005	FY 2004
18.22 cents	11.88 cents
18.22 cents	11.88 cents

For purposes of comparison, earnings per ordinary share for the year ended 31 December 2005 is calculated based on the number of weighted average ordinary shares of 454,781,759. Earnings per ordinary share for the year ended 31 December 2004 is calculated based on the number of issued and paid up ordinary shares of 457,675,000.

**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 year

Group		Company	
31/12/2005	31/12/2004	31/12/2005	31/12/2004
69.09 cents	53.31 cents	58.01 cents	45.17 cents

For purposes of comparison, net asset value per ordinary share is calculated based on the number of issued and paid up ordinary shares of 449,276,000 and 457,675,000 as at 31 December 2005 and 31 December 2004 respectively.

- 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 14% from S\$ 596 mil in 2004 to S\$ 680 mil in 2005. The increase is due mainly to increase in revenue from sub-let of container vessels, improved freight rates and increase in surcharges, namely Fuel Oil Surcharges and Indonesia Port Surcharges.

Other factors include increase in business activity from subsidiary in India (taking over of COC agency business from third party agent in Q1 2005) and full-year impact from operation of one tanker vessel, Sinar Tokyo, which was delivered in September 2004 as well as subsidiary in Thailand which commenced operation in Q2 2004.

The costs of service increased by 11% from S\$ 515 mil in 2004 to S\$ 572 mil in 2005. Higher vessel charter-in rates, mainly in Q1 2005 to Q3 2005, increase in bunker price and freight charges from third parties are the main factors contributing to the increase. Stevedoring charges also increased due to higher rates in certain ports.

Referring to Item 15 herein, the margin of container shipping in the second half of 2005 is lower than that of the first half mainly because of higher bunker price, full period impact of higher charter-in rates, higher 3rd party slot costs and lower space utilization in the initial period of a new service that the Company introduced.

During the year, the Group has disposed 3 chemical tankers in its Industrial Shipping business which contributed to a gain of S\$ 2.0 mil in 2005.

In 2005, the Group has more US Dollar denominated funds, hence the appreciation of US Dollar against Singapore Dollar in 2005 resulted in a foreign exchange gain of S\$ 1.7 mil, while in 2004 the Group recorded a foreign exchange loss of S\$ 3.3 mil.

Overall, the Group recorded profit after tax of S\$ 83.3 mil in 2005, an increase of 52.1% compared to 2004.

- 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.**

Delivery of new container vessels in the market is resulting in additional supply of space. As a result, the freight rates, which commenced to decline in Q4 2005, are expected to continue to trend downwards in the next 12 months. However, the increase in supply of space is also causing the charter-in rates to decline. Since the Company uses chartered vessels, the reduction in charter-in costs is expected to partly offset the impact of declining freight rates. In addition, in 2006 the Group expects a full-year impact of reduction in its stevedoring cost in Indonesia which commenced in the last quarter of 2005. However, bunker price remains high and volatile, and the Group will continue to seek recovery through appropriate fuel surcharges.

The Group remains positive to face the challenges ahead. In addition to the mitigating factors described above, the Group will continue to explore ways of remaining cost competitive through various measures such as operational efficiency and slot swap arrangements.

In November 2005, the Group launched a new dedicated containerized service, "China India Middle East Express" (CIX) that links China, India and the Middle East via Singapore. The Group continues its effort to explore opportunities of introducing additional containerized services within its existing network such as Indian Sub-Continent, East Asia as well as new area such as Africa.

The operation of inter-island container shipping business in Indonesia was started in January 2006, where the Group operates six vessels servicing various ports in Indonesia including Jakarta and Surabaya. In addition, two container ships currently under construction will be delivered and put into operation in first half of 2006. This inter-island container shipping activity is expected to contribute positively to the Group's business.

Following the Group's participation in the liquefied natural gas (LNG) transportation project together with NYK and Sovcomflot as announced in July 2005, the Group is in process of finalizing a joint venture agreement with the partners. This however will have no significant impact to the Group's performance in 2006.

In addition to the two container ships for the inter-island container shipping business that are due for delivery in the first half 2006, two coal carriers that are currently under construction are scheduled to be delivered in mid 2006.

11. Dividend

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

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	Final Dividend	Final Dividend
Dividend Type	Cash	Cash
Dividend Amount per share (in cents)	2.94 cents	0.86 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	Final Dividend
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%

**(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.





**Geographical segment**

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

	Turnover	
	2005	2004
	S\$'000	S\$'000
Indonesia	243,966	209,261
South East Asia (excluding Indonesia)	155,213	130,528
Middle East and Indian Sub-continent	115,746	104,691
Far East (including China and Hong Kong)	71,861	71,401
Others #	40,809	25,841
<b>Total turnover for Container Shipping, Logistics and Others</b>	<b>627,595</b>	<b>541,722</b>

# Others include 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 Indonesia primarily due to market cargo growth and improved freight rates while increased in turnover in the Far East and Middle East and Indian Sub-continent region mainly due to improved freight rates.

Increase in Others are due to increase in charter hire revenue and logistics revenue from subsidiaries.

**15. A breakdown of sales.**

	The Group		
	2005	2004	+ / (-)
	S\$'000	S\$'000	%
Sales reported for first half year	329,071	266,950	23.3
Operating profit after tax before minority interests reported for first half year	44,724	10,657	n.m.
Sales reported for second half year	351,309	329,325	6.7
Operating profit after tax before minority interests reported for second half year	38,582	44,113	(12.5)

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

	2005 S\$'000	2004 S\$'000
Ordinary	20,487	13,730
Preference	-	-
<b>Total</b>	<b>20,487</b>	<b>13,730</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>FY 2005 S\$'000</b>	<b>FY 2004 S\$'000</b>
<b>Provision of services - Agency Commission</b>		
PT. Samudera Indonesia Tbk	4,354	4,511
<b>Provision of services - Management Fee</b>		
PT. Samudera Indonesia Tbk	822	856
<b>Provision of services - Ship Management Fees</b>		
PT. Samudera Indonesia Ship Management	932	1,084
<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>FY 2005 S\$'000</b>	<b>FY 2004 S\$'000</b>

nil

BY ORDER OF THE BOARD

ANWARSYAH  
Executive Director

Dated this 28 February 2006