

SAMUDERA SHIPPING LINE LTD
(Company Registration: 199308462C)

FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

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 2006.

	The Group		
	FY 2006	FY 2005	+ / (-)
	S\$'000	S\$'000	%
Turnover	650,040	680,380	(4.5)
Cost of services	<u>(600,672)</u>	<u>(571,757)</u>	5.1
Gross Profit	49,368	108,623	(54.6)
Other operating income	3,535	2,666	32.6
Marketing expenses	(10,265)	(15,611)	(34.2)
Administrative expenses	(11,561)	(11,934)	(3.1)
Other operating expenses	<u>(11,415)</u>	<u>877</u>	n.m.
Profit from operations	19,662	84,621	(76.8)
Finance income (expenses), net	<u>(318)</u>	<u>(211)</u>	50.7
Operating profit	19,344	84,410	(77.1)
Share of results of associated companies	<u>(4)</u>	<u>290</u>	n.m.
Profit before tax	19,340	84,700	(77.2)
Tax	<u>(3,225)</u>	<u>(1,397)</u>	n.m.
Profit after tax	16,115	83,303	(80.7)
Attributable to:			
Equity holders of the Company	15,643	82,843	(81.1)
Minority interests	<u>472</u>	<u>460</u>	2.6
	16,115	83,303	(80.7)

n.m. = not meaningful

1 a)(ii) Notes to the Income Statements

	The Group		
	FY 2006	FY 2005	+ / (-)
	S\$'000	S\$'000	%
(A) Other operating income			
- Claim income	-	576	n.m.
- Gain on disposal of fixed assets	1,507	2,076	(27.4)
- Gain on sale of investment property	958	-	n.m.
- Gain on disposal of investment securities	1,038	-	n.m.
- Other income	<u>32</u>	<u>14</u>	n.m.
	3,535	2,666	32.6
(B) Depreciation and amortisation	(15,375)	(15,679)	(1.9)
(C) Write back of provision for doubtful trade debts	863	416	n.m.
(D) Provision for doubtful trade debts	(153)	(822)	(81.4)

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

	The Group		
	FY 2006	FY 2005	+ / (-)
	S\$'000	S\$'000	%
(E) Other operating expenses			
- Claim expense	(475)	(307)	54.7
- Unrealised loss on investment securities	(439)	(420)	4.5
- Foreign exchange (loss) gain	(10,392)	1,686	n.m.
- Other expenses	(109)	(82)	32.9
	<u>(11,415)</u>	<u>877</u>	n.m.
(F) Finance income (expenses), net			
- Interest income	4,458	2,545	75.2
- Interest on borrowings	(4,776)	(2,756)	73.3
	<u>(318)</u>	<u>(211)</u>	50.7

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 06 S\$'000	31 Dec 05 S\$'000	31 Dec 06 S\$'000	31 Dec 05 S\$'000
Capital and reserves attributable to equity holders of the Company				
Share capital	99,704	44,928	99,704	44,928
Share premium	-	53,432	-	53,432
Share redemption reserve	-	1,344	-	1,344
Capital reserve	267	267	-	-
Translation reserve	(7,941)	1,571	-	-
Other reserves	(527)	(477)	-	-
Accumulated profits	205,362	209,323	155,065	160,905
	<u>296,865</u>	<u>310,388</u>	<u>254,769</u>	<u>260,609</u>
Minority interests	2,239	2,178	-	-
Total equity	299,104	312,566	254,769	260,609
Non-current assets				
Subsidiaries	-	-	79,543	75,753
Associated companies	17,742	853	17,853	283
Fixed assets	225,042	137,723	29,363	1,469
Deferred charges	5,690	4,431	-	-
Other non-current assets	302	496	-	-
	<u>248,776</u>	<u>143,503</u>	<u>126,759</u>	<u>77,505</u>
Current assets				
Stocks	2,512	2,304	-	-
Trade debtors	70,936	89,043	57,471	79,444
Other debtors, deposits and prepayments	24,940	21,508	11,813	15,689
Due from subsidiaries (trade)	-	-	3,195	5,675
Due from subsidiaries (non-trade)	-	-	14,714	13,004
Due from related companies (trade)	59	687	2	455
Investment securities	8,538	24,051	8,538	24,051
Call and fixed deposits	78,022	93,086	73,032	86,371
Cash and bank balances	34,043	57,577	14,134	21,807
	<u>219,050</u>	<u>288,256</u>	<u>182,899</u>	<u>246,496</u>
Current liabilities				
Trade creditors	27,470	39,351	20,852	35,975
Other creditors and accruals	18,679	27,219	8,971	18,539
Due to subsidiaries	-	-	516	8
Due to ultimate holding company	1,229	-	1,229	-
Due to related companies (trade)	1,711	1,198	-	-
Hire purchase creditors, current portion	92	105	34	35
Bank term loans (secured), current portion	17,045	7,903	1,080	-
Provision for tax	3,592	1,708	2,024	560
	<u>69,818</u>	<u>77,484</u>	<u>34,706</u>	<u>55,117</u>
Net current assets	149,232	210,772	148,193	191,379
Non-current liabilities				
Due to subsidiary (non-trade)	-	-	-	8,145
Hire purchase creditors, non-current portion	192	229	123	130
Bank term loans (secured), non-current portion	98,712	41,480	20,060	-
Net assets	299,104	312,566	254,769	260,609

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

	As at 31 Dec 2006		As at 31 Dec 2005	
	Secured S\$ million	Unsecured S\$ million	Secured S\$ million	Unsecured S\$ million
Amount repayable in one year or less, or on demand	17.14	-	8.01	-
Amount repayable after one year	98.90	-	41.71	-
	<u>116.04</u>	<u>-</u>	<u>49.72</u>	<u>-</u>

Details of any collateral

The Group's borrowings are secured by means of:

- > Corporate guarantees from Company
- > Legal mortgages over certain vessels of its subsidiaries
- > Legal charges over certain bank accounts of the subsidiaries
- > Assignment of income derived from certain charter hire contracts of subsidiaries
- > Assignment of insurance of certain vessels of the subsidiaries
- > Legal mortgages over vessels under constructions
- > Legal mortgages over freehold properties of Company
- > Assignment of insurance, title and interest of freehold properties of 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.

	FY 2006 S\$'000	FY 2005 S\$'000
Cash flows from operating activities		
Profit before tax	19,340	84,700
Adjustments:		
Amortisation of deferred charges	4,610	4,989
Depreciation of fixed assets	10,765	10,690
Gain on disposal of fixed assets	(1,478)	(2,076)
Gain on disposal of investment property	(958)	-
(Gain) loss on disposal of investment securities	(1,038)	23
Provision for doubtful trade debts	153	822
Write back of provision for doubtful trade debts	(863)	(416)
Write back of provision for doubtful non-trade debts	(1)	-
Club memberships written off	-	41
Interest expense	4,776	2,756
Interest income	(4,458)	(2,545)
Share of results of associated companies	4	(290)
Deferred charges written off	-	130
Unrealised loss on investment securities	439	420
Operating profit before working capital changes	31,291	99,244
(Increase) decrease in:		
Stocks	(305)	(446)
Trade debtors	18,808	(1,178)
Other debtors, deposits and prepayments	(2,440)	10,369
Due from related companies	638	(612)
Increase (decrease) in:		
Trade creditors	(11,880)	7,997
Other creditors and accruals	(8,268)	1,744
Due to related companies	513	(1,466)
Due to immediate holding company	1,229	-
Due to minority shareholders of a subsidiary	-	(61)
Cash generated from operations	29,586	115,591
Interest paid	(4,776)	(2,756)
Income tax paid	(2,060)	(1,108)
Net cash generated from operating activities	22,750	111,727
Cash flows from investing activities		
Interest income received	4,458	2,545
Dividend received from associated company	243	229
Dividend paid to minority shareholders	(372)	(168)
Proceeds from disposal of fixed assets	9,047	20,824
Proceeds from disposal of investment property	14,527	-
Acquisition of investment property	(13,579)	-
Proceeds from disposal of investment securities	15,182	3,398
Additional investment in associated company	(17,570)	-
Acquisition of fixed assets	(117,222)	(21,902)
Additions to deferred charges	(7,239)	(4,264)
Acquisition of investment securities	(398)	(7,622)
Net cash used in investing activities	(112,923)	(6,960)
Cash flows from financing activities		
Payment for share buyback	-	(4,943)
Dividend paid	(19,560)	(12,815)
Repayment of hire purchase liabilities	(152)	(291)
Proceeds from bank term loan	94,226	11,189
Repayment of bank term loans	(22,415)	(19,573)
Net cash generated from (used in) financing activities	52,099	(26,433)
Net (decrease) increase in cash and cash equivalents	(38,074)	78,334
Effect of exchange rate changes on cash and cash equivalents	(524)	(139)
Cash and cash equivalents at the beginning of the year	150,663	72,468
Cash and cash equivalents at the end of the year	112,065	150,663

Note: Cash and cash equivalents included in the consolidated statement of cash flows consist of fixed deposits and bank balances of \$3.6 million (2005: \$4.8 million) being pledged to the banks to secure bankers' guarantee facilities and term loan.

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.**

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account and share redemption reserve account have been transferred to the Company's share capital account in the current year.

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 2005.

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 2006	FY 2005
2.90 cents	15.18 cents
2.90 cents	15.18 cents

For purpose of comparison:

Earnings per share for the year ended 31 Dec 2006 is calculated based on the number of issued ordinary shares of 539,131,199.

Earnings per share for the year ended 31 Dec 2005 is calculated based on the adjusted number of ordinary shares of 545,738,111 after taking into consideration of shares bought back in Q3 2005 and 1 for 5 bonus issue.

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	
31/12/2006	31/12/2005	31/12/2006	31/12/2005
55.06 cents	57.57 cents	47.26 cents	48.34 cents

For purpose of comparison:

Net asset value per ordinary share as at 31 Dec 2006 is calculated based on the number of issued ordinary shares of 539,131,199.

Net asset value per ordinary share as at 31 Dec 2005 is calculated based on the adjusted number of ordinary shares of 539,131,199 after taking into consideration of 1 for 5 bonus issue.

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 reported revenue of \$650 million for the financial year ended 31 December 2006, a decline of 4.5% compared to 2005.

Revenue from Industrial Shipping rose 2.1% to \$53.9 million as the Group took delivery of four new vessels for the transportation of chemicals and coal.

This revenue improvement was partially eroded by a decline in container shipping revenue in line with lower market freight rates as the supply of container ships in the industry outpaced demand. The challenging operating environment follows two exceptionally good years in FY2004 and FY2005 when demand was stronger than supply.

Container shipping volume rose 8.2% to 1.43 million teus on the back of an increase in inter-island container shipping business in Indonesia.

Cost of services increased 5.1% to \$600.7 million in line with the increase in container shipping volume, and also due to an increase in bunker prices.

Profit after tax for the year was \$16.1 million, compared to \$83.3 million in FY2005. In addition to the negative effect of lower revenue and increased cost of services, the Group also suffered a \$10.4 million foreign exchange loss due to the appreciation of the Singapore dollar against the US dollar. Excluding the foreign exchange impact, profit after tax would have been \$26.5 million.

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.**

Industry demand growth for container space is expected to lag the growth in new vessel deliveries in the current year, leading to continued pressure on container freight rates. However, the Group is expected to benefit from lower charter-in rates in view of the higher number of vessel delivery.

Bunker prices are expected to remain volatile, and the Group will, as before, seek to manage the impact of this volatility through the implementation of fuel surcharges.

In line with the Group's practice of restructuring its non-profitable routes, the Group made a decision to reduce its exposure to its services to/from China, volume from which experience continued intense pressure on freight rates. In this regard, it has discontinued its China-India-Middle East Express service in December 2006 and reduced the number of ships deployed on its China-India service from three to one, in October 2006. As a result, container shipping volume to/from China is expected to decrease in 2007 compared to 2006. However, this restructuring is expected to give a positive impact to the Group's results in 2007 as volume with negative contribution is reduced. At the same time, the introduction of the West/South Africa service in 2006, together with plans to introduce additional services in both existing networks and new areas should help mitigate the decline.

Two chemical tankers, Sinar Busan and Sinar Agra, were delivered to the Group on three and two-year time-charter periods respectively in 2H2006. These vessels are expected to have a full-year impact on the Group's Industrial Shipping business in FY2007 positively.

As announced on 30 June 2006, the Group invested in a liquefied natural gas (LNG) vessel with a 25% stake. The 145,700 CBM vessel, which is currently under construction, will be transporting liquefied natural gas from Berau/Bintuni Bay, Papua province, Indonesia to South Korea and North America under a 20-year time charter contract. The vessel is scheduled to be delivered by the end of FY2008, and hence this project is expected to start contributing to the Group by the beginning of FY2009. The Group has paid most of the capital investment in this project.

The Group has available fund for potential investment and is exploring opportunities to invest in the Industrial Shipping and Container Shipping.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Amount per share (in cents)	1.00 cents
Tax Rate	Tax Exempt

(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)	2.94 cents	0.86 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	
	2006	2005
	S\$'000	S\$'000
Indonesia	244,161	243,966
South East Asia (excluding Indonesia)	178,161	155,213
Middle East and Indian Sub-continent	93,318	115,746
Far East (including China and Hong Kong)	42,354	71,861
Others #	38,176	40,809
Total turnover for Container Shipping, Logistics and Others	596,170	627,595

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.

Decrease in turnover in the Far East, Middle East and Indian Sub-continent regions is mainly due to reduction in exposure for China-India service in October 2006 as well as termination of China-Middle East service in December 2006.

Growth in South East Asia is contributed by the additional vessel in Singapore - Malaysia service as well as additional calls in Vietnam services.

15. A breakdown of sales.

	The Group		
	2006	2005	+ / (-)
	S\$'000	S\$'000	%
Sales reported for first half year	341,489	329,071	3.8
Operating profit after tax before minority interests reported for first half year	10,444	44,724	(76.6)
Sales reported for second half year	308,551	351,309	(12.2)
Operating profit after tax before minority interests reported for second half year	5,671	38,579	(85.3)

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

	2006	2005
	S\$'000	S\$'000
Ordinary	5,391	20,487
Preference	-	-
Total	5,391	20,487

17. Interested Person Transactions

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	FY 2006 S\$'000	FY 2005 S\$'000
<u>PT. Samudera Indonesia Tbk</u>		
Provision of services - Agency Commission	4,665	4,354
Provision of services - Management Fee	870	822
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	965	932
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)		
	FY 2006 S\$'000	FY 2005 S\$'000
<u>PT. Panurjwan</u>		
Provision of services - Building rental	37	-
Provision of services - Charter hire	1,471	-
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Depot storage / Repair	273	-
<u>PT. Prima Nur Panurjwan</u>		
Provision of services - Stevedorage	3,828	-

BY ORDER OF THE BOARD

ANWARSYAH
Executive Director

Dated this 1 March 2007