

# SAMUDERA SHIPPING LINE LTD

(Company Registration: 199308462C)

## SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 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 30 June 2005.

	The Group		
	2Q 2005	2Q 2004	+ / (-)
	S\$'000	S\$'000	%
Turnover	173,434	136,089	27.4
Cost of services	(145,398)	(124,779)	16.5
<b>Gross Profit</b>	<b>28,036</b>	<b>11,310</b>	n.m.
Marketing expenses	(3,416)	(2,722)	25.5
Administrative expenses	(2,890)	(2,804)	3.1
Other operating income	84	3	n.m.
Other operating expenses	(92)	(167)	(44.9)
<b>Profit from operations</b>	<b>21,722</b>	<b>5,620</b>	n.m.
Finance income, net	1,880	93	n.m.
<b>Operating profit</b>	<b>23,602</b>	<b>5,713</b>	n.m.
Share of results of associated company	(94)	207	n.m.
<b>Profit before tax</b>	<b>23,508</b>	<b>5,920</b>	n.m.
Tax	(212)	(202)	5.0
<b>Profit after tax</b>	<b>23,296</b>	<b>5,718</b>	n.m.
<b>Attributable to:</b>			
Equity holders of the Company	23,173	5,637	n.m.
Minority interests	123	81	51.9
	<b>23,296</b>	<b>5,718</b>	n.m.

n.m. = not meaningful

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

	The Group		
	2Q 2005	2Q 2004	+ / (-)
	S\$'000	S\$'000	%
(A) Other operating income including interest income	687	285	n.m.
(B) Interest on borrowings	(732)	(755)	(3.0)
(C) Depreciation and amortisation	(4,152)	(4,055)	2.4
(D) Provision of doubtful trade debts	(123)	(72)	70.8
(E) Write back of doubtful trade debts	105	-	n.m.
(F) Impairment of investment securities	(315)	-	n.m.
(G) Foreign exchange gain	2,010	566	n.m.
(H) Loss on disposal of investment securities	-	(16)	(100.0)

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	
	30 Jun 05 S\$'000	31 Dec 04 S\$'000	30 Jun 05 S\$'000	31 Dec 04 S\$'000
<b>Capital and reserves attributable to equity holders of the Company</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	2,305	(225)	-	-
Other reserves	(1,056)	-	-	-
Accumulated profits	175,907	144,263	134,094	107,026
	<u>277,127</u>	<u>244,009</u>	<u>233,798</u>	<u>206,730</u>
<b>Minority interests</b>	1,974	1,862	-	-
<b>Total equity</b>	<b>279,101</b>	<b>245,871</b>	<b>233,798</b>	<b>206,730</b>
<b>Non-current assets</b>				
Subsidiaries	-	-	75,753	75,717
Associated company	739	853	283	283
Fixed assets	146,642	141,058	1,401	1,538
Deferred charges	5,135	6,261	-	-
Other non-current assets	-	41	-	36
	<u>152,516</u>	<u>148,213</u>	<u>77,437</u>	<u>77,574</u>
<b>Current assets</b>				
Stocks	2,637	2,281	-	-
Trade debtors	94,446	88,170	87,728	78,581
Other debtors, deposits and prepayments	21,001	31,822	15,240	12,993
Due from subsidiaries (trade)	-	-	3,281	1,593
Due from subsidiaries (non-trade)	-	-	13,098	10,043
Due from related companies (trade)	1,276	176	751	-
Investment securities	26,534	19,960	26,534	19,960
Call and fixed deposits	47,239	25,768	40,280	23,375
Cash and bank balances	42,561	46,700	26,967	37,210
	<u>235,694</u>	<u>214,877</u>	<u>213,879</u>	<u>183,755</u>
<b>Current liabilities</b>				
Trade creditors	36,052	31,354	31,800	26,229
Other creditors and accruals	25,557	24,972	16,255	18,271
Due to related companies (trade)	1,567	2,664	-	387
Due to minority shareholders of a subsidiary (non-trade)	-	61	-	-
Hire purchase creditors, current portion	99	126	38	63
Bank term loans (secured), current portion	10,269	12,984	878	986
Provision for tax	771	922	302	291
	<u>74,315</u>	<u>73,083</u>	<u>49,273</u>	<u>46,227</u>
<b>Net current assets</b>	<b>161,379</b>	<b>141,794</b>	<b>164,606</b>	<b>137,528</b>
<b>Non-current liabilities</b>				
Due to subsidiary (non-trade)	-	-	8,144	8,143
Hire purchase creditors, non-current portion	262	373	101	229
Bank term loans (secured), non-current portion	34,532	43,763	-	-
<b>Net assets</b>	<b>279,101</b>	<b>245,871</b>	<b>233,798</b>	<b>206,730</b>

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

	<b>As at 30 Jun 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	10.37	-	13.11	-
Amount repayable after one year	34.79	-	44.14	-
	<u>45.16</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 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

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>Q2 2005</b>	<b>Q2 2004</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	23,508	5,920
Adjustments:		
Amortisation of deferred charges	1,510	1,233
Depreciation of fixed assets	2,642	2,822
Fixed assets written off	155	-
Provision for doubtful trade debts	123	72
Impairment of investment securities	315	-
Write back of doubtful trade debts	(105)	-
Club membership written off	41	-
Loss on disposal of investment securities	-	16
Interest expenses	732	755
Interest income	(603)	(282)
Share of results of associated company	94	(207)
Unrealised (gain) loss on investment securities	(84)	150
Operating profit before working capital changes	<u>28,328</u>	<u>10,479</u>
(Increase) decrease in:		
Stocks	(162)	(400)
Trade debtors	1,766	(6,065)
Other debtors, deposits and prepayments	1,914	1,274
Due from immediate holding company	-	(440)
Due from related companies	(174)	281
Due from associated company	-	(147)
Increase (decrease) in:		
Trade creditors	5,223	(2,885)
Other creditors and accruals	214	7,430
Due to related companies, net	(512)	104
Due to immediate holding company	-	(938)
Due to minority shareholders of a subsidiary	(61)	-
Cash generated from operations	<u>36,536</u>	<u>8,693</u>
Interest paid	(732)	(755)
Income tax paid	(212)	(354)
<b>Net cash generated from operating activities</b>	<u>35,592</u>	<u>7,584</u>
<b>Cash flows from investing activities</b>		
Interest income received	603	282
Acquisition of fixed assets	(524)	(2,498)
Dividend received from associated company	123	-
Additions to deferred charges	(1,144)	(2,904)
Purchase of investment securities	(1,243)	(4,367)
Proceeds from disposal of investment securities	2,470	1,732
<b>Net cash generated from (used in) investing activities</b>	<u>285</u>	<u>(7,755)</u>
<b>Cash flows from financing activities</b>		
Repayment of hire purchase liabilities	(34)	(29)
Proceeds from bank term loans	-	1,884
Repayment of bank term loans	(5,566)	(3,059)
Dividend paid	(12,815)	(2,288)
Dividend paid to a minority shareholder	(168)	-
<b>Net cash used in financing activities</b>	<u>(18,583)</u>	<u>(3,492)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17,294</b>	<b>(3,663)</b>
Effect of exchange rate changes on cash and cash equivalents	(258)	7
Cash and cash equivalents at the beginning of the period	<u>72,765*</u>	<u>47,077</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>89,801</b></u>	<u><b>43,421</b></u>

Note:

\* Notes amounted to \$4.9 million included in the cash and cash equivalents in Q1 2005 have been re-classified to investment securities

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 30 June

	Share Capital	Share Premium	Share Redemption Reserve	Capital Reserve	Translation Reserve	Other Reserves	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 Apr 2005	45,768	53,432	504	267	448	(872)	165,570	1,994	267,111
Currency translation	-	-	-	-	1,857	-	-	25	1,882
Dividend paid	-	-	-	-	-	-	(12,815)	(168)	(12,983)
Legal reserve	-	-	-	-	-	21	(21)	-	-
Net profit for the period	-	-	-	-	-	-	23,173	123	23,296
Net unrealised loss on revaluation of cash flow hedges	-	-	-	-	-	(205)	-	-	(205)
<b>Balance as at 30 Jun 2005</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>267</b>	<b>2,305</b>	<b>(1,056)</b>	<b>175,907</b>	<b>1,974</b>	<b>279,101</b>
Balance as at 1 Apr 2004	45,768	53,432	504	267	3,065	-	97,102	1,430	201,568
Currency translation	-	-	-	-	1,099	-	-	120	1,219
Dividend paid	-	-	-	-	-	-	(2,288)	-	(2,288)
Net profit for the period	-	-	-	-	-	-	5,637	81	5,718
<b>Balance as at 30 Jun 2004</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>267</b>	<b>4,164</b>	<b>-</b>	<b>100,451</b>	<b>1,631</b>	<b>206,217</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 Apr 2005	45,768	53,432	504	125,759	225,463
Net profit for the period	-	-	-	21,150	21,150
Dividend paid	-	-	-	(12,815)	(12,815)
<b>Balance as at 30 Jun 2005</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>134,094</b>	<b>233,798</b>
Balance as at 1 Apr 2004	45,768	53,432	504	66,513	166,217
Net profit for the period	-	-	-	3,009	3,009
Dividend paid	-	-	-	(2,288)	(2,288)
<b>Balance as at 30 Jun 2004</b>	<b>45,768</b>	<b>53,432</b>	<b>504</b>	<b>67,234</b>	<b>166,938</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 three months ended 30 June 2005, there was no change in the Company's share capital (2004: 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.

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 of 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. 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.**

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	
2Q 2005	2Q 2004
5.06 cents	1.23 cents
5.06 cents	1.23 cents

**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 period

Group		Company	
30 Jun 2005	31 Dec 2004	30 Jun 2005	31 Dec 2004
60.55 cents	53.31 cents	51.08 cents	45.17 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.**

The Group's revenue increased by 27.4% to S\$173.4 million in Q2 2005 compared to the same period in 2004 as a result of improved freight rates, sub-let of container vessels, implementation of additional fuel surcharges and increase in container volume. The addition of Sinar Tokyo, a chemical tanker, in September 2004, also contributed to the increase in revenue.

The Group's cost of services rose by 16.5% compared to Q2 2004. The high fuel price, charter hire and stevedoring rates are the main factors that contributed to the increase in the cost of services.

In Q2 2005, the Group recorded a foreign exchange gain of S\$2 million from appreciation of US Dollar against Singapore Dollar.

As the result of the above revenue and cost factors, the Group's profit after tax for Q2 2005 increased by S\$17.6 million to S\$23.3 million, as compared to Q2 2004.

During the second quarter of 2005, the Company paid dividend amounting to \$12.8 million for the financial year ended 2004 as compared to \$2.3 million for the previous financial year.

**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.**

Charter hire rates are still at a high level and the market price of the fuel oil remains uncertain. The Group believes that the market demand for container shipping remains strong in the 2nd half of the year.

In mid of July 2005, some Indonesian ports have imposed value-added tax (VAT) on port charges and stevedorages. Subsequently to the imposition of VAT, feeder operators have announced an increase in Indonesia Port Surcharges effective 1st August 2005 in order to recover the additional cost incurred. Other ports in Indonesia may impose VAT as well.

In Q2 2005, the Group entered into a 5-year long-term charter contract for a new build container vessel on top of three vessels contracted and announced earlier. The four new build container vessels will be delivered in stages between 2007 and 2008 where these contracted charter hire rates are significantly lower than the current spot market rates. In addition, the Group has taken delivery of a new build container vessel in June 2005, under a 5-year long-term charter contract with considerably lower charter hire rate compared with the current spot market rate. The vessel is now serving Thailand - India trade.

The Group has recently announced the signing of a 20-year long-term time charter contract with BP Berau Limited to support the export of liquefied natural gas (LNG) from Tangguh liquefaction plant site near Berau/Bintuni Bay, Papua Province, Indonesia to Gwangyang, South Korea and Costa Azul, Baja California in North America. The contract for two vessels was awarded to a consortium consisting of NYK, Sovcomflot and the Group, in which the participation of the Group is 25% ownership of one ship. The ship will be built by Daewoo Shipbuilding & Marine Engineering Co. Ltd., and the time charter is expected to commence in the 4th quarter of 2008. This marks the Group's entry into the LNG industry.

In July 2005, the Group sold MT Sinar Perak, a chemical tanker vessel of 2235 Dwt. The Group is in process of disposing two more chemical tanker vessels during the second half of this year. The proceeds from these disposals will be invested in other projects which are expected to give better yield.

As announced in Q1 2005, the Group is expecting the delivery of four new deck ships in stages during 4th quarter 2005 and 1st half 2006. These are intended to serve the domestic trades within Indonesian region.

The Management remains committed to cost efficient operation and shall continue to explore such possibilities across all areas of operation. The Group is constantly looking out for opportunities in opening new routes of regional container shipping both within its existing geographical focus as well as in new areas. It is also exploring to secure additional industrial shipping projects.

**11. Dividend**

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

Any dividend declared for the current financial period reported on? None

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

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No interim dividend has been declared for the period ended 30 June 2005.

**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.**

Not applicable.

**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.**

Not applicable.

**15. A breakdown of sales.**

Not applicable.

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

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

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>2Q 2005 S\$'000</b>	<b>2Q 2004 S\$'000</b>
<b>Provision of services - Agency Commission</b>		
PT. Samudera Indonesia Tbk	1,108	1,038
<b>Provision of services - Management Fee</b>		
PT. Samudera Indonesia Tbk	210	186
<b>Provision of services - Ship Management Fees</b>		
PT. Samudera Indonesia Ship Management	238	285
<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>2Q 2005 S\$'000</b>	<b>2Q 2004 S\$'000</b>

nil

BY ORDER OF THE BOARD

ANWARSYAH  
Executive Director

Dated this 28 July 2005