

SAMUDERA SHIPPING LINE LTD

(Company Registration: 199308462C)

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 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 30 June 2006.

	The Group		
	Q2 2006 S\$'000	Q2 2005 S\$'000	+ / (-) %
Turnover	168,772	173,434	(2.7)
Cost of services	(156,584)	(145,398)	7.7
Gross Profit	12,188	28,036	(56.5)
Other operating income	263	84	n.m.
Marketing expenses	(2,679)	(3,416)	(21.6)
Administrative expenses	(2,534)	(2,890)	(12.3)
Other operating expenses	(492)	(92)	n.m.
Profit from operations	6,746	21,722	(68.9)
Finance (expenses) income, net	(2,437)	1,880	n.m.
Operating profit	4,309	23,602	(81.7)
Share of results of associated company	40	(94)	n.m.
Profit before tax	4,349	23,508	(81.5)
Tax	(695)	(212)	n.m.
Profit after tax	3,654	23,296	(84.3)
Attributable to:			
Equity holders of the Company	3,510	23,173	(84.9)
Minority interests	144	123	17.1
Net profit attributable to shareholders	3,654	23,296	(84.3)

n.m. = not meaningful

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

	The Group		
	Q2 2006 S\$'000	Q2 2005 S\$'000	+ / (-) %
(A) Finance (expenses) income, net			
- Interest income	1,252	602	n.m.
- Interest on borrowings	(606)	(732)	(17.2)
- Foreign exchange (loss) gain	(3,083)	2,010	n.m.
	<u>(2,437)</u>	<u>1,880</u>	
(B) Depreciation and amortisation ^(Note)	(3,658)	(4,152)	(11.9)
(C) Write back / (Provision) of doubtful trade debts	475	(18)	n.m.

Note:

Fixed assets at the end of Q2 2006 increased over that at the end of 2005. While the depreciation and amortisation in Q2 2006 decreased over the same period last year. This is due to divestment of vessels in second half of 2005, while the additional vessels were not there for the entire duration of Q2 2006, as the vessels were delivered in stages during Q2 2006.

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 06 S\$'000	31 Dec 05 S\$'000	30 Jun 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	(3,493)	1,571	-	-
Other reserves	(69)	(477)	-	-
Accumulated profits	199,875	209,325	147,569	160,905
	<u>296,284</u>	<u>310,390</u>	<u>247,273</u>	<u>260,609</u>
Minority interests	2,151	2,179	-	-
Total equity	298,435	312,569	247,273	260,609
Non-current assets				
Subsidiaries	-	-	81,328	75,753
Associated companies	18,230	853	17,853	283
Fixed assets	151,054	137,723	1,226	1,469
Deferred charges	6,733	4,431	-	-
Deferred taxation	536	496	-	-
	<u>176,553</u>	<u>143,503</u>	<u>100,407</u>	<u>77,505</u>
Current assets				
Stocks	2,614	2,304	-	-
Trade debtors	88,567	89,043	74,234	79,444
Other debtors, deposits and prepayments	28,080	21,510	14,637	15,689
Due from subsidiaries (trade)	-	-	7,171	5,675
Due from subsidiaries (non-trade)	-	-	4,280	13,004
Due from related companies (trade)	53	687	-	455
Investment securities	16,042	24,051	16,042	24,051
Call and fixed deposits	74,199	93,086	68,543	86,371
Cash and bank balances	23,081	57,577	11,609	21,807
	<u>232,636</u>	<u>288,258</u>	<u>196,516</u>	<u>246,496</u>
Current liabilities				
Trade creditors	38,217	39,351	31,423	35,975
Other creditors and accruals	19,073	27,219	8,680	18,539
Due to subsidiaries (trade)	-	-	-	8
Due to immediate holding company	467	-	467	-
Due to related companies (trade)	2,055	1,198	-	-
Hire purchase creditors, current portion	69	105	34	35
Bank term loans (secured), current portion	6,851	7,903	-	-
Provision for tax	1,982	1,707	765	560
	<u>68,714</u>	<u>77,483</u>	<u>41,369</u>	<u>55,117</u>
Net current assets	163,922	210,775	155,147	191,379
Non-current liabilities				
Due to subsidiary (non-trade)	-	-	8,141	8,145
Hire purchase creditors, non-current portion	208	229	140	130
Bank term loans (secured), non-current portion	41,832	41,480	-	-
Net assets	298,435	312,569	247,273	260,609

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

	As at 30 Jun 2006		As at 31 Dec 2005	
	Secured S\$ mil	Unsecured S\$ mil	Secured S\$ mil	Unsecured S\$ mil
Amount repayable in one year or less, or on demand	6.92	-	8.01	-
Amount repayable after one year	42.04	-	41.71	-
	<u>48.96</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's immediate holding Company, PT Samudera Indonesia Tbk.
- > 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

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

	Q2 2006 S\$'000	Q2 2005 S\$'000
Cash flows from operating activities		
Profit before tax	4,349	23,508
Adjustments:		
Amortisation of deferred charges	1,250	1,510
Depreciation of fixed assets	2,408	2,642
Fixed assets written off	-	155
Provision for doubtful trade debts	61	123
Write back of doubtful trade debts	(536)	(105)
Impairment of investment securities	-	315
Club membership written off	-	41
Gain on disposal of fixed assets	(15)	-
Gain on disposal of investment securities	(216)	-
Interest expenses	606	732
Interest income	(1,252)	(602)
Share of results of associated company	(40)	94
Unrealised loss (gain) on investment securities	224	(84)
Operating profit before working capital changes	<u>6,839</u>	<u>28,329</u>
(Increase) decrease in:		
Stocks	(112)	(162)
Trade debtors	(1,054)	1,766
Other debtors, deposits and prepayments	(3,295)	1,914
Due from related companies	1,918	(174)
Increase (decrease) in:		
Trade creditors	1,999	5,223
Other creditors and accruals	(7,188)	214
Due to immediate holding company	467	-
Due to related companies	512	(512)
Due to minority shareholders of a subsidiary	-	(61)
Cash generated from operations	<u>86</u>	<u>36,537</u>
Interest paid	(606)	(732)
Income tax paid	(93)	(212)
Net cash (used in) generated from operating activities	<u>(613)</u>	<u>35,593</u>
Cash flows from investing activities		
Interest income received	1,252	602
Acquisition of fixed assets	(18,076)	(524)
Dividend received from associated company	243	123
Proceeds from disposal of fixed assets	36	-
Additions to deferred charges	(2,457)	(1,144)
Additional investment in associate	(17,570)	-
Purchase of investment securities	-	(1,243)
Proceeds from disposal of investment securities	3,416	2,470
Net cash (used in) generated from investing activities	<u>(33,156)</u>	<u>284</u>
Cash flows from financing activities		
Repayment of hire purchase liabilities	(61)	(34)
Proceeds from bank term loans	6,794	-
Repayment of bank term loans	(1,712)	(5,566)
Dividend paid	(19,560)	(12,815)
Dividend paid to minority shareholders	(374)	(168)
Net cash used in financing activities	<u>(14,913)</u>	<u>(18,583)</u>
Net (decrease) increase in cash and cash equivalents	(48,682)	17,294
Effect of exchange rate changes on cash and cash equivalents	(3)	(258)
Cash and cash equivalents at the beginning of the period	<u>145,965</u>	<u>72,765</u>
Cash and cash equivalents at the end of the period	<u>97,280</u>	<u>89,801</u>

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 S\$'000	Share Premium S\$'000	Share Redemption Reserve S\$'000	Capital Reserve S\$'000	Translation Reserve S\$'000	Other Reserves S\$'000	Accumulated Profits S\$'000	Minority Interests S\$'000	Total Equity S\$'000
GROUP									
Balance as at 1 Apr 2006	99,704	-	-	267	(1,956)	(219)	215,925	2,398	316,119
Currency translation	-	-	-	-	(1,537)	3	-	(17)	(1,551)
Dividend paid	-	-	-	-	-	-	(19,560)	(374)	(19,934)
Net profit for the period	-	-	-	-	-	-	3,510	144	3,654
Net unrealised gains on revaluation of cash flow hedges	-	-	-	-	-	147	-	-	147
Balance as at 30 Jun 2006	99,704	-	-	267	(3,493)	(69)	199,875	2,151	298,435
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
Legal reserve	-	-	-	-	-	21	(21)	-	-
Dividend paid	-	-	-	-	-	-	(12,815)	(168)	(12,983)
Net profit for the period	-	-	-	-	-	-	23,173	123	23,296
Net unrealised gains on revaluation of cash flow hedges	-	-	-	-	-	(205)	-	-	(205)
Balance as at 30 Jun 2005	45,768	53,432	504	267	2,305	(1,056)	175,907	1,974	279,101

	Share Capital S\$'000	Share Premium S\$'000	Share Redemption Reserve S\$'000	Accumulated Profits S\$'000	Total Equity S\$'000
COMPANY					
Balance as at 1 Apr 2006	99,704	-	-	164,950	264,654
Dividend paid	-	-	-	(19,560)	(19,560)
Net profit for the period	-	-	-	2,179	2,179
Balance as at 30 Jun 2006	99,704	-	-	147,569	247,273
Balance as at 1 Apr 2005	45,768	53,432	504	125,759	225,463
Dividend paid	-	-	-	(12,815)	(12,815)
Net profit for the period	-	-	-	21,150	21,150
Balance as at 30 Jun 2005	45,768	53,432	504	134,094	233,798

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 2006, there was no change in the Company's share capital.

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 number of ordinary shares in issue*
- (ii) On a fully diluted basis

Group Figures	
Q2 2006	Q2 2005
0.65 cents	4.22 cents
0.65 cents	4.22 cents

* For purposes of comparison, earnings per share for the quarter ended 30 Jun 2005 is calculated based on the adjusted number of ordinary shares of 549,210,000 after taking into consideration of 1 for 5 bonus issue. Earnings per share for the quarter ended 30 Jun 2006 is calculated based on the number of issued ordinary shares of 539,131,199.

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

Group		Company	
30 Jun 06	31 Dec 05	30 Jun 06	31 Dec 05
54.96 cents	57.57 cents	45.87 cents	48.34 cents

For purposes of comparison, 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.

Net asset value per ordinary share as at 30 Jun 2006 is calculated based on the number of issued ordinary shares of 539,131,199.

**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's container volume in Q2 2006 increased by 3.2% to 345,279 teus over the volume in the same period last year.

Despite the increase in volume, the Group's revenue decreased by 2.7% to \$168.8 million as compared to Q2 2005. This is mainly caused by the decrease in freight rates in container shipping business driven by additional supply of container ships in the market. The decrease in revenue, however, is partially mitigated by the contribution of revenue from inter-island container shipping in Indonesia and higher revenue generated by subsidiaries in India and Middle East.

The price of bunker, one of the Group's major costs of service, remained high in Q2 2006. The fuel surcharges imposed by the Group could only recover part of the increase in bunker cost. As a result, the Group's costs of service increased by 7.7% to \$156.6 million as compared to Q2 2005.

Due to the factors above, the Group's profit from operations dropped by 68.9% to \$6.7 million from the same period last year.

The Group's performance is further affected by the depreciation of US Dollars against Singapore Dollars which resulted in a foreign exchange loss of \$3.1 million as compared to \$2.0 million foreign exchange gain reported in Q2 2005.

The Group's profit after tax for Q2 2006 decreased by 84.3% from \$23.3 million reported in the same period last year to \$3.7 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.

Under the Regional Container Shipping business, the Group expects that the freight rates will remain competitive and bunker prices will remain high throughout the year.

The Group will continue to explore ways to remain cost competitive by improving the efficiency of service operation, enhancement of existing services, and reviewing the continuity of unprofitable services.

The inter-island container shipping business in Indonesia has contributed positively to the Group since it was launched in January 2006, and is expected to continue its positive contribution throughout the year. The Group is committed to grow its inter-island shipping business in Indonesia by increasing the number of vessels and vessel capacity deployed. As previously announced, two container deck ships, Sinar Jambi and Sinar Demak, were delivered in Q2 2006. In addition, two container deck ships are expected to be delivered in the second half of this year.

The Group is also expanding its Industrial Shipping business. Sinar Tuban, a coal deck ship which was delivered in May 2006, is deployed by the Group, to meet the demand of coal transportation in Indonesia. Another coal deck ship is expected to be delivered in the second half of this year.

The Group also took delivery of a chemical tanker, Sinar Busan, which will be under 3-year time charter contract. In addition, another chemical tanker is expected to be delivered in November 2006 to fulfil a 2-year time charter contract.

The addition of these vessels in the Industrial Shipping Business is expected to contribute positively to the Group in second half of this year.

As announced on 30 June 2006 (Announcement no. 00117), the Group invested a 25% stake in LNG East-West Shipping Company (Singapore) Pte Limited, a company incorporated in Singapore. The company will be providing the transportation of liquified natural gas from Berau/Bintuni Bay, Papua Province, Indonesia to South Korea and North America under a 20-year time charter contract. This investment is projected to start contributing to the Group by year 2009.

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 fir 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 2006.

**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	-	-

PART III - OTHER ADDITIONAL INFORMATION

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)	Q2 2006 S\$'000	Q2 2005 S\$'000
---	--------------------	--------------------

PT. Samudera Indonesia Tbk

Provision of services - Agency Commission	1,156	1,108
Provision of services - Management Fee	220	210

PT. Samudera Indonesia Ship Management

Provision of services - Ship Management Fees	236	238
--	-----	-----

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)	Q2 2006 S\$'000	Q2 2005 S\$'000
---	--------------------	--------------------

PT. Panurjwan

Provision of services - Building rental	10	-
Provision of services - Charter hire	357	-

PT. Masaji Tatanan Container

Provision of services - Depot storage / Repair	67	-
--	----	---

PT. Prima Nur Panurjwan

Provision of services - Stevedorage	988	-
-------------------------------------	-----	---

BY ORDER OF THE BOARD

ANWARSYAH
Executive Director

Dated this 28 July 2006