

SAMUDERA SHIPPING LINE LTD
(Company Registration: 199308462C)

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2005.

	The Group		
	3Q 2005	3Q 2004	+ / (-)
	S\$'000	S\$'000	%
Turnover	176,205	165,403	6.5
Cost of services	(150,183)	(134,333)	11.8
Gross Profit	26,022	31,070	(16.2)
Other operating income*	1,373	218	n.m.
Marketing expenses	(4,057)	(3,701)	9.6
Administrative expenses	(3,211)	(3,154)	1.8
Other operating expenses	(30)	(63)	(52.4)
Profit from operations	20,097	24,370	(17.5)
Finance income (expenses), net	765	(967)	n.m.
Operating profit	20,862	23,403	(10.9)
Share of results of associated company	194	228	(14.9)
Profit before tax	21,056	23,631	(10.9)
Tax	(460)	(261)	76.2
Profit after tax	20,596	23,370	(11.9)
Attributable to:			
Equity holders of the Company	20,479	23,175	(11.6)
Minority interests	117	195	(40.0)
	20,596	23,370	(11.9)

* Included in other operating income is the gain on sales of vessels amounting to \$1.3 million

n.m. = not meaningful

1 a)(ii) Notes to the Income Statements

	The Group		
	3Q 2005	3Q 2004	+ / (-)
	S\$'000	S\$'000	%
(A) Interest income	634	124	n.m.
(B) Interest on borrowings	(670)	(765)	(12.4)
(C) Depreciation and amortisation	(3,887)	(4,367)	(11.0)
(D) Provision for doubtful trade debts	(205)	(35)	n.m.
(E) Impairment of investment securities	(314)	-	n.m.
(F) Foreign exchange gain (loss)	801	(326)	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	
	30 Sept 05 S\$'000	31 Dec 04 S\$'000	30 Sept 05 S\$'000	31 Dec 04 S\$'000
Capital and reserves attributable to equity holders of the Company				
Share capital (ordinary share @ \$0.10 each)	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	3,224	(225)	-	-
Other reserves**	(672)	-	-	-
Accumulated profits	191,443	144,263	145,134	107,026
	<u>293,966</u>	<u>244,009</u>	<u>244,838</u>	<u>206,730</u>
Minority interests	2,107	1,862	-	-
Total equity	296,073	245,871	244,838	206,730
Non-current assets				
Subsidiaries	-	-	75,753	75,717
Associated company	826	853	283	283
Fixed assets	135,331	141,058	1,332	1,538
Deferred charges	4,086	6,261	-	-
Other non-current assets	-	41	-	36
	<u>140,243</u>	<u>148,213</u>	<u>77,368</u>	<u>77,574</u>
Current assets				
Stocks	2,045	2,281	-	-
Trade debtors	89,137	88,170	78,896	78,581
Other debtors, deposits and prepayments	16,773	31,822	12,976	12,993
Due from subsidiaries (trade)	-	-	5,571	1,593
Due from subsidiaries (non-trade)	-	-	12,892	10,043
Due from related companies (trade)	-	176	-	-
Due from immediate holding company (trade)	3,388	-	3,027	-
Investment securities	24,754	19,960	24,754	19,960
Call and fixed deposits	77,625	25,768	70,311	23,375
Cash and bank balances	47,700	46,700	18,645	37,210
	<u>261,422</u>	<u>214,877</u>	<u>227,072</u>	<u>183,755</u>
Current liabilities				
Trade creditors	35,581	31,354	32,254	26,229
Other creditors and accruals	26,382	24,972	18,611	18,271
Due to related companies (trade)	1,564	2,664	-	387
Due to minority shareholders of a subsidiary (non-trade)	-	61	-	-
Hire purchase creditors, current portion	75	126	35	63
Bank term loans (secured), current portion	7,913	12,984	-	986
Provision for tax	1,047	922	419	291
	<u>72,562</u>	<u>73,083</u>	<u>51,319</u>	<u>46,227</u>
Net current assets	188,860	141,794	175,753	137,528
Non-current liabilities				
Due to subsidiary (non-trade)	-	-	8,145	8,143
Hire purchase creditors, non-current portion	292	373	138	229
Bank term loans (secured), non-current portion	32,738	43,763	-	-
Net assets	296,073	245,871	244,838	206,730

** 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

	As at 30 Sept 2005		As at 31 Dec 2004	
	Secured S\$ million	Unsecured S\$ million	Secured S\$ million	Unsecured S\$ million
Amount repayable in one year or less, or on demand	7.99	-	13.11	-
Amount repayable after one year	33.03	-	44.14	-
	<u>41.02</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.

	Q3 2005	Q3 2004
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	21,056	23,631
Adjustments:		
Amortisation of deferred charges	1,154	1,449
Depreciation of fixed assets	2,733	2,918
Gain on disposal of fixed assets	(1,347)	(27)
Provision for doubtful trade debts	205	35
Impairment of investment securities	314	-
Loss on disposal of investment securities	23	-
Interest expenses	670	765
Interest income	(634)	(124)
Share of results of associated company	(194)	(228)
Unrealised gain on investment securities	(7)	(114)
Operating profit before working capital changes	23,973	28,305
(Increase) decrease in:		
Stocks	148	9
Trade debtors	5,104	(18,504)
Other debtors, deposits and prepayments	4,228	(1,756)
Due from immediate holding company	(2,112)	(413)
Increase (decrease) in:		
Trade creditors	(471)	2,313
Other creditors and accruals	1,250	5,973
Due to related companies, net	(3)	(188)
Cash generated from operations	32,117	15,739
Interest paid	(670)	(765)
Income tax paid	(122)	(98)
Net cash generated from operating activities	31,325	14,876
Cash flows from investing activities		
Interest income received	634	124
Acquisition of fixed assets	(2,879)	(9,524)
Proceeds from disposal of fixed assets	14,874	53
Additions to deferred charges	(851)	(573)
Purchase of investment securities	-	(5,362)
Proceeds from disposal of investment securities	1,677	-
Net cash generated from (used in) investing activities	13,455	(15,282)
Cash flows from financing activities		
Repayment of hire purchase liabilities	(54)	(20)
Payment for share buyback	(4,943)	-
Proceeds from bank term loans	-	8,764
Repayment of bank term loans	(4,383)	(3,746)
Net cash (used in) generated from financing activities	(9,380)	4,998
Net increase in cash and cash equivalents	35,400	4,592
Effect of exchange rate changes on cash and cash equivalents	124	52
Cash and cash equivalents at the beginning of the period	89,801	43,420
Cash and cash equivalents at the end of the period	125,325	48,064

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 September

	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
GROUP									
Balance as at 1 Jul 2005	45,768	53,432	504	267	2,305	(1,056)	175,907	1,974	279,101
Share Buyback	(840)	-	840	-	-	-	(4,943)	-	(4,943)
Currency translation	-	-	-	-	919	-	-	16	935
Net profit for the period	-	-	-	-	-	-	20,479	117	20,596
Net unrealised loss on revaluation of cash flow hedges	-	-	-	-	-	384	-	-	384
Balance as at 30 Sept 2005	44,928	53,432	1,344	267	3,224	(672)	191,443	2,107	296,073
Balance as at 1 Jul 2004	45,768	53,432	504	267	4,164	-	100,451	1,631	206,217
Currency translation	-	-	-	-	(612)	-	-	(7)	(619)
Net profit for the period	-	-	-	-	-	-	23,175	195	23,370
Balance as at 30 Sept 2004	45,768	53,432	504	267	3,552	-	123,626	1,819	228,968

	Share Capital	Share Premium	Share Redemption Reserve	Accumulated Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
COMPANY					
Balance as at 1 Jul 2005	45,768	53,432	504	134,094	233,798
Share Buyback	(840)	-	840	(4,943)	(4,943)
Net profit for the period	-	-	-	15,983	15,983
Balance as at 30 Sept 2005	44,928	53,432	1,344	145,134	244,838
Balance as at 1 Jul 2004	45,768	53,432	504	67,234	166,938
Net profit for the period	-	-	-	20,533	20,533
Balance as at 30 Sept 2004	45,768	53,432	504	87,767	187,471

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 period ended 30 September 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 \$693,000 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.

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	
3Q 2005	3Q 2004
4.50 cents	5.06 cents
4.50 cents	5.06 cents

For purposes of comparison, earnings per ordinary share for the 3 months ended 30 September 2005 is calculated based on the number of weighted average ordinary shares of 454,595,380. Earnings per ordinary share for the 3 months ended 30 September 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 period

Group		Company	
30 Sept 2005	31 Dec 2004	30 Sept 2005	31 Dec 2004
65.43 cents	53.31 cents	54.50 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 30 September 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.**

The revenue of the Group increased by 6.5% compared to Q3 2004, from \$165.4 million to \$176.2 million in Q3 2005, due mainly to improved freight rates and sub-let of container vessels and increase in bunker and Indonesia Port surcharges.

However, the cost of services of the Group rose by 11.8% compared to Q3 2004 from \$134.3 million to \$150.2 million in Q3 2005. This is due mainly to higher bunker price and charter hire rates as well as increase in third party freight and stevedoring rates in certain ports as compared to the same quarter of previous year.

Other operating income increased from \$0.2 million in Q3 2004 to \$1.4 million in Q3 2005, mainly contributed by the disposal of two chemical tanker vessels, MT Sinar Perak and MT Sinar Dumai during the quarter, with a disposal gain of approximately \$1.3 million.

In Q3 2005, the Group recorded a foreign exchange gain of \$0.8 million from the appreciation of US Dollar against Singapore Dollar while in Q3 2004 the Group recorded a loss of \$0.3 million.

The Group's profit after tax for the quarter ended Q3 2005 is \$20.6 million compared to \$23.4 million in Q3 2004.

As at 30 Sept 2005, the Group recorded an amount due from immediate holding company of S\$3.4 million, being the net balance of freight and surcharges collected and expenses incurred by the immediate holding company on behalf of the Group. The immediate holding company is acting as a general agent of the Company for all ports in Indonesia.

The delay in settlement of outstanding is mainly due to the increase in port charges and stevedoring expenses as a result of increase in the port tariffs in major ports in Indonesia. However, the balance due from the immediate holding company has been settled subsequently in October 2005.

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 beginning to soften, thereby reducing Group's cost. However, freight rates are expected to become more competitive. Bunker price remains volatile and the Group will seek to manage this volatility through bunker surcharges from its customers.

Subsequent to the imposition of value-added tax (VAT) of 10% on stevedoring and port charges in Surabaya and Semarang, other Indonesian ports followed suit, thereby increasing the Group's cost of operation. The Company will seek to minimize the impact of these costs increase through higher appropriate surcharges.

Following the announcement by the Ministry of Transportation of Indonesia, stevedoring cost tariff will be reduced. However the reduction in cost will be offset by a drop in revenue through lower Terminal Handling Charges (THC). The Company recovers part of the stevedoring cost through THC from its customers.

As announced on 17 October 2005, the Group will launch a new dedicated containerized service named "China India Middle East Express" (CIX) Service that links the growing economies of India, Middle East and China via the ever important hub of Singapore. The service, commencing in November 2005, is a cooperation with partners, i.e. Yang Ming Marine Transport Corp. (YML) and Korea Marine Transport Co. Ltd. (KMTC). CIX service will be primarily COC (carrier owned container) based, which is in line with the Group's "Go Liner" strategy.

The Group will commence inter-island container shipping in Indonesia next year.

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 September 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

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	3Q 2005 S\$'000	3Q 2004 S\$'000
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Provision of services - Agency Commission

PT. Samudera Indonesia Tbk	1,034	1,202
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Provision of services - Management Fee

PT. Samudera Indonesia Tbk	215	186
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Provision of services - Ship Management Fees

PT. Samudera Indonesia Ship Management	235	260
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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)	3Q 2005 S\$'000	3Q 2004 S\$'000
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nil

BY ORDER OF THE BOARD

ANWARSYAH
Executive Director

Dated this 28 October 2005