

SAMUDERA SHIPPING LINE LTD
(Company Registration: 199308462C)

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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 2008.

	The Group		
	Q3 2008	Q3 2007	+ / (-)
	US\$'000	US\$'000	%
Turnover	124,428	98,042	26.9
Cost of services	(111,673)	(85,499)	30.6
Gross profit	12,755	12,543	1.7
Other operating income	249	227	9.7
Marketing expenses	(2,159)	(2,010)	7.4
Administrative expenses	(3,415)	(2,067)	65.2
Other operating expenses	(129)	(1,037)	(87.6)
Profit from operations	7,301	7,656	(4.6)
Finance income	326	541	(39.7)
Finance expense	(1,358)	(1,120)	21.3
Operating profit	6,269	7,077	(11.4)
Share of results of associated companies	114	46	147.8
Profit before tax	6,383	7,123	(10.4)
Tax	(376)	(264)	42.4
Profit after tax	6,007	6,859	(12.4)
Attributable to:			
Equity holders of the Company	5,728	6,718	(14.7)
Minority interests	279	141	97.9
	6,007	6,859	(12.4)

n.m. = not meaningful

1 a)(ii) Notes to the Income Statements

	The Group		
	Q3 2008	Q3 2007	+ / (-)
	US\$'000	US\$'000	%
(A) Depreciation	(3,864)	(2,846)	35.8
(B) Write back for doubtful trade debts	62	37	67.6
(C) Allowance for doubtful trade debts	(759)	(135)	n.m.
(D) Other operating income			
- Claim	138	89	55.1
- Unrealized gain on investment securities	-	106	(100.0)
- Rental Income	91	14	n.m.
- Other income	20	18	11.1
	249	227	9.7

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

- (E) Other operating expenses
- Unrealised loss on investment securities
 - Realised loss on investment securities
 - Foreign exchange loss
 - Other expenses

The Group		
Q3 2008	Q3 2007	+ / (-)
US\$'000	US\$'000	%
(98)	-	n.m.
(10)	-	n.m.
(14)	(1,023)	(98.6)
<u>(7)</u>	<u>(14)</u>	(50.0)
<u>(129)</u>	<u>(1,037)</u>	(87.6)

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 08 US\$'000	31 Dec 07 US\$'000	30 Sept 08 US\$'000	31 Dec 07 US\$'000
Capital and reserves attributable to equity holders of the Company				
Share capital	68,761	68,761	68,761	68,761
Translation reserve	(10,700)	(10,392)	-	-
Other reserves	(2,807)	(1,734)	-	-
Accumulated profits	174,641	159,379	123,196	119,160
	<u>229,895</u>	<u>216,014</u>	<u>191,957</u>	<u>187,921</u>
Minority interests	2,070	1,586	-	-
Total equity	231,965	217,600	191,957	187,921
Non-current assets				
Subsidiaries	-	-	54,910	54,910
Associated companies	9,691	10,867	12,312	12,312
Fixed assets	250,023	150,459	91,867	21,374
Deferred taxation	232	232	-	-
Deferred assets	400	-	400	-
Fixed deposits	501	4,700	500	4,700
	<u>260,847</u>	<u>166,258</u>	<u>159,989</u>	<u>93,296</u>
Current assets				
Stocks	1,998	1,915	-	-
Trade debtors	63,782	53,857	51,592	44,250
Other debtors	3,681	3,670	475	1,314
Prepaid operating expenses	22,920	18,947	17,317	15,571
Due from immediate holding company	628	-	628	-
Due from subsidiaries (trade)	-	-	4,764	4,487
Due from subsidiaries (non-trade)	-	-	19,202	6,728
Due from related companies (trade)	221	24	121	1
Due from minority shareholders of a subsidiary	48	52	48	52
Investment securities	724	3,989	724	3,989
Fixed deposits	40,526	55,733	30,573	49,432
Cash and bank balances	17,148	17,421	7,503	9,613
	<u>151,676</u>	<u>155,608</u>	<u>132,947</u>	<u>135,437</u>
Current liabilities				
Trade creditors	26,382	20,523	20,552	16,249
Other creditors and liabilities	19,210	13,980	9,287	7,426
Due to subsidiaries	-	-	354	352
Due to immediate holding company	10	200	-	192
Due to related companies (trade)	21	835	-	-
Hire purchase creditors	67	61	46	23
Bank term loans (secured)	15,321	10,712	5,625	886
Provision for tax	1,496	2,144	291	1,278
	<u>62,507</u>	<u>48,455</u>	<u>36,155</u>	<u>26,406</u>
Net current assets	89,169	107,153	96,792	109,031
Non-current liabilities				
Hire purchase creditors	190	110	158	78
Bank term loans (secured)	117,861	55,701	64,666	14,328
Net assets	231,965	217,600	191,957	187,921

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

	As at 30 Sept 2008		As at 31 Dec 2007	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	15.39	-	10.77	-
Amount repayable after one year	118.05	-	55.81	-
	<u>133.44</u>	<u>-</u>	<u>66.58</u>	<u>-</u>

Details of any collateral

The Group's borrowings are secured by means of:

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

	Q3 2008	Q3 2007
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	6,383	7,123
Adjustments:		
Depreciation of fixed assets	3,864	2,846
Gain on disposal of fixed assets	-	(10)
Loss on disposal of investment securities	10	-
Allowance for doubtful trade debts	759	135
Write back of allowance for doubtful trade debts	(62)	(37)
Interest expense	1,358	1,120
Interest income	(326)	(541)
Share of results of associated companies	(114)	(46)
Unrealised loss (gain) on investment securities	98	(106)
Fixed assets written off	35	-
Currency realignment	(789)	-
Operating profit before working capital changes	11,216	10,484
(Increase) / decrease in:		
Stocks	160	(116)
Trade debtors	(564)	(3,326)
Other debtors	(732)	(859)
Advance and prepaid expenses	(5,793)	(8,903)
Due from immediate holding company	(628)	-
Due from related companies	(218)	1
Increase / (decrease) in:		
Trade creditors	(367)	3,296
Other creditors and liabilities	3,455	2,187
Due to related companies	(879)	(79)
Due to immediate holding company	(702)	(168)
Cash generated from operations	4,948	2,517
Interest paid	(1,358)	(1,120)
Income tax paid	(451)	(567)
Net cash generated from operating activities	3,139	830
Cash flows from investing activities		
Interest income received	326	541
Proceeds from disposal of fixed assets	-	43
Acquisition of fixed assets	(18,947)	(2,341)
Proceeds from disposal of investment securities	490	100
Dividend received from an associated company	327	64
Dividends paid to minority shareholders	(60)	(88)
Net cash used in investing activities	(17,864)	(1,681)
Cash flows from financing activities		
Repayment of hire purchase creditors	(18)	(28)
Proceeds from bank term loans	12,995	1,350
Repayment of bank term loans	(3,910)	(2,738)
(Increase) / decrease in pledged deposits	(354)	999
Decrease in fixed deposits (non-current)	(1)	-
Net cash generated from / (used in) financing activities	8,712	(417)
Net decrease in cash and cash equivalents	(6,013)	(1,268)
Effect of exchange rate changes on cash and cash equivalents	285	2,719
Cash and cash equivalents at the beginning of the period	60,721	58,477
Cash and cash equivalents at the end of the period	54,993	59,928
Fixed deposits (current)	40,526	47,424
Cash and bank balance (current)	17,148	15,027
Less: Pledged deposits	(2,681)	(2,523)
Cash and cash equivalents at the end of the period	54,993	59,928

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 Sept

	Share Capital US\$'000	Capital Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	Accumulated Profits US\$'000	Minority Interests US\$'000	Total Equity US\$'000
GROUP							
Balance as at 30 Jun 2008	68,761	-	(11,052)	(1,822)	168,913	1,896	226,696
Currency translation	-	-	352	-	-	(45)	307
Net unrealised loss on revaluation of cash flow hedges	-	-	-	(985)	-	-	(985)
Dividend paid	-	-	-	-	-	(60)	(60)
Net profit for the period	-	-	-	-	5,728	279	6,007
Balance as at 30 Sept 2008	68,761	-	(10,700)	(2,807)	174,641	2,070	231,965
Balance as at 30 Jun 2007	64,743	173	(5,077)	1,047	138,630	1,407	200,923
Currency translation	1,726	5	(2,391)	30	3,786	4	3,160
Net unrealised loss on revaluation of cash flow hedges	-	-	-	(1,481)	-	-	(1,481)
Dividend paid	-	-	-	-	-	(87)	(87)
Net profit for the period	-	-	-	-	6,719	140	6,859
Balance as at 30 Sept 2007	66,469	178	(7,468)	(404)	149,135	1,464	209,374

	Share Capital US\$'000	Accumulated Profits US\$'000	Total Equity US\$'000
COMPANY			
Balance as at 30 Jun 2008	68,761	121,031	189,792
Net profit for the period	-	2,165	2,165
Balance as at 30 Sept 2008	68,761	123,196	191,957
Balance as at 30 Jun 2007	64,743	104,196	168,939
Currency translation	1,726	2,837	4,563
Net profit for the period	-	4,417	4,417
Balance as at 30 Sept 2007	66,469	111,450	177,919

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 September 2008, 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2007, except for the adoption of US Dollar as functional currency with effect from 1 January 2008 on a prospective basis. For the comparative statement of the corresponding period, the assets and liabilities are translated into US Dollar at the exchange rate ruling at the period-end date and the profit and loss account is translated at the average exchange rate applicable for the period.

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.

The Group has adopted all the new / revised Financial Reporting Standards (FRS) that became effective for accounting periods beginning on or after 1 January 2008. The adoption of these new / revised FRS does not have any material impact to the Group financial statements.

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	
Q3 2008	Q3 2007
US cents	US cents
1.06	1.25
1.06	1.25

Earnings per share for the quarters ended 30 Sept 08 and 30 Sept 07 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 the period

Group		Company	
30 Sept 08	31 Dec 07	30 Sept 08	31 Dec 07
US cents	US cents	US cents	US cents
42.64	40.07	35.60	34.86

Net asset value per ordinary share as at 30 Sept 08 and 31 Dec 2007 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.**

Group revenue for Q3 2008 rose 26.9% to US\$124.4 million, compared to US\$98.0 million for Q3 2007. This was mainly due to an increase in container volume handled and selling price for its container shipping business.

Container volume handled grew 10.7% to 410,000 teus in Q3 2008, up from 371,000 teus in Q3 2007. Cost of services rose 30.6% to US\$111.7 million, driven by higher bunker prices which affected both the container shipping and industrial shipping businesses and an increase in freights payable to third party feeder operators. Despite the higher costs, gross profit improved marginally by 1.7% to US\$12.8 million.

The increase in the Group's administrative expense is mainly due to additional provision for bad debt, the establishment of its offices in Kolkata, Madras and Ho Chi Minh and fees paid in relation to the acquisition of container vessels.

Other operating expenses decrease primarily due to the immaterial effect of foreign exchange loss following the Group's adoption of the US dollar as its functional currency since January 2008. Comparatively, foreign exchange loss of US\$1.0 million was reported in the same period last year.

As a result of additional loans taken by the Group to finance the acquisition of container vessels, the Group registered a 21.3% increase in finance expense in Q3 2008 as compared to Q3 2007. Correspondingly, cash payments made towards the equity portion of these vessel acquisitions reduced the Group's fixed deposit balance. Finance income decreased due to smaller amount of fixed deposits balances and lower deposit interest rates.

Profit after tax saw a decline of 12.4% to US\$6 million for Q3 2008, compared to Q3 2007. However, buoyed by the strength of its performance for the first half of 2008, the Group's profit after tax for the nine months ended 30 September 2008 rose 38.7% to US\$21.9 million, compared to US\$15.8 million in the previous corresponding period.

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.

In this period of financial turmoil in the global financial system, the full impact on the overall business environment and the Group's business is still unfolding. The Group is taking a proactive approach and will continue to monitor the situation closely and keeping a close eye on its impact to various aspects of the Group's business. By being nimble-footed, the Group hopes to respond quickly and decisively, as and when required. In this turbulent period, the Group focuses in maintaining a healthy cash flow. It will also be vigilant and prudent in its fund placements. It will also adopt stricter and more conservative hurdle rates for any new investment projects.

On the back of a slowdown in the world's major economies, demand for transportation of cargo is anticipated to be affected accordingly.

The Group expects to mitigate the slowdown in demand by rationalizing capacity on certain trades in cooperation with other vessel operators. The Group is in a position to pursue this rationalization as it holds a number of short term chartered container vessels in its fleet, thereby has the flexibility to adapt to the changing market environment.

Although regional container shipping is anticipated to experience challenging times ahead, demand for the inter-island shipping business in Indonesia is expected to remain relatively stable. For the inter-island container shipping business in Indonesia, the Group took delivery of 2 container vessels in September 2008. This will enable the Group to grow its inter-island container shipping business more effectively.

In the industrial shipping business, the Group anticipates slowdown in the underlying demand for industrial product such as methanol. However, the demand for coal transportation in Indonesia is expected to remain stable.

LNG Tangguh Towuti, a 145,700 cbm LNG vessel, in which the Group holds a 25% stake, is scheduled to commence operation in December 2008. The vessel is chartered out to BP Berau Limited for a 20-year period, and will be engaged in the transportation of liquefied natural gas (LNG) from Indonesia to North Asia and North America.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable.

13. Interested Person Transactions

(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920

	Q3 2008	Q3 2007
	US\$'000	US\$'000

PT. Samudera Indonesia Tbk and its subsidiary

Provision of services - Agency Commission	928	856
Provision of services - Office rental	42	-

PT. Samudera Indonesia Ship Management

Provision of services - Ship Management Fees	189	145
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PT. Panurjwan

Provision of services - Building rental	6	-
Provision of services - Charter hire	325	-

PT. Masaji Tatanan Container

Provision of services - Container depot	118	-
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PT. Prima Nur Panurjwan

Provision of services - Stevedorage	846	-
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(B) Aggregate value of all interested person transactions during the financial period under review excluding transactions conducted under shareholders' mandate pursuant to Rule 920

	US\$'000	US\$'000
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PT. Samudera Indonesia Tbk

Provision of services - Agency Commission (Note 1)	-	33
Provision of services - Office rental	-	47

PT. Panurjwan

Provision of services - Building rental	-	6
Provision of services - Charter hire	-	258

PT. Masaji Tatanan Container

Provision of services - Container depot	-	33
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PT. Prima Nur Panurjwan

Provision of services - Stevedorage	-	674
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Items falling under "transactions conducted under the shareholders' mandate pursuant to Rule 920" as disclosed in 13(B) have been mandated since 29 April 2008. For Q3 2008, these transactions are disclosed in 13(A).

Note¹ This service was transacted by a subsidiary of the Company with PT. Samudera Indonesia Tbk

14. Negative Assurance Confirmation Pursuant To Rule 705(4) of the Listing Manual

We, Randy Effendi and Hamdi Adnan, being two Directors of SAMUDERA SHIPPING LINE LTD (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period 30 Sept 2008 to be false or misleading.

On behalf of the Board of Directors,

Randy Effendi
Chairman

Hamdi Adnan
Executive Director

BY ORDER OF THE BOARD

ANWARSYAH
Executive Director

30 October 2008