

SAMUDERA SHIPPING LINE LTD
(Company Registration: 199308462C)

FULL YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 2008.

	The Group		
	FY 2008	FY 2007	+ / (-)
	US\$'000	US\$'000	%
Turnover	443,252	377,226	17.5
Cost of services	(390,342)	(334,774)	16.6
Gross profit	52,910	42,452	24.6
Other operating income	1,014	378	n.m.
Marketing expenses	(8,680)	(7,719)	12.4
Administrative expenses	(11,572)	(8,592)	34.7
Other operating expenses	(1,024)	(2,695)	(62.0)
Profit from operations	32,648	23,824	37.0
Finance income	1,156	2,402	(51.9)
Finance expense	(4,726)	(4,307)	9.7
Operating profit	29,078	21,919	32.7
Share of results of associated companies	(632)	160	n.m.
Profit before tax	28,446	22,079	28.8
Tax	(1,697)	(1,356)	25.1
Profit after tax	26,749	20,723	29.1
Attributable to:			
Equity holders of the Company	26,037	20,454	27.3
Minority interests	712	269	n.m.
	26,749	20,723	29.1

n.m. = not meaningful

1 a)(ii) Notes to the Income Statements

	The Group		
	FY 2008	FY 2007	+ / (-)
	US\$'000	US\$'000	%
(A) Depreciation of fixed assets	14,314	11,064	29.4
(B) Write back for doubtful trade debts	143	103	38.8
(C) Allowance for doubtful trade debts	(1,259)	(398)	n.m.
(D) Other operating income			
- Gain on disposal of fixed assets	417	12	n.m.
- Gain on disposal of investment securities	4	16	(75.0)
- Rental income	324	20	n.m.
- Unrealized gain on investment securities	136	258	(47.3)
- Other income	133	72	84.7
	1,014	378	n.m.

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

	The Group		
	FY 2008	FY 2007	+ / (-)
	US\$'000	US\$'000	%
(E) Other operating expenses			
- Claim	(510)	-	n.m.
- Foreign exchange loss	(452)	(2,640)	(82.9)
- Other expenses	(62)	(55)	12.7
	<u>(1,024)</u>	<u>(2,695)</u>	(62.0)

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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 08 US\$'000	31 Dec 07 US\$'000	31 Dec 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	(11,578)	(10,392)	-	-
Other reserves	(8,875)	(1,734)	-	-
Accumulated profits	179,470	159,379	129,285	119,160
	<u>227,778</u>	<u>216,014</u>	<u>198,046</u>	<u>187,921</u>
Minority interests	2,796	1,586	-	-
Total equity	230,574	217,600	198,046	187,921
Non-current assets				
Subsidiaries	-	-	54,894	54,910
Associated companies	1,913	10,867	12,312	12,312
Fixed assets	258,561	150,459	132,683	21,374
Deferred taxation	81	232	-	-
Fixed deposits	1	4,700	-	4,700
	<u>260,556</u>	<u>166,258</u>	<u>199,889</u>	<u>93,296</u>
Current assets				
Stocks	1,652	1,915	-	-
Trade debtors	49,683	53,857	38,171	44,329
Other debtors	2,116	3,670	630	1,314
Advance payment for vessels purchase	33,250	8,701	-	8,701
Prepaid operating expenses	10,923	10,246	6,200	6,870
Due from immediate holding company	675	-	-	-
Due from subsidiaries (trade)	-	-	2,594	4,408
Due from subsidiaries (non-trade)	-	-	17,996	6,728
Due from related companies (trade)	-	24	-	1
Due from associated company	1,519	-	1,519	-
Due from minority shareholders of a subsidiary	48	52	48	52
Investment securities	902	3,989	902	3,989
Fixed deposits	43,353	55,733	38,635	49,432
Cash and bank balances	23,875	17,421	12,878	9,613
	<u>167,996</u>	<u>155,608</u>	<u>119,573</u>	<u>135,437</u>
Current liabilities				
Trade creditors	20,140	20,523	15,761	16,249
Other creditors and liabilities	18,217	13,980	8,547	7,426
Due to subsidiaries	-	-	352	352
Due to immediate holding company	809	200	200	192
Due to related companies (trade)	58	835	-	-
Hire purchase creditors	202	61	45	23
Bank term loans (secured)	17,360	10,712	7,986	886
Provision for tax	1,501	2,144	406	1,278
	<u>58,287</u>	<u>48,455</u>	<u>33,297</u>	<u>26,406</u>
Net current assets	109,709	107,153	86,276	109,031
Non-current liabilities				
Hire purchase creditors	1,107	110	146	78
Bank term loans (secured)	138,584	55,701	87,973	14,328
Net assets	230,574	217,600	198,046	187,921

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

	As at 31 Dec 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	17.56	-	10.77	-
Amount repayable after one year	139.69	-	55.81	-
	<u>157.25</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 Group
- > Legal charges over certain bank accounts of the Group
- > Assignment of income derived from certain charter hire contracts of the subsidiaries
- > Assignment of insurance of certain vessels of the Group
- > 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

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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 2008 US\$'000	FY 2007 US\$'000
Cash flows from operating activities		
Profit before tax	28,446	22,079
Adjustments:		
Depreciation of fixed assets	14,314	11,064
Gain on disposal of fixed assets	(417)	(12)
Gain on disposal of investment securities	(4)	(16)
Allowance for doubtful trade debts	1,259	398
Write back of allowance for doubtful trade debts	(143)	(103)
Interest expense	4,726	4,307
Interest income	(1,156)	(2,402)
Share of results of associated companies	632	(160)
Unrealised gain on investment securities	(136)	(258)
Fixed assets written off	293	1
Currency realignment	117	-
Operating profit before working capital changes	47,931	34,898
(Increase) / decrease in:		
Stocks	263	(285)
Trade debtors	3,059	(8,089)
Other debtors	1,554	(1,776)
Advance and prepaid expenses	(25,223)	(4,639)
Due from immediate holding company	(675)	-
Due from minority shareholders of a subsidiary	4	(52)
Due from associated company	(1,519)	-
Due from related companies	24	15
Increase / (decrease) in:		
Trade creditors	(383)	2,685
Other creditors and liabilities	4,249	1,804
Due to related companies	(777)	(276)
Due to immediate holding company	609	(598)
Cash generated from operations	29,116	23,687
Interest paid	(4,726)	(4,307)
Income tax paid	(2,131)	(1,720)
Net cash generated from operating activities	22,259	17,660
Cash flows from investing activities		
Interest income received	1,156	2,402
Proceeds from disposal of fixed assets	4,309	52
Acquisition of fixed assets	(125,534)	(10,498)
Proceeds from disposal of investment securities	3,726	1,824
Acquisition of investment securities	(500)	-
Additional investment in subsidiary	674	51
Dividend received from an associated company	327	141
Dividends paid to minority shareholders	(113)	(226)
Net cash used in investing activities	(115,955)	(6,254)
Cash flows from financing activities		
Repayment of hire purchase creditors	(89)	(62)
Proceeds from bank term loans	105,613	1,359
Repayment of bank term loans	(16,205)	(10,991)
Dividend paid	(5,946)	(3,718)
Decrease / (increase) in pledged deposits	499	(78)
Decrease in fixed deposits (non-current)	4,698	1,750
Net cash generated from / (used in) financing activities	88,570	(11,740)
Net decrease in cash and cash equivalents	(5,126)	(334)
Effect of exchange rate changes on cash and cash equivalents	(301)	7,089
Cash and cash equivalents at the beginning of the period	70,331	63,576
Cash and cash equivalents at the end of the period	64,904	70,331
Fixed deposits (current)	43,353	55,733
Cash and bank balance (current)	23,875	17,421
Less: Pledged deposits	(2,324)	(2,823)
Cash and cash equivalents at the end of the period	64,904	70,331

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- 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 31 Dec

	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 1 Jan 2008	68,761	-	(10,392)	(1,734)	159,379	1,586	217,600
Currency translation	-	-	(1,186)	-	-	(63)	(1,249)
Additional investment in subsidiary	-	-	-	-	-	674	674
Net unrealised loss on revaluation of cash flow hedges	-	-	-	11	-	-	11
Share of associate's net unrealised loss on revaluation of cash flow hedges	-	-	-	(7,152)	-	-	(7,152)
Dividend paid	-	-	-	-	(5,946)	(113)	(6,059)
Net profit for the period	-	-	-	-	26,037	712	26,749
Balance as at 31 Dec 2008	68,761	-	(11,578)	(8,875)	179,470	2,796	230,574
Balance as at 1 Jan 2007	64,743	173	(5,156)	(342)	133,351	1,454	194,223
Currency translation	4,018	11	(5,236)	(21)	9,123	38	7,933
Additional investment in subsidiary	-	-	-	-	-	51	51
Transfer to statutory reserves fund	-	-	-	15	(15)	-	-
Transfer of Capital reserve to	-	(184)	-	-	184	-	-
Net unrealised loss on revaluation of cash flow hedges	-	-	-	(39)	-	-	(39)
Share of associate's net unrealised loss on revaluation of cash flow hedges	-	-	-	(1,347)	-	-	(1,347)
Dividend paid	-	-	-	-	(3,718)	(226)	(3,944)
Net profit for the period	-	-	-	-	20,454	269	20,723
Balance as at 31 Dec 2007	68,761	-	(10,392)	(1,734)	159,379	1,586	217,600

	Share Capital US\$'000	Accumulated Profits US\$'000	Total Equity US\$'000
COMPANY			
Balance as at 1 Jan 2008	68,761	119,160	187,921
Net profit for the period	-	16,071	16,071
Dividend paid	-	(5,946)	(5,946)
Balance as at 31 Dec 2008	68,761	129,285	198,046
Balance as at 1 Jan 2007	64,743	100,692	165,435
Currency translation	4,018	6,883	10,901
Net profit for the period	-	15,303	15,303
Dividend paid	-	(3,718)	(3,718)
Balance as at 31 Dec 2007	68,761	119,160	187,921

- 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 year ended 31 December 2008, there was no change in the Company's share capital.

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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	
FY 2008	FY 2007
US cents	US cents
4.83	3.79
4.83	3.79

Earnings per share for the year ended 31 Dec 2008 and 31 Dec 2007 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	
31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
US cents	US cents	US cents	US cents
42.25	40.07	36.73	34.86

Net asset value per ordinary share as at 31 Dec 2008 and 31 Dec 2007 is calculated based on the number of issued ordinary shares of 539,131,199.

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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 registered a 17.5% increase in revenue to US\$443.3 million for the financial year ended 31 December 2008 ("FY08"), as compared to US\$377.2 million attained in the previous financial year ("FY07"). This was mainly due to an increase in container volume handled and selling price in its container shipping business.

Overall, container volume handled grew by 5.9% to 1.51 million TEUs in FY08 from 1.42 million TEUs handled in FY07. The Group also recorded a significant improvement in its inter-island container shipping services in Indonesia, which contributed positively to its FY08 operational profit.

In line with the increase in revenue, cost of services for the year under review rose 16.6% to US\$390.3 million, from US\$334.8 million in FY07. Higher bunker prices and charter hire rates, together with an increase in depreciation cost from new vessels delivered during the year, largely contributed to the increase in the cost of services. Despite higher costs, gross profit for FY08 grew 24.6% to US\$52.9 million, from US\$42.5 million last year.

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

The Group's finance expenses in FY08 increased 9.7% over FY07, due to additional loans taken up during the year to partially finance the acquisition of vessels. These acquisitions were also partially paid for with cash payments, and as such, resulted in the reduction in the Group's cash balance and finance income.

At the close of FY08, profit after tax increased 29.1% to US\$26.8 million, as compared to US\$20.7 million achieved in FY07.

The Group's balance sheet recorded US\$33.3 million of advance payment for the purchase of vessels in FY08 in view of progressive payments made for the two 57,700 DWT bulk carriers which are scheduled for delivery in the first half of 2011. The US\$8.7 million recorded in FY07 was in relation to two 1,740 TEU container vessels which were delivered in 2008.

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.**

Following a 14% decline in December against November 2008, container traffic through Singapore ports shrank a further 20% to 1.92m TEUs in January 2009, as reported by Business Times. With falling demand, an oversupply of ships and credit tightening, the shipping industry is indeed facing a very challenging times. Against such a gloomy backdrop, demand for the Group's regional transportation services is anticipated to continue slowing down.

To mitigate the slowdown in the regional container segment, the Group intends to rationalize capacity on its various services. It will however, continue to meet the needs of its customers on these rationalized trade routes, via slot exchanges and NVOCC (non vessel operating common carrier) arrangements. The Group is also well-positioned to pursue this rationalization as its combination of owned and chartered-in container vessels in its fleet gives it an added flexibility to adapt quickly to changing market demand.

The price of bunker has fallen significantly in the last quarter of 2008, as compared to the first nine months of 2008, and bunker surcharges have thus been removed. As bunker prices are expected to remain volatile, the Group has hedged part of its bunker prices for 2009, so as to ensure some degree of stability in its vessel operating costs.

Several major main-line container shipping companies, after having laid up excess capacity, have recently announced plans to increase Asia-Europe freight rates. Any such increase in long-haul freight rates is expected to have a positive cascading effect on feeder operators such as the Group.

The Group is hopeful that demand for industrial shipping business will remain relatively stable. LNG Tangguh Towuti, a 145,700 CBM liquefied natural gas (LNG) vessel, in which the Group holds a 25% stake, began operations in the fourth quarter of 2008. The vessel is chartered out to BP Berau Limited on a 20-year period, and is engaged in the transportation of LNG from Indonesia to North Asia and North America. This service is expected to provide a steady revenue stream for the Group going forward.

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The Group will continue to be pro-active in seeking new opportunities and innovative ways to optimize schedules and rationalize its service routes, while exercising prudence in financial and cost management.

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	1.50 Singapore 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
Dividend Type	Cash
Dividend Amount per share	1.50 Singapore Cents
Tax Rate	Tax Exempt

(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.

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Geographical segment

	Turnover	
	2008	2007
	US\$'000	US\$'000
Container shipping, logistics and others**		
Indonesia	212,099	172,948
South East Asia (excluding Indonesia)	105,091	89,474
Middle East and Indian Sub-continent	51,337	44,058
Far East (including China and Hong Kong)	14,867	13,433
Others#	16,366	15,670
Total turnover for container shipping, logistics and others	399,760	335,583

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 fixed routes. For 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.

15. A breakdown of sales.

	The Group		
	2008	2007	+/(-)
	US\$'000	US\$'000	%
Sales reported for the first half-year	217,402	181,897	19.5
Operating profit after tax before minority interests reported for the first half-year	15,845	8,895	78.1
Sales reported for the second half-year	225,850	195,329	15.6
Operating profit after tax before minority interests reported for the second half-year	10,904	11,828	(7.8)

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

	2008 SGD'000	2007 SGD'000
Ordinary	8,087	8,087
Preference	-	-
Total	8,087	8,087

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17. Interested Person Transactions

(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920	FY 2008 US\$'000	FY 2007 US\$'000
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Provision of services - Agency Commission	3,230	3,181
Provision of services - Management fees	-	188
Provision of services - Office rental	91	-
<u>PT. Samudera Indonesia Ship Management</u>		
Provision of services - Ship Management Fees	741	588
<u>PT. Panurjwan</u>		
Provision of services - Building rental	16	-
Provision of services - Charter hire	809	-
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	306	-
<u>PT. Prima Nur Panurjwan</u>		
Provision of services - Stevedorage	2,075	-
(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
<u>PT. Samudera Indonesia Tbk</u>		
Provision of services - Agency Commission ^(Note 1)	116	154
Provision of services - Office rental	43	91
<u>PT. Panurjwan</u>		
Provision of services - Building rental	9	24
Provision of services - Charter hire	424	973
<u>PT. Masaji Tatanan Container</u>		
Provision of services - Container depot	155	136
<u>PT. Prima Nur Panurjwan</u>		
Provision of services - Stevedorage	762	2,643

Transactions as disclosed in 17(B) were conducted prior to 29 April 2008. These transactions have been mandated since 29 April 2008 and were then disclosed in 17(A).

Note 1 This service was transacted by a subsidiary of the Company with PT. Samudera Indonesia Tbk

BY ORDER OF THE BOARD

ANWARSYAH
Executive Director

27 February 2009