SAMUDERA SHIPPING LINE LTD

Company Registration: 199308462C
(Incorporated in the Republic of Singapore)

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF YEAR AND FULL YEAR RESULTS

1 a) 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 Second Quarter ended 30 June 2011.

1 a)(i) **Income Statement for the Second Quarter ended 30 June 2011**

	Note	Group		
		2Q 2011	**2Q 2010**	**+ / (-)**
		US$'000	**US$'000**	**%**
Revenue		116,599	89,958	29.6
Cost of sales		(109,420)	(84,581)	29.4
Gross profit		**7,179**	**5,377**	33.5
Other operating income	(A)	266	68	291.2
Marketing expenses		(2,199)	(1,644)	33.8
Administrative expenses		(2,339)	(2,132)	9.7
Other operating expenses	(B)	(222)	(217)	2.3
Profit from operations		**2,685**	**1,452**	84.9
Finance income		100	33	203.0
Finance expense		(807)	(654)	23.4
Operating profit		**1,978**	**831**	138.0
Share of results of associates		175	182	(3.8)
Profit before tax		**2,153**	**1,013**	112.5
Income tax expense		(520)	(371)	40.2
Profit after tax		**1,633**	**642**	154.4
Attributable to:				
Owners of the Company		**1,432**	**647**	121.3
Non-controlling interests		201	(5)	n.m.
Profit after tax		**1,633**	**642**	154.4

n.m. = not meaningful

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

	Group		
	2Q 2011	**2Q 2010**	**+ / (-)**
	US$'000	**US$'000**	**%**
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	5,844	4,466	30.9
- Allowance for doubtful trade debts	67	36	86.1
- Write back of allowance for doubtful trade debts	(10)	(3)	233.3
- Finance expenses - interest on borrowings	807	654	23.4
(A) Other operating income			
- Rental income	70	54	29.6
- Gain on disposal of fixed assets	29	-	100.0
- Other income	167	14	1092.9
	266	68	291.2

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

	Group 2Q 2011 US$'000	Group 2Q 2010 US$'000	+ / (-) %
(B) Other operating expenses			
- Foreign exchange loss	(216)	(56)	285.7
- Claim expenses	(6)	(155)	(96.1)
- Other expenses	-	(6)	n.m.
	(222)	(217)	2.3

1 a)(iii) **Statement of Comprehensive Income for the Second Quarter ended 30 June 2011**

	Group 2Q 2011 US$'000	Group 2Q 2010 US$'000
Profit after tax for the period	**1,633**	**642**
Net unrealised gain on revaluation of cashflow hedges	-	16
Share of net changes in associated company's hedging reserve	(941)	(2,368)
Currency translation from foreign operations	(27)	(37)
Total comprehensive income for the period	**665**	**(1,747)**
Total comprehensive income attributable to:		
Owners of the Company	**465**	**(1,652)**
Non-controlling interests	200	(95)
	665	**(1,747)**

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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.**

Balance Sheets as at

	Group		Company	
	30 Jun 11	**31 Dec 10**	**30 Jun 11**	**31 Dec 10**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Capital and reserves attributable to Owners of the Company				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	173,716	174,482	114,106	121,153
Foreign currency translation reserve	(11,377)	(11,379)	-	-
Other reserves	(5,687)	(5,086)	-	-
	225,239	226,604	182,693	189,740
Non-controlling interests	4,170	3,835	-	-
Total equity	**229,409**	**230,439**	**182,693**	**189,740**
Non-current assets				
Subsidiaries	-	-	54,496	54,496
Associated companies	5,829	6,909	12,117	12,117
Property, plant and equipment	355,994	315,204	144,237	122,917
Deferred tax assets	15	15	-	-
Advance payments for vessel purchase	3,164	-	3,164	-
Fixed deposits	245	696	-	-
	365,247	322,824	214,014	189,530
Current assets				
Inventories	3,996	2,894	991	411
Trade receivables	53,459	46,297	35,681	33,149
Prepaid operating expenses	16,917	13,229	6,550	4,786
Other receivables and deposits	3,866	4,437	529	589
Due from immediate holding company	2,090	2,054	-	-
Due from subsidiaries (trade)	-	-	6,007	4,723
Due from subsidiaries (non-trade)	-	-	27,319	24,738
Due from related company	2,130	369	127	109
Due from minority shareholders of a subsidiary	48	48	48	48
Fixed deposits	23,074	34,655	14,438	28,711
Cash and bank balances	15,944	12,347	7,137	7,231
	121,524	116,330	98,827	104,495
Current liabilities				
Trade payables	29,615	20,782	18,264	14,383
Other payables and liabilities	20,521	18,883	6,391	5,917
Due to immediate holding company (trade)	1,025	722	753	470
Due to related companies (trade)	50	1,324	-	-
Due to subsidiary (trade)	-	-	-	25
Due to subsidiary (non-trade)	-	-	1,081	1,081
Finance leases	311	324	52	78
Bank term loans (secured)	24,192	13,779	18,850	8,089
Income tax payable	1,985	2,212	440	392
	77,699	58,026	45,831	30,435
Net current assets	**43,825**	**58,304**	**52,996**	**74,060**
Non-current liabilities				
Finance leases	883	1,070	223	277
Bank term loans (secured)	178,778	149,619	84,094	73,573
Deferred tax liability	2	-	-	-
Net assets	**229,409**	**230,439**	**182,693**	**189,740**

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

	As at 31 Jun 2011		As at 31 Dec 2010	
	Secured	Unsecured	Secured	Unsecured
	US$ million	US$ million	US$ million	US$ million
Amount repayable in one year or less, or on demand	24.50	-	14.10	-
Amount repayable after one year	179.66	-	150.69	-
	204.16	-	164.79	-

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 the subsidiaries
> Legal charges over certain bank accounts of the Company and the subsidiaries
> Assignment of income derived from certain charter hire contracts of the subsidiaries
> Assignment of insurance of certain vessels of the Company and the subsidiaries
> 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.**

Cashflow Statement for the Second Quarter

	Group	
	2Q 2011 US$'000	**2Q 2010 US$'000**
Cash flows from operating activities		
Profit before tax	**2,153**	**1,013**
Adjustments:		
Depreciation of property, plant and equipment	5,844	4,466
Gain on disposal of property, plant and equipment	(29)	-
Allowance for doubtful trade debts	67	36
Write back of allowance for doubtful trade debts	(10)	(3)
Finance expense	807	654
Finance income	(100)	(33)
Share of results of associated companies	(175)	(182)
Unrealised loss on derivative financial instruments	-	316
Currency realignment	585	(97)
Operating profit before working capital changes	9,142	6,170
(Increase) decrease in:		
Inventories	324	20
Trade receivables	(1,486)	(7,351)
Other receivables	348	1,351
Prepaid operating expenses	(1,827)	(143)
Due from immediate holding company	(37)	(1,292)
Due from related companies	(1,832)	(45)
Increase (decrease) in:		
Trade payables	1,331	(952)
Other payables and liabilities	(2,076)	2,395
Due to related companies	26	(89)
Due to immediate holding company	198	(182)
Cash generated from (used in) operations	4,111	(118)
Interest paid	(807)	(654)
Income tax paid	(735)	(440)
Net cash generated from (used in) operating activities	2,569	(1,212)
Cash flows from investing activities		
Interest income received	100	33
Proceeds from disposal of property, plant and equipment	81	-
Additional investment in subsidiary by non-controlling interest	-	1,412
Acquisition of property, plant and equipment	(24,285)	(1,456)
Advance payment for vessel purchase	(953)	-
Dividend received from associate	875	-
Dividend paid to minority shareholders	-	(37)
Net cash used in investing activities	(24,182)	(48)
Cash flows from financing activities		
Repayment of hire purchase creditors	(134)	(52)
Proceeds from bank term loans	28,809	-
Repayment of bank term loans	(4,168)	(3,880)
Dividend paid	(2,205)	-
Increase in pledged deposits	(895)	(501)
Net cash generated from (used in) financing activities	21,407	(4,433)
Net decrease in cash and cash equivalents	**(206)**	**(5,693)**
Effect of exchange rate changes on cash and cash equivalents	(24)	(4)
Cash and cash equivalents at the beginning of the period	32,299	35,683
Cash and cash equivalents at the end of the period	**32,069**	**29,986**

Cashflow Statement for the Second Quarter (continued)

	Group 2Q 2011 US$'000	Group 2Q 2010 US$'000
Fixed deposits	23,319	22,851
Cash and bank balance (current)	15,944	15,067
Less: Pledged deposits	(7,194)	(7,932)
Cash and cash equivalents at the end of the period	**32,069**	**29,986**

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 period.**

Statements of Changes in Equity for the Second Quarter ended 30 June 2011

	Share Capital	Treasury Shares	Other Reserves	Translation Reserve	Retained Earnings	Attributable to Owners	Non-Controlling Interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
GROUP								
Balance as at 31 Mar 2011	68,761	(174)	(4,746)	(11,351)	174,489	226,979	3,970	230,949
Total comprehensive income (loss) for the period	-	-	(941)	(26)	1,432	465	200	665
Dividend paid	-	-	-	-	(2,205)	(2,205)	-	(2,205)
Balance as at 30 Jun 2011	**68,761**	**(174)**	**(5,687)**	**(11,377)**	**173,716**	**225,239**	**4,170**	**229,409**
Balance as at 31 Mar 2010	68,761	(174)	(4,046)	(11,584)	163,740	216,697	2,672	219,369
Total comprehensive income (loss) for the period	-	-	(2,352)	53	647	(1,652)	(95)	(1,747)
Additonal investment in subsidiary by non-controlling interest	-	-	-	-	-	-	1,412	1,412
Dividend paid	-	-	-	-	-	-	(37)	(37)
Balance as at 30 Jun 2010	**68,761**	**(174)**	**(6,398)**	**(11,531)**	**164,387**	**215,045**	**3,952**	**218,997**

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US$'000	US$'000	US$'000	US$'000
COMPANY				
Balance as at 31 Mar 2011	68,761	(174)	118,681	187,268
Total comprehensive loss for the period	-	-	(2,370)	(2,370)
Dividend paid	-	-	(2,205)	(2,205)
Balance as at 30 Jun 2011	**68,761**	**(174)**	**114,106**	**182,693**
Balance as at 31 Mar 2010	68,761	(174)	111,677	180,264
Total comprehensive income for the period	-	-	483	483
Balance as at 30 Jun 2010	**68,761**	**(174)**	**112,160**	**180,747**

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 Jun 2011, there was no change in the Company's share capital.

As at 30 Jun 2011, the total issued share capital of the Company was 539,131,199 ordinary shares which include 1,093,000 ordinary shares held as treasury shares.

1 d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at 30 June 2011 was 538,038,199 (31 Mar 2011: 538,038,199) shares.

1 d)(iv) **A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

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 2010.

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 2011. 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.

	Group	
	2Q 2011	2Q 2010
Earnings per ordinary share for the period based on net profit attributable to shareholders:	US cents	US cents
(i) Based on the number of ordinary shares in issue	0.27	0.12
(ii) On a fully diluted basis	0.27	0.12

Earnings per ordinary share for the quarter ended 30 June 2011 is computed based on the number of issued ordinary shares (excluding treasury shares) during the financial year of 538,038,199 (2Q 2010: 538,038,199).

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.

	Group		Company	
	30 Jun 11	31 Dec 10	30 Jun 11	31 Dec 10
	US cents	US cents	US cents	US cents
Net asset value per ordinary share based on issued share capital as at the end of the period	41.86	42.12	33.96	35.27

Net asset value per ordinary share as at 30 Jun 2011 and 31 Dec 2010 is calculated based on the number of issued ordinary shares (excluding treasury shares) of 538,038,199.

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.

Income Statement

The Group saw improvements in revenue in 2Q11 in all its business segments, namely the Regional Container Shipping segment (which provides shipping services within the Asia region); Indonesia Domestic Container Shipping (which offers transportation services linking the islands within Indonesia) and Bulk and Tankers.

In general, the shipping industry was still oppressed and faced with harsh challenges in the first half of 2011 due to the hike in bunker price and other operating costs. Although the Group's overall volume for the Regional Container Shipping experienced a marginal increase of 4.6%, the increased in revenue was largely due to the implementation of bunker and other surcharges. The Regional Container Shipping segment was still adversely affected by the persistent high bunker prices (maintained at above US$600/mt level compared to US$400/mt in the previous corresponding period) and increased in charter-hire rates for the renewed fleet in 2Q11. As a result, the Regional Container Shipping segment had suffered losses in the first two quarters of 2011.

On the other hand, the Group witnessed good growth in the Indonesia Domestic Container Shipping with a 38.8% increase in container volume handled and a 99.6% surge in revenue. During the period, the segment experienced significant improvement in its performance on the back of improved freight rates, higher load factors, shorter vessel turnaround time and a series of service expansion and market penetration. With the significant contribution from Indonesia Domestic Container Shipping, the Group managed to record a profit this quarter.

The Bulk and Tankers business segment had benefitted from the gainful deployment of two supramax carriers which commenced their employment in 2Q11.

With the above, the overall revenue of the Group for 2Q11 rose by 29.6% to US$116.6 million compared to 2Q10, while cost of service rose by 29.4% to US$109.4 million largely due to higher bunker prices, firmer charter-hire rates and the weakening of US Dollar has also resulted in an increase in non-US Dollar denominated operating cost.

The Group posted a profit after tax of US$1.6 million compared to US$0.6 million in 2Q10.

Balance Sheet

The addition of two container vessels and delivery of two supramaxes in the first half of 2011 had increased the Group's property, plant and equipment to US$356 million at the end of 2Q11; these resulted in a lower cash and bank balances and a corresponding increase in term loan at the end of 2Q11. In line with the increased business activity, trade receivables also increased to US$53.5 million, versus US$46.3 million at 31 December 2010.

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.

The shipping industry continues to face stiff headwinds from persistently high bunker prices and oversupply of ship capacity in the market. To help mitigate some of these cost pressures, the Group will continue to implement bunker recovery surcharges as well as continue to focus on making its operations as cost efficient as possible without sacrificing volume and market share. The Group will continue to monitor the market conditions closely so that it is agile to adapt to changes in market conditions by reconfiguring its services.

The Group has converted three of its chartered vessels, in the Regional Container Shipping segment, into own vessel to enable the Group to better manage its operating costs in the long term.

Going forward, the Group will continue to focus in its Indonesia Domestic Container Shipping business, as better margins and pricing power should benefit the Group over the longer term. The Group's efforts to bolster its business in this segment are supported by the parent company's long-standing business relationships and network in the Indonesian market. To strengthen Indonesia Domestic Container Shipping business, the Group has entered into contracts to acquire two (2) container vessels with capacity of 378 TEUs each, scheduled for delivery in 3Q11. The Group will continue to add additional capacity into this business segment, either through purchase or charter.

On the Bulk and Tankers segment, the Group will continue to maximize its vessel utilisation.

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 (Mandated transactions)	2Q 2011 US$'000	2Q 2010 US$'000
PT. Samudera Indonesia Tbk and its subsidiary		
Provision of services - Agency Commission	828	761
Provision of services - Office rental	27	25
PT. Samudera Indonesia Ship Management		
Provision of services - Ship Management Fees	220	249
PT. Panurjwan		
Provision of services - Building rental	7	7
Provision of services - Charter hire	533	327
PT. Masaji Tatanan Container		
Provision of services - Container depot	113	66
PT. Prima Nur Panurjwan		
Provision of services - Stevedorage	1,290	1,016
PT. Tankindo Perdana		
Provision of services - Charter hire	79	-

(B) Aggregate value of all interested person transactions during the financial period under review excluding transactions conducted under shareholders' mandate pursuant to Rule 920 (Non-Mandated transactions)	2Q 2011 US$'000	2Q 2010 US$'000
PT. Samudera Mbiantu Sesami		
Provision of services - Charter hire*	4,871	-

* This transaction pertains to a charter hire contract between PT. Samudera Shipping Services (a subsidiary of the Group) and PT. Samudera Mbiantu Sesami (a subsidiary of PT. Samudera Indonesia Tangguh, the ultimate holding company) which is a back-to-back charter arrangement with a third party for chartering of 8 units of offshore service vessels in 2Q11.
This transaction is a one-off transaction which was terminated on 30 June 2011.

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

We, David Batubara and Anwarsyah, 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 ended 30 June 2011 to be false or misleading.

On behalf of the Board of Directors,

David Batubara	Anwarsyah
Executive Director and CEO	Executive Director and CFO

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director

22 July 2011