SAMUDERA SHIPPING LINE LTD
Company Registration: 199308462C
(Incorporated in the Republic of Singapore)

FIRST HALF FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2020

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 period ended 30 June 2020.

1 a)(i) **Income Statement for the period ended 30 June 2020**

	Note	Group		
		1H 2020 US$'000	1H 2019 US$'000	+ / (-) %
Revenue		174,830	184,945	(5.5)
Cost of sales		(161,865)	(177,126)	(8.6)
Gross profit		**12,965**	**7,819**	65.8
Other operating income	(A)	702	1,102	(36.3)
Marketing expenses		(3,933)	(3,366)	16.8
Administrative expenses		(2,396)	(2,369)	1.1
Other operating expenses	(B)	(5)	(403)	(98.8)
Profit from operations		**7,333**	**2,783**	163.5
Finance income		476	465	2.4
Finance costs		(1,023)	(1,560)	(34.4)
Operating profit		**6,786**	**1,688**	302.0
Share of results of associate/joint venture		761	939	(19.0)
Profit before tax		**7,547**	**2,627**	187.3
Income tax expense		(240)	(581)	(58.7)
Profit after tax		**7,307**	**2,046**	257.1
Attributable to:				
Owners of the Company		**7,156**	**1,837**	289.5
Non-controlling interests		151	209	(27.8)
Profit after tax		**7,307**	**2,046**	257.1

n.m. = not meaningful

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

	Group		
	1H 2020 US$'000	1H 2019 US$'000	+ / (-) %
Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	4,094	5,031	(18.6)
- Depreciation of right-of-use assets	2,384	4,491	(46.9)
- Depreciation of investment properties	19	18	5.6
- Amortisation of intangible assets	77	22	250.0
- Allowance for doubtful trade debts	653	-	n.m.
- Write back of allowance for doubtful trades debts	-	(387)	n.m.
- Finance costs - interest on borrowings	751	1,051	(28.5)
- Finance costs - interest on lease liablities	272	509	(46.6)
(A) Other operating income			
- Rental income	182	169	7.7
- Net foreign exchange gains	485	391	24.0
- Gain on disposal of plant, property and equipment	1	36	(97.2)
- Gain on disposal of investment at fair value through profit and loss- investment securities	-	2	n.m.
- Others	34	504	(93.3)
	702	1,102	(36.3)
(B) Other operating expenses			
- Impairment on assets held for sale (vessels)	-	(402)	n.m.
- Others	(5)	(1)	400.0
	(5)	(403)	(98.8)

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1 a)(iii) **Statement of Comprehensive Income for the period ended 30 June 2020**

	Group	
	1H 2020 US$'000	**1H 2019 US$'000**
Profit after tax for the period	**7,307**	**2,046**
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation	5	-
	5	-
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income of associates	252	24
Exchange differences on translation of foreign operations	(283)	139
	(31)	163
Other comprehensive income for the period, net of tax	(26)	163
Total comprehensive income for the period	**7,281**	**2,209**
Total comprehensive income attributable to:		
Owners of the Company	**7,180**	**1,986**
Non-controlling interests	101	223
	7,281	**2,209**

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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 20 US$'000	31 Dec 19 US$'000	30 Jun 20 US$'000	31 Dec 19 US$'000
ASSETS				
Current assets				
Cash and bank balances	61,815	56,519	37,952	37,646
Trade receivables - third parties	58,359	60,421	52,092	52,396
Prepaid operating expenses	9,793	11,714	6,441	7,283
Other receivables and deposits	3,343	2,923	2,103	1,568
Due from immediate holding company (non-trade)	261	261	-	-
Due from immediate holding company (trade)	4,156	3,959	4,151	3,955
Due from subsidiaries (trade)	-	-	3,659	3,357
Due from subsidiaries (non-trade)	-	-	2,063	2,020
Due from related companies (trade)	6,786	9,559	2,783	3,700
Due from non-controlling interest of subsidiary (trade)	127	75	-	-
Inventories	2,185	1,631	1,922	1,388
	146,825	147,062	113,166	113,313
Non-current assets				
Investment properties	1,172	1,191	567	580
Property, plant and equipment	111,742	115,609	83,524	85,895
Right-of-use assets	6,502	7,909	1,508	3,031
Intangible assets	582	103	582	103
Subsidiaries	-	-	38,632	38,632
Associate	15,266	14,242	10,099	10,099
Deferred tax assets	63	63	-	-
	135,327	139,117	134,912	138,340
Total assets	**282,152**	**286,179**	**248,078**	**251,653**
LIABILITES AND EQUITY				
Current liabilities				
Bank term loans and borrowing	7,128	7,090	5,796	5,757
Trade payables	20,173	23,617	17,141	19,349
Other payables and liabilities	21,391	22,532	13,206	13,645
Due to subsidiary (trade)	-	-	51	34
Due to subsidiary (non-trade)	-	-	5,073	5,491
Due to related companies (trade)	262	265	98	7
Due to non-controlling interest of subsidiary (non-trade)	558	585	-	-
Lease liabilities	1,110	2,687	705	2,395
Income tax payable	1,122	1,041	398	359
	51,744	57,817	42,468	47,037
Non-current liabilities				
Bank term loans and borrowing	23,068	28,605	16,345	21,196
Lease liabilities	5,762	5,539	953	807
Retirement benefit obligations	1	1	-	-
Deferred tax liabilities	15	16	-	-
Due to non-controlling interest of subsidiaries	1,124	1,044	-	-
	29,970	35,205	17,298	22,003
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	129,913	122,757	119,725	114,026
Other reserves	(517)	(774)	-	-
Foreign currency translation reserve	(355)	(122)	-	-
Equity attributable to owners of the Company	197,628	190,448	188,312	182,613
Non-controlling interests	2,810	2,709	-	-
Total equity	200,438	193,157	188,312	182,613
Total liabilities and equity	**282,152**	**286,179**	**248,078**	**251,653**

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

	As at 30 Jun 2020		As at 31 Dec 2019	
	Secured US$ million	Unsecured US$ million	Secured US$ million	Unsecured US$ million
Amount repayable in one year or less, or on demand	7.13	-	7.09	-
Amount repayable after one year	23.07	-	28.61	-
	30.20	-	35.70	-

Details of any collateral

The Group's borrowings are secured by means of:
> Corporate guarantees from the Company and the subsidiaries
> Legal mortgages over certain vessels of the Company
> Pledges over certain bank accounts of a subsidiary
> Assignment of insurance of certain vessels of the Company
> Legal mortgages over freehold properties of the Company and the subsidiaries
> Assignment of insurance, income or proceed of sale 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.**

Cashflow Statement for the period ended

	Group	
	1H 2020 US$'000	**1H 2019 US$'000**
Cash flows from operating activities		
Profit before tax	**7,547**	**2,627**
Adjustments:		
Depreciation of property, plant and equipment	4,094	5,031
Depreciation of right-of-use assets	2,384	4,491
Amortisation of intangible assets	77	22
Depreciation of investment properties	19	18
Gain on disposal of property, plant and equipment	(1)	(36)
Net gain on disposal of investments at fair value through profit or loss - investment securities	-	(2)
Allowance for doubtful trade debts	653	-
Write back of doubtful trade debts	-	(387)
Finance costs	1,023	1,560
Finance income	(476)	(465)
Share of results of associates/joint venture	(761)	(939)
Impairment loss on assets held for sale (vessels)	-	402
Net foreign exchange gain	(545)	247
Operating cash flows before working capital changes	14,014	12,569
Decrease (increase) in:		
Inventories	(554)	(580)
Trade receivables	1,477	13,254
Other receivables and deposits	(421)	92
Prepaid operating expenses	1,921	(1,407)
Due from immediate holding company	(195)	4,180
Due from related companies	2,707	917
Due from joint venture	(3)	73
Due from non-controlling interest of subsidiary	(52)	492
Increase (decrease) in:		
Trade payables	(3,444)	(6,192)
Other payables and liabilities	(1,148)	(656)
Due to related companies	(3)	78
Cash generated from operations	14,299	22,820
Interest paid	(1,023)	(1,560)
Income tax paid	(110)	(680)
Net cash from operating activities	13,166	20,580
Cash flows from investing activities		
Interest income received	476	465
Proceeds from disposal of property, plant and equipment	2	40
Proceeds from disposal of investments at fair value through profit or loss - investment securities	-	292
Purchase of property, plant and equipment	(460)	(2,885)
Purchase of intangible assets	(556)	(11)
Purchase of investments at fair value through profit or loss - investment securities	-	(290)
Due from joint venture	-	(19)
Net cash used in investing activities	(538)	(2,408)
Cash flows from financing activities		
Proceeds from bank term loans and borrowing	-	18,733
Repayment of bank term loans and borrowing	(4,851)	(16,576)
Repayment of lease liabilities	(2,329)	(4,480)
Dividend paid	-	(2,967)
Decrease (increase) in pledged deposits	4,952	(406)
Dividend paid to non-controlling shareholder	-	(101)
Loan from non-controlling interest of subsidiary	80	7
Investment in a subsidiary by a non-controlling interest	-	89
Reduction in investment in subsidiary by a non-controlling interest	-	(1,826)
Net cash used in financing activities	(2,148)	(7,527)
Net increase in cash and cash equivalents	**10,480**	**10,645**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(233)	125
Cash and cash equivalents at the beginning of the period	47,753	20,749
Cash and cash equivalents at the end of the period	**58,000**	**31,519**
Cash and bank balances (current)	61,815	39,978
Less: Pledged deposits	(3,815)	(8,459)
Cash and cash equivalents at the end of the period	**58,000**	**31,519**

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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 period.**

Statements of Changes in Equity for the period ended 30 Jun 2020

	Share Capital	Treasury Shares	Other Reserves	Translation Reserve	Retained Earnings	Attributable to Equity holders	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 Dec 2019	68,761	(174)	(774)	(122)	122,757	190,448	2,709	193,157
Profit for the period	-	-	-	-	7,156	7,156	151	7,307
Other comprehensive income for the period	-	-	257	(233)	-	24	(50)	(26)
Total	-	-	257	(233)	7,156	7,180	101	7,281
Balance as at 30 Jun 2020	**68,761**	**(174)**	**(517)**	**(355)**	**129,913**	**197,628**	**2,810**	**200,438**
Balance as at 31 Dec 2018	68,761	(174)	(409)	(143)	121,041	189,076	4,279	193,355
Profit for the period	-	-	-	-	1,837	1,837	209	2,046
Other comprehensive income for the period	-	-	24	125	-	149	14	163
Total	-	-	24	125	1,837	1,986	223	2,209
Transactions with owners, recognised directly in equity								
Additional investment in subsidiary by a non-controlling interest	-	-	-	-	-	-	89	89
Capital reduction in subsidiary held by a non-controlling interest	-	-	-	-	-	-	(1,826)	(1,826)
Dividend paid	-	-	-	-	(2,967)	(2,967)	(101)	(3,068)
Total	-	-	-	-	(2,967)	(2,967)	(1,838)	(4,805)
Balance as at 30 Jun 2019	**68,761**	**(174)**	**(385)**	**(18)**	**119,911**	**188,095**	**2,664**	**190,759**

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US$'000	US$'000	US$'000	US$'000
COMPANY				
Balance as at 31 Dec 2019	68,761	(174)	114,026	182,613
Profit for the period, representing total comprehensive profit for the period	-	-	5,699	5,699
Total	-	-	5,699	5,699
Balance as at 30 Jun 2020	**68,761**	**(174)**	**119,725**	**188,312**
Balance as at 31 Dec 2018	68,761	(174)	145,521	214,108
Profit for the period, representing total comprehensive profit for the period	-	-	2,554	2,554
Total	-	-	2,554	2,554
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(2,967)	(2,967)
Total	-	-	(2,967)	(2,967)
Balance as at 30 Jun 2019	**68,761**	**(174)**	**145,108**	**213,695**

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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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any and the percentage of the aggregate number of treasu shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financia period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the period ended 30 June 2020, there was no change in the Company's share capital.

As at 30 June 2020, total issued share capital of the Company was 539,131,199 (30 June 2019: 539,131,199) ordinary shares which include 1,093,000 (30 June 2019: 1,093,000) ordinary shares held as treasury shares and no subsidiary holdings (30 June 2019: Nil). As at 30 June 2020, the percentage of treasury shares approximate 0.2% (30 June 2019: 0.2%) of the total number of issued shares excluding treasury shares.

As at 30 June 2020, there were no outstanding convertibles (30 June 2019: Nil).

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 2020 was 538,038,199 (31 December 2019: 538,038,199) shares

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

Not applicable.

1 d)(v) **A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings 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.

Other than the adoption of the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)s"), the new FRS and Interpretation of FRS ("INT FRS") that are mandatory for the financial year beginning 1 January 2020, the Group has adopted the same accounting policies and methods of computation for the current period as those adopted for the audited financial statements for the financial year ended 31 December 2019.

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 adoption of the various SFRS(I) effective for the financial year beginning on 1 Jan 2020 does not have a material effect on the financial statements of the Group and the Company.

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	
	1H 2020	1H 2019
	US cents	US cents
Earnings per ordinary share of the Group based on net profit attributable to the owners of the Company		
(i) Based on the weighted average number of ordinary shares in issue	1.33	0.34
(ii) On a fully diluted basis	1.33	0.34

Earnings per ordinary share for the half year ended 30 June 2020 and 30 June 2019 is calculated based on the number of issued ordinary shares (excluding treasury shares) of 538,038,199.

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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 20	31 Dec 19	30 Jun 20	31 Dec 19
	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	36.73	35.40	35.00	33.94

Net asset value per ordinary share as at 30 June 2020 and 31 December 2019 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

Group revenue for the six months ended 30 June 2020 ("1H20") decreased 5.5% to USD174.8 million, compared to USD184.9 million in the previous corresponding period ("1H19").

Efforts by governments to fight the Covid-19 pandemic has resulted in restrictions on the movement of goods across borders.

In the light of very challenging market conditions and to control costs, the Company downsized its fleet, dropping unprofitable services and reducing frequencies where justifiable. Container volume handled thus fell 10.5% to 570,600 TEUs, compared to 637,600 TEUs in 1H19. Revenue from the container shipping segment fell 4.3% to USD166.3 million in 1H20, from USD173.8 million in 1H19. The bulk and tanker segment contributed revenue of USD3.5 million in 1H20, 37.3% lower compared to USD5.6 million in 1H19, as the Group operated a reduced fleet year-on-year following the disposal of two bulk carriers in the previous financial year. The lower level of container and tanker activity resulted in a corresponding decline in overall operating costs. Cost of services declined 8.6% to USD161.9 million in 1H20, compared to USD177.1 million in 1H19. As a result, the Group recorded a 65.8% increase in gross profit to USD13.0 million, compared to USD7.8 million in 1H19.

General & administrative expenses rose 10.4% to USD6.3 million, from USD5.7 million a year ago. This took into account a provision of USD0.7 million for bad debt made in 1H20, compared to a USD0.4 million write-back in bad debt provision in 1H19. The Company has also benefited from the Job Support Scheme from the Singapore Government during the period amounting to USD523,000.

Taking the above into account, the Group recorded profit after tax of USD7.3 million for 1H20, versus USD2.0 million in 1H19.

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 Covid-19 pandemic, along with geopolitical trade conflicts, has aggravated the difficult operating conditions of the container shipping industry. With global trade activity already dampened by uncertainties arising from geopolitical trade conflicts, the pandemic has further limited the movement of goods both internationally and domestically in view of border closures and movement restrictions. This has lowered container demand and resulted in intensifying competition among ship operators.

In light of bunker price volatility, the cost of complying with IMO2020 regulations as well as the implementation of safe-working measures to prevent a Covid-19 outbreak on board the vessels and within the organisation, operating costs are also expected to increase.

The Group will continue to leverage its network, track record and capabilities to strengthen its relationships with its shipping and logistics customers. It will also continue to manage its capacity, operations and cost base in an efficient and nimble manner, to strengthen its competitiveness in the long run.

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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 and the reason(s) for the decision.

The Company's practice is to declare dividend on an annual basis. Therefore, no dividend was declared or recommended for the first half year ended 30 June 2020.

13. Interested Person Transactions

(A) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Mandated transactions)	1H 2020 US$'000	1H 2019 US$'000
Expenses		
PT. Samudera Indonesia Tbk and its subsidiary		
Office rental	9	18
Vessel charter hire	1,071	1,328
PT. Samudera Agencies Indonesia		
Agency commissions [1]	939	1,048
PT. Samudera Indonesia Ship Management		
Ship management fees	290	319
PT. Perusahaan Pelayaran Nusantara Panurjwan		
Vessel charter hire	1,751	1,011
PT. Samudera Sarana Logistik		
Container depot	46	56
PT. Tangguh Samudera Jaya		
Stevedorage charges	2,022	2,327

(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)	1H 2020 US$'000	1H 2019 US$'000
Expenses		
PT. Perusahaan Pelayaran Nusantara Panurjwan		
Freight expenses	15	25
PT Praweda Sarana Informatika		
Software development and system maintenance	225	212
PT Ista Indonesia		
Car rental	39	-
Revenue		
PT. Perusahaan Pelayaran Nusantara Panurjwan		
Vessel charter hire	220	430
PT. Samudera Energi Tangguh		
Vessel charter hire	3,136	1,948

[1] No agency commission is payable for revenue collected or payments made on behalf of Samudera Shipping Line Ltd and the transaction has been accorded as a nil value.

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14. Confirmation that the Issuer has procured undertakings from its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

15. Negative Assurance Confirmation Pursuant To Rule 705(5) of the Listing Manual

We, Asmari Herry Prayitno and Hermawan F Herman, 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 2020 to be false or misleading in any material aspect.

Asmari Herry Prayitno
Executive Director, CEO

Hermawan F Herman
Executive Director, Finance

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
27 July 2020