

FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017

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

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 31 March 2017.

1 a)(i) Income Statement for the period ended 31 March 2017

	Note	Group		+ / (-) %
		1Q 2017 US\$'000	1Q 2016 US\$'000	
Revenue		62,700	68,085	(7.9)
Cost of sales		(60,831)	(61,702)	(1.4)
Gross profit		1,869	6,383	(70.7)
Other operating income	(A)	502	215	133.5
Marketing expenses		(1,666)	(1,588)	4.9
Administrative expenses		(1,272)	(1,162)	9.5
Other operating expenses	(B)	-	(570)	n.m.
(Loss) Profit from operations		(567)	3,278	n.m.
Finance income		115	72	59.7
Finance costs		(436)	(500)	(12.8)
Operating (loss) profit		(888)	2,850	n.m.
Share of results of associate/joint venture		318	397	(19.9)
(Loss) Profit before tax		(570)	3,247	n.m.
Income tax expense		(197)	(339)	(41.9)
(Loss) Profit after tax		(767)	2,908	n.m.
Attributable to:				
Owners of the Company		(859)	2,877	n.m.
Non-controlling interests		92	31	196.8
(Loss) Profit after tax		(767)	2,908	n.m.

n.m. = not meaningful

1 a)(ii) Notes to the Income Statement

	Group		+ / (-) %
	1Q 2017 US\$'000	1Q 2016 US\$'000	
(Loss) Profit after tax for the period is arrived at after charging (crediting) the following:			
- Depreciation of property, plant and equipment	4,629	5,171	(10.5)
- Depreciation of investment properties	7	6	16.7
- Allowance for doubtful trade debts	386	228	69.3
- Write back of allowance for doubtful trade debts	(265)	(152)	74.3
- Finance costs - interest on borrowings	436	500	(12.8)
(A) Other operating income			
- Rental income	80	84	(4.8)
- Net foreign exchange gains	75	-	n.m.
- Gain on disposal of plant, property and equipment	75	19	294.7
- Gain on disposal of assets held for sale (Vessel)	212	-	n.m.
- Gain on disposal of investment at fair value through profit and loss- investment securities	9	13	(30.8)
- Others	51	99	(48.5)
	502	215	133.5

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

	Group		+ / (-) %
	1Q 2017	1Q 2016	
	US\$'000	US\$'000	
(B) Other operating expenses			
- Net of foreign exchange loss	-	(544)	n.m.
- Others	-	(26)	n.m.
	<u>-</u>	<u>(570)</u>	n.m.

1 a)(iii) **Statement of Comprehensive Income for the period ended 31 March 2017**

	Group	
	1Q 2017	1Q 2016
	US\$'000	US\$'000
(Loss) Profit after tax for the period	(767)	2,908
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive loss of associate	-	(513)
Exchange differences on translation of foreign operations	184	88
	<u>184</u>	<u>(425)</u>
Other comprehensive income (loss) for the period, net of tax	184	(425)
Total comprehensive (loss) income for the period	(583)	2,483
Total comprehensive (loss) income attributable to:		
Owners of the Company	(698)	2,428
Non-controlling interests	115	55
	<u>(583)</u>	<u>2,483</u>

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	
	31 Mar 17 US\$'000	31 Dec 16 US\$'000	31 Mar 17 US\$'000	31 Dec 16 US\$'000
ASSETS				
Current assets				
Cash and bank balances	49,486	54,096	29,928	33,509
Trade receivables	44,117	44,214	37,406	37,490
Prepaid operating expenses	10,865	7,082	5,835	4,468
Other receivables and deposits	922	1,007	66	78
Due from immediate holding company (non-trade)	2,087	2,087	-	-
Due from immediate holding company (trade)	2,835	2,401	2,835	2,364
Due from subsidiaries (trade)	-	-	2,970	3,108
Due from subsidiaries (non-trade)	-	-	3,251	3,052
Due from related companies (trade)	3,579	2,819	68	115
Inventories	2,540	2,606	1,490	1,261
	116,431	116,312	83,849	85,445
Assets classified as held for sale	-	3,333	-	-
	116,431	119,645	83,849	85,445
Non-current assets				
Investment properties	650	657	650	657
Property, plant and equipment	240,705	242,994	121,233	122,728
Subsidiaries	-	-	72,531	72,490
Associate/joint venture	9,340	9,008	10,099	10,099
Deferred tax assets	58	58	-	-
Employee benefits	11	-	-	-
Other non-current assets	55	53	-	-
	250,819	252,770	204,513	205,974
Total assets	367,250	372,415	288,362	291,419
LIABILITIES AND EQUITY				
Current liabilities				
Bank term loans	20,661	20,910	11,398	11,488
Trade payables	19,560	20,987	14,872	15,121
Other payables and liabilities	20,843	19,455	13,179	12,486
Due to subsidiary (trade)	-	-	90	84
Due to subsidiary (non-trade)	-	-	1	1
Due to immediate holding company (trade)	165	178	-	-
Due to related companies (trade)	783	558	136	195
Finance leases	18	27	15	23
Income tax payable	1,670	1,537	681	648
	63,700	63,652	40,372	40,046
Non-current liabilities				
Bank term loans	59,208	63,762	23,258	25,638
Finance leases	8	9	-	-
Retirement benefit obligations	-	149	-	-
Deferred tax liabilities	34	-	-	-
	59,250	63,920	23,258	25,638
Capital, reserves and non-controlling interests				
Share capital	68,761	68,761	68,761	68,761
Treasury shares	(174)	(174)	(174)	(174)
Retained earnings	186,176	187,035	156,145	157,148
Other reserves	(2,872)	(2,872)	-	-
Foreign currency translation reserve	(12,470)	(12,631)	-	-
Equity attributable to owners of the Company	239,421	240,119	224,732	225,735
Non-controlling interests	4,879	4,724	-	-
Total equity	244,300	244,843	224,732	225,735
Total liabilities and equity	367,250	372,415	288,362	291,419

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

	As at 31 March 2017		As at 31 Dec 2016	
	Secured US\$ million	Unsecured US\$ million	Secured US\$ million	Unsecured US\$ million
Amount repayable in one year or less, or on demand	20.68	-	20.94	-
Amount repayable after one year	59.22	-	63.77	-
	<u>79.90</u>	<u>-</u>	<u>84.71</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 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 period ended

	Group	
	1Q 2017	1Q 2016
	US\$'000	US\$'000
Cash flows from operating activities		
(Loss) Profit before tax	(570)	3,247
Adjustments:		
Depreciation of property, plant and equipment	4,629	5,171
Depreciation of investment properties	7	6
Gain on disposal of property, plant and equipment	(75)	(19)
Gain on disposal of assets held for sale (vessel)	(212)	-
Net gain on disposal of investments at fair value through profit or loss - investment securities	(9)	(13)
Allowance for doubtful trade debts	386	228
Write back of doubtful trade debts	(265)	(152)
Finance costs	436	500
Finance income	(115)	(72)
Share of results of associate/joint venture	(318)	(397)
Net foreign exchange loss	421	725
Operating profit before working capital changes	4,315	9,224
Decrease (increase) in:		
Inventories	66	248
Trade receivables	(24)	3,996
Other receivables and deposits	84	166
Prepaid operating expenses	(3,810)	(3,513)
Due from immediate holding company	(434)	1,095
Due from related companies	(760)	276
Increase (decrease) in:		
Trade payables	(1,427)	4,209
Other payables and liabilities	1,290	589
Due to related companies	225	(283)
Due to immediate holding company	(14)	(105)
Cash (used in) generated from operations	(489)	15,902
Interest paid	(436)	(500)
Income tax paid	(114)	(387)
Net cash (used in) from operating activities	(1,039)	15,015
Cash flows from investing activities		
Interest income received	115	72
Proceeds from disposal of property, plant and equipment	76	19
Proceeds from disposal of current assets held for sale	3,545	-
Proceeds from disposal of investments at fair value through profit or loss - investment securities	1,007	1,003
Purchase of property, plant and equipment	(2,244)	(2,030)
Purchase of investments at fair value through profit or loss - investment securities	(998)	-
Net cash from (used in) investing activities	1,501	(936)
Cash flows from financing activities		
Repayment of finance leases	(10)	(11)
Repayment of bank term loans	(5,263)	(6,029)
Increase in pledged deposits	(14)	(27)
Additional investment in a subsidiary by a non-controlling interest	40	16
Net cash used in financing activities	(5,247)	(6,051)
Net (decrease) increase in cash and cash equivalents	(4,785)	8,028
Effects of exchange rate changes on the balance of cash held in foreign currencies	161	63
Cash and cash equivalents at the beginning of the period	41,965	34,095
Cash and cash equivalents at the end of the period	37,341	42,186
Cash and bank balances (current)	49,486	53,530
Less: Pledged deposits	(12,145)	(11,344)
Cash and cash equivalents at the end of the period	37,341	42,186

- 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 31 March 2017

	Share Capital	Treasury Shares	Capital Reserve	Other Reserve	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	US\$'000
GROUP									
Balance as at 31 Dec 2016	68,761	(174)	-	(2,872)	(12,631)	187,035	240,119	4,724	244,843
Loss for the period	-	-	-	-	-	(859)	(859)	92	(767)
Other comprehensive income for the period	-	-	-	-	161	-	161	23	184
Total	-	-	-	-	161	(859)	(698)	115	(583)
Transactions with owners,									
Additional investment in subsidiary by non-controlling interest	-	-	-	-	-	-	-	40	40
Total	-	-	-	-	-	-	-	40	40
Balance as at 31 Mar 2017	68,761	(174)	-	(2,872)	(12,470)	186,176	239,421	4,879	244,300
Balance as at 31 Dec 2015	68,761	(174)	26	(4,013)	(12,427)	195,203	247,376	4,663	252,039
Profit for the period	-	-	-	-	-	2,877	2,877	31	2,908
Other comprehensive loss for the period	-	-	-	(513)	64	-	(449)	24	(425)
Total	-	-	-	(513)	64	2,877	2,428	55	2,483
Transactions with owners,									
Additional investment in subsidiary by non-controlling interest	-	-	-	-	-	-	-	16	16
Total	-	-	-	-	-	-	-	16	16
Balance as at 31 Mar 2016	68,761	(174)	26	(4,526)	(12,363)	198,080	249,804	4,734	254,538

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY				
Balance as at 31 Dec 2016	68,761	(174)	157,148	225,735
Loss for the period, representing total comprehensive loss for the period	-	-	(1,003)	(1,003)
Total	-	-	(1,003)	(1,003)
Balance as at 31 Mar 2017	68,761	(174)	156,145	224,732
Balance as at 31 Dec 2015	68,761	(174)	151,889	220,476
Profit for the period, representing total comprehensive income for the period	-	-	4,720	4,720
Total	-	-	4,720	4,720
Balance as at 31 Mar 2016	68,761	(174)	156,609	225,196

- 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 of the 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 treasury 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 financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the quarter ended 31 Mar 2017, there was no change in the Company's share capital.

As at 31 Mar 2017, total issued share capital of the Company was 539,131,199 (31 Mar 2016: 539,131,199) ordinary shares which include 1,093,000 (31 Mar 2016: 1,093,000) ordinary shares held as treasury shares and no subsidiary holdings (31 Mar 2016 : Nil). As at 31 Mar 2017, the percentage of treasury shares approximate 0.2% (31 Mar 2016 : 0.2%) of the total number of issued shares excluding treasury shares.

As at 31 Mar 2017, there were no outstanding convertibles (31 Mar 2016: 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 31 Mar 2017 was 538,038,199 (31 Dec 2016: 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 certain revisions to Financial Reporting Standards ("FRS"), the new FRS and Interpretation of FRS ("INT FRS") that are mandatory for the financial year beginning 1 Jan 2017, 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 Dec 2016.

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 revised FRS, new FRS and INT FRS effective for the financial year beginning on 1 Jan 2017 does not have a material financial effect on 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.

(Loss) 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
(ii) On a fully diluted basis

Group	
Q1 2017	Q1 2016
US cents	US cents
(0.16)	0.53
(0.16)	0.53

Earnings per ordinary share for the quarter ended 31 Mar 2017 is computed based on the number of issued ordinary shares (excluding treasury shares) during the period of 538,038,199 (31 Mar 2016: 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.**

Net asset value per ordinary share based on issued share capital as at the end of the period

Group		Company	
31 Mar 17	31 Dec 16	31 Mar 17	31 Dec 16
US cents	US cents	US cents	US cents
44.50	44.63	41.77	41.96

Net asset value per ordinary share as at 31 Mar 2017 and 31 Dec 2016 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.

The Group recorded revenue of USD62.7 million, a 7.9% decline from USD68.1 million in the previous corresponding quarter ("1Q16"). The decline was due to lower revenue contribution from both container shipping and bulk & tanker business segments.

Year-on-year, volume handled by the container shipping business in 1Q17 held steady at 285,000. Nevertheless, on the back of lower freight rates, revenue fell 7.9% to USD54.7 million in 1Q17.

Compared to a year ago, the fleet size reduced from 11 to 7 ships. Operating on a smaller fleet, revenue from the bulk & tanker business declined by 8.7% to USD6.9 million in 1Q17, compared to USD7.6 million in 1Q16. The impact was partially mitigated by an improvement in bulk carrier charter rates.

The Group's cost of services contracted by 1.4% to USD60.8 million in 1Q17, compared to USD61.7 million in 1Q16. The decline was mainly due to lower cost of operating a smaller bulk & tanker and container vessel fleet, as well as lower charter-in rates. This was partially offset by significantly higher bunker costs incurred in 1Q17 compared to 1Q16.

In light of the above, gross profit dropped 70.7% to USD1.9 million in 1Q17, versus USD6.4 million in 1Q16. Consequently, gross profit margin also fell to 3.0%, from 9.4%.

The Group recorded a foreign exchange gain of USD75,000 in 1Q17, compared to a loss of USD0.5 million in 1Q16, as the US dollar depreciated against the Singapore dollar and other regional currencies.

Consequently, the Group recorded net loss after tax of USD0.8 million in 1Q17, versus a net profit after tax USD2.9 million in 1Q16.

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.**

Operating conditions of the regional container shipping industry are expected to remain challenging. The existing supply-demand imbalance remains a challenge for the industry. Competition in the market is thus expected to remain intense, further hampering industry recovery. Rising oil price will also have a significant impact on operating costs.

The tanker business is expected to remain stable; the Group is hopeful that the recent improvement in demand for dry bulk commodities will translate to a sustained improvement in charter rates for its bulk carriers.

The Group will continue to focus on improving operational efficiency and asset utilisation to mitigate industry challenges.

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)	1Q 2017 US\$'000	1Q 2016 US\$'000
<u>Expenses</u>		
<u>PT. Samudera Indonesia Tbk and its subsidiary</u>		
Agency commissions ⁽¹⁾	573	550
Office rental	23	21
Vessel charter hire	420	330
<u>PT. Samudera Indonesia Ship Management</u>		
Ship management fees	243	282
<u>PT. Perusahaan Pelayaran Nusantara Panurjwan</u>		
Vessel charter hire	352	365
<u>PT. Masaji Tatanan Container</u>		
Container depot	64	43
<u>PT. Tangguh Samudera Jaya</u>		
Stevedorage charges	914	-
<u>PT. Samudera Energi Tangguh</u>		
Vessel charter hire	41	41
<u>(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)</u>		
<u>Expenses</u>		
<u>PT. Perusahaan Pelayaran Nusantara Panurjwan</u>		
Freight expenses	16	26
<u>PT Praweda Sarana Informatika</u>		
Software development and system maintenance	85	-
<u>Revenue</u>		
<u>PT. Perusahaan Pelayaran Nusantara Panurjwan</u>		
Vessel charter hire	465	928

⁽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.

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 31 Mar 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Hermawan F Herman
Executive Director, Finance
27 April 2017