



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 2nd Quarter Ended 25 June 2010

1.(a)(i) Consolidated Income Statement

	Group			Group		
	YTD 2010 US\$'000	YTD 2009 US\$'000	% Increase/ (Decrease)	Q2 2010 US\$'000	Q2 2009 US\$'000	% Increase/ (Decrease)
Revenue	4,218,654	2,931,209	44	2,120,517	1,388,340	53
Cost of sales	(3,848,303)	(2,978,176)	29	(1,839,210)	(1,371,027)	34
Gross profit/(loss)	370,351	(46,967)	N/M	281,307	17,313	1,525
Other gains (net)						
- Miscellaneous	4,186	8,661	(52)	2,262	3,975	(43)
- Finance and investment income	1,557	2,582	(40)	669	1,661	(60)
Expenses						
- Administrative	(307,422)	(286,850)	7	(150,059)	(137,490)	9
- Finance	(31,686)	(32,627)	(3)	(16,299)	(18,116)	(10)
- Other operating	(14,270)	(19,585)	(27)	(9,240)	(7,770)	19
Share of results of associated companies	1,797	440	308	1,059	231	358
Share of results of joint ventures	730	164	345	198	(765)	N/M
Profit/(loss) before income tax	25,243	(374,182)	N/M	109,897	(140,961)	N/M
Income tax expense	(22,032)	(16,275)	35	(9,487)	(5,310)	79
Net profit/(loss) for the financial period	3,211	(390,457)	N/M	100,410	(146,271)	N/M
Net profit/(loss) attributable to:						
Equity holders of the Company	1,203	(390,836)	N/M	99,694	(146,241)	N/M
Non-controlling interest	2,008	379	430	716	(30)	N/M
	3,211	(390,457)	N/M	100,410	(146,271)	N/M

1.(a)(ii) Notes to the Consolidated Income Statement

	Group			Group		
	YTD 2010 US\$'000	YTD 2009 US\$'000	% Increase/ (Decrease)	Q2 2010 US\$'000	Q2 2009 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	4,542	6,384	(29)	1,608	3,144	(49)
(B) Interest on Borrowings	(17,248)	(24,190)	(29)	(7,981)	(11,615)	(31)
(C) Depreciation and Amortisation	(141,975)	(142,963)	(1)	(65,732)	(65,896)	(0)
(D) Allowance for Doubtful Debts and Bad Debts Written Off	(1,490)	(6,563)	(77)	(1,130)	(3,961)	(71)
(E) (Write-off)/ Write-back of Provision for Impairment in Value of Investments	(4)	10	N/M	(3)	-	N/M
(F) Foreign Exchange (Loss)/ Gain	(6,606)	1,227	N/M	(5,482)	2,309	N/M
(G) Adjustment for Over/(Under) Provision for Tax in Prior Years	775	75	933	(217)	250	N/M
(H) Profit on Sale of Investments, Property, Plant and Equipment and Investment Properties	972	4,580	(79)	1,214	1,817	(33)
(I) (Write-off)/ Write-back of Inventories	(416)	41	N/M	24	28	(14)

1.(a)(iii) Consolidated Statement of Comprehensive Income

	Group		Group	
	YTD 2010 US\$'000	YTD 2009 US\$'000	Q2 2010 US\$'000	Q2 2009 US\$'000
Net profit/(loss) for the financial period	3,211	(390,457)	100,410	(146,271)
Other comprehensive income:				
Fair value (losses)/gains on cash flow hedges	(38,295)	172,507	(39,563)	139,392
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(45,068)	36,160	(11,674)	(17,304)
Fair value gains/(losses) on available-for-sale financial asset	41	(74)	15	(22)
Currency translation differences	(908)	(376)	(2,131)	6,033
Tax on fair value losses and gains	(316)	893	(488)	(278)
Other comprehensive (loss)/income for the financial period, net of tax	(84,546)	209,110	(53,841)	127,821
Total comprehensive (loss)/income for the financial period	(81,335)	(181,347)	46,569	(18,450)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(83,402)	(181,877)	45,977	(18,566)
Non-controlling interest	2,067	530	592	116
	(81,335)	(181,347)	46,569	(18,450)

N/M: Not meaningful

1.(b)(i) Balance Sheets

	Group			Company		
	25 June 2010 US\$'000	25 Dec 2009 US\$'000	% Increase/ (Decrease)	25 June 2010 US\$'000	25 Dec 2009 US\$'000	% Increase/ (Decrease)
ASSETS						
Current Assets						
Cash and cash equivalents	443,940	333,048	33	1,713	17,044	(90)
Trade and other receivables ¹	1,059,789	814,718	30	1,615,627	1,620,619	(0)
Inventories at cost	241,270	197,208	22	-	-	0
Derivative financial instruments	13,133	88,681	(85)	1,227	2,603	(53)
Other current assets	108,189	70,468	54	2,895	2,191	32
Total current assets	1,866,321	1,504,123	24	1,621,462	1,642,457	(1)
Non-current Assets						
Investments in subsidiaries	-	-	0	999,595	994,695	0
Investments in associated companies	42,264	40,216	5	-	1	(100)
Investments in joint ventures	27,797	27,107	3	-	-	0
Available-for-sale financial asset	72	31	132	-	-	0
Property, plant and equipment	3,448,121	3,509,266	(2)	483,893	455,066	6
Investment properties	13,157	9,230	43	-	-	0
Deferred charges	9,410	9,268	2	30	35	(14)
Intangible assets	25,853	29,142	(11)	64	78	(18)
Goodwill arising on consolidation	129,095	129,095	0	-	-	0
Deferred income tax assets	4,106	5,177	(21)	-	-	0
Derivative financial instruments	-	670	(100)	-	-	0
Other non-current assets	74,426	77,225	(4)	1,437	1,719	(16)
Total non-current assets	3,774,301	3,836,427	(2)	1,485,019	1,451,594	2
TOTAL ASSETS	5,640,622	5,340,550	6	3,106,481	3,094,051	0
LIABILITIES						
Current Liabilities						
Trade and other payables	1,066,489	1,009,918	6	140,910	129,833	9
Current income tax liabilities	53,464	42,498	26	17,578	17,088	3
Borrowings	21,369	20,975	2	722	710	2
Provisions	61,475	76,354	(19)	-	9	(100)
Deferred income	423	333	27	-	-	0
Derivative financial instruments	28,516	9,744	193	1,227	2,603	(53)
Other current liabilities ²	289,879	198,368	46	-	-	0
Total current liabilities	1,521,615	1,358,190	12	160,437	150,243	7
Non-current Liabilities						
Borrowings	1,130,090	918,831	23	-	-	0
Provisions	127,677	126,047	1	-	-	0
Deferred income	811	659	23	-	-	0
Deferred income tax liabilities	22,266	25,155	(11)	10,699	10,939	(2)
Derivative financial instruments	7,854	-	N/M	-	-	0
Other non-current liabilities	71,710	71,478	0	-	-	0
Total non-current liabilities	1,360,408	1,142,170	19	10,699	10,939	(2)
TOTAL LIABILITIES	2,882,023	2,500,360	15	171,136	161,182	6
NET ASSETS	2,758,599	2,840,190	(3)	2,935,345	2,932,869	0
EQUITY						
Share capital	1,818,939	1,815,479	0	1,818,939	1,815,479	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	(5,216)	0
	1,813,723	1,810,263	0	1,813,723	1,810,263	0
Shares held by employee benefit trust	(3,220)	(2,989)	8	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	879,010	877,807	0	1,085,469	1,085,061	0
Other reserves	26,736	112,733	(76)	37,348	38,740	(4)
Capital and reserves attributable to equity holders of the Company	2,715,054	2,796,619	(3)	2,935,345	2,932,869	0
Non-controlling interest	43,545	43,571	(0)	-	-	0
TOTAL EQUITY	2,758,599	2,840,190	(3)	2,935,345	2,932,869	0
Net current assets	344,706	145,933	136	1,461,025	1,492,214	(2)

¹ Trade receivables include the full freight revenue for voyages, which corresponds to the contractual rights stipulated in the standard Bill of Lading and is inclusive of the freight charges collectable at destination for Free on Board shipments.

² Other current liabilities relates to deferred revenue arising from the percentage-of-completion method for revenue recognition.

N/M: Not meaningful

1.(b)(ii) Borrowings

The Group as at 25 June 2010	Secured bank loans US\$'000	Unsecured bank loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable on or before 1 July 2011, or on demand	11,751	1,125	8,493	21,369
Amount repayable in:				
29 June 2012	11,287	-	7,831	19,118
28 June 2013	12,913	-	7,763	20,676
27 June 2014	13,348	650,000	8,257	671,605
26 June 2015	12,692	-	8,804	21,496
Thereafter	40,231	95,443	261,521	397,195
	102,222	746,568	302,669	1,151,459

As at 25 December 2009	Secured bank loans US\$'000	Unsecured bank loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable in FY 2010, or on demand	11,485	1,176	8,314	20,975
Amount repayable in:				
FY 2011	11,044	-	8,260	19,304
FY 2012	12,031	-	7,559	19,590
FY 2013	13,058	400,000	8,006	421,064
FY 2014	12,422	30,000	8,514	50,936
Thereafter	46,986	95,064	265,887	407,937
	107,026	526,240	306,540	939,806

The bank loans and finance lease liabilities are secured mainly on vessels.

1.(b)(iii) Operating Lease Commitments

The future aggregate minimum lease payable under non-cancellable operating leases of the Group are as follows:

The Group as at 25 June 2010	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others US\$'000	Total US\$'000
Amount repayable for the remainder of FY 2010	393,368	8,339	42,776	13,376	29,909	487,768
Amount repayable in:						
FY 2011	657,923	15,191	87,774	21,892	51,492	834,272
FY 2012	583,474	15,191	84,431	18,058	42,740	743,894
FY 2013	493,396	15,191	80,194	13,392	29,232	631,405
FY 2014	388,270	15,191	80,038	9,462	18,764	511,725
Thereafter	904,942	32,700	815,106	2,911	25,813	1,781,472
	3,421,373	101,803	1,190,319	79,091	197,950	4,990,536

As at 25 December 2009	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others US\$'000	Total US\$'000
Amount repayable in FY 2010	760,057	410	87,531	27,064	56,500	931,562
Amount repayable in:						
FY 2011	648,647	-	87,714	21,698	43,559	801,618
FY 2012	583,427	-	84,504	17,992	35,924	721,847
FY 2013	493,348	-	80,352	13,324	26,697	613,721
FY 2014	388,270	-	80,199	9,471	17,434	495,374
Thereafter	892,023	-	815,612	2,938	23,671	1,734,244
	3,765,772	410	1,235,912	92,487	203,785	5,298,366

1.(d)(i) Statement of Changes in Equity (continued)

COMPANY	Share capital US\$'000	Treasury shares US\$'000	Treasury shares reserves US\$'000	Retained earnings US\$'000	Other reserves US\$'000	Total equity US\$'000
Balance at 26 December 2009	1,815,479	(5,216)	(1,195)	1,085,061	38,740	2,932,869
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,061	1,061
- new shares issued	3,017	-	-	-	(2,801)	216
Total comprehensive income for the financial period	-	-	-	199	-	199
Balance at 2 April 2010	1,818,496	(5,216)	(1,195)	1,085,260	37,000	2,934,345
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	474	474
- new shares issued	443	-	-	-	(126)	317
Total comprehensive income for the financial period	-	-	-	209	-	209
Balance at 25 June 2010	1,818,939	(5,216)	(1,195)	1,085,469	37,348	2,935,345

COMPANY	Share capital US\$'000	Treasury shares US\$'000	Treasury shares reserves US\$'000	Retained earnings US\$'000	Other reserves US\$'000	Total equity US\$'000
Balance at 27 December 2008	845,379	(5,216)	(1,195)	935,304	37,020	1,811,292
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,945	1,945
- new shares issued	4,552	-	-	-	(4,552)	-
Total comprehensive loss for the financial period	-	-	-	(8,061)	-	(8,061)
Balance at 3 April 2009	849,931	(5,216)	(1,195)	927,243	34,413	1,805,176
Dividends to equity holders	-	-	-	(39,246)	-	(39,246)
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,459	1,459
- new shares issued	71	-	-	-	(14)	57
Total comprehensive income for the financial period	-	-	-	199,159	-	199,159
Balance at 26 June 2009	850,002	(5,216)	(1,195)	1,087,156	35,858	1,966,605

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the previous period of the immediately preceding financial year.

Issued and paid up capital

As at 25 June 2010, the Company's issued and paid-up capital (including treasury shares) comprised 2,582,463,037 (25 December 2009: 2,580,624,970) ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,580,736,320 (25 December 2009: 2,578,898,253) ordinary shares.

Share options

As at 25 December 2009, there were 50,448,472 outstanding options to subscribe for unissued ordinary shares exercisable at any time during the exercise periods under the NOL Share Option Plan ("NOL SOP").

During the 6 months ended 25 June 2010, 570,447 share options were exercised to take up unissued shares of the Company at the subscription price of between S\$1.05 and S\$2.10 per share, 498,390 options had expired and 686,536 options were cancelled.

As at 25 June 2010, options to subscribe for 48,693,099 ordinary shares remain outstanding under the NOL SOP.

Performance shares

As at 25 December 2009, there were 1,955,651 outstanding performance shares under the NOL Performance Share Plan ("NOL PSP").

During the 6 months ended 25 June 2010, 1,267,620 performance shares were vested on 2 January 2010 and 6,777 were cancelled.

As at 25 June 2010, 681,254 performance shares remain outstanding under the NOL PSP.

Treasury shares

As at 25 December 2009, there were 1,726,717 treasury shares that may be re-issued upon the exercise of options under the NOL SOP and the vesting of performance shares under the NOL PSP.

During the 6 months ended 25 June 2010, no treasury shares were re-issued by the Company pursuant to the NOL SOP and NOL PSP.

In addition, no shares were purchased for the purposes of fulfilling the Company's obligations under the NOL SOP and NOL PSP.

As at 25 June 2010, there were 1,726,717 treasury shares remaining that have not been re-issued.

2. **Basis of Preparation**

The preparation of the second quarter 2010 interim financial information in conformity with Singapore Financial Reporting Standards requires management to exercise its judgement in the process of applying the Neptune Orient Lines Limited Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities as at 25 June 2010 and the reported amounts of revenue and expenses during the financial period from 26 December 2009 to 25 June 2010. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. **Negative Assurance Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual**

On behalf of the board of directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the board of directors of the Company which may render the interim financial information for the second quarter ended 25 June 2010 to be false or misleading in any material aspect.

On behalf of the board of directors

CHRISTOPHER LAU RONALD WIDDOWS
Director Director

Dated this 6 August 2010

4. **Audit or Review of Figures**

The figures have not been audited or reviewed by our auditors.

5. **Auditors' Report (including any qualifications or emphasis of matter)**

N.A.

6. **Contingent Liability**

The 2005 and 2006 U.S. federal income tax returns of APL Limited, a subsidiary of the Group, have been under income tax audit by the US Internal Revenue Service ("IRS"). In July 2010, APL Limited received Notices of Proposed Adjustment (the "Notices") from the IRS audit team, proposing certain adjustments related to (1) different interpretations of tax legislation under the US tonnage tax regime and (2) transfer pricing matters. The Notices are an IRS audit team's proposal and not an assessment from the IRS. Such notices are used by the IRS to summarize proposed adjustments such that the taxpayer is given an opportunity to understand the IRS' initial position and provide a response to the IRS audit team. The Group has and will continue to engage with the IRS and defend its tax return position.

Given the preliminary nature of the proposed adjustments, the Group is not able to determine with certainty the ultimate outcome with the IRS or the quantum of additional income tax which may be imposed on APL Limited, if any.

7. Accounting Policies

Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under Note 8(a), the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 25 December 2009.

8.(a) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, to disclose what has changed, as well as the reasons for, and the effect of, the change.

On 26 December 2009, the Group and the Company adopted/early adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS"), which are effective for the financial period beginning on or after 1 July 2009 or 1 January 2010.

The following are the FRS and INT FRS that are relevant to the Group and the Company:

FRS 27 (revised)	: Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)
FRS 103 (revised)	: Business Combinations (effective for annual periods beginning on or after 1 July 2009)
Amendments to FRS 39	: Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009)
Amendments to FRS 102	: Share-based Payment: Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010)
INT FRS 117	: Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
INT FRS 118	: Transfer of Assets to Customers (effective for annual periods beginning on or after 1 July 2009)

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies and did not have any significant impact on the Group and the Company, except as discussed below:

1) FRS 27 (revised) Consolidated and Separate Financial Statements

The Group has adopted FRS 27 (revised) prospectively to transactions with non-controlling interest from 26 December 2009.

FRS 27 (revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement.

2) FRS 103 (revised) Business Combinations

The Group has adopted FRS 103 (revised) prospectively to all business combinations from 26 December 2009.

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

8.(b) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

9.	YTD 2010	YTD 2009 (Restated) ³	Q2 2010	Q2 2009 (Restated) ³		
GROUP						
Earnings/ (Loss) per ordinary share after deducting any provision for preference dividends (adjusted to exclude shares held by employee benefit trust and treasury shares)						
a) Based on the weighted average number of ordinary shares on issue	0.05 US cts	(23.98 US cts)	3.87 US cts	(8.97 US cts)		
b) On a fully diluted basis (detailing any adjustments made to the earnings)	0.05 US cts	(23.98 US cts)	3.85 US cts	(8.97 US cts)		
³ Restated for effects of the Rights Issue.						
10. Net Asset Value	Group			Company		
	25 June 2010 US\$	25 Dec 2009 US\$	Inc / (Dec) %	25 June 2010 US\$	25 Dec 2009 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	1.05	1.08	(2.78)	1.14	1.14	0.00

11. **Review of the Performance of the Group**

Income Statement:

YTD 2010 vs YTD 2009

NOL Group achieved revenue of US\$4.22 billion (YTD 2009: US\$2.93 billion), an increase of US\$1.29 billion or 44% year-on-year (YoY). This is mainly due to increase in liner revenue from higher volumes and increasing freight rates.

The Group's cost of sales increased by US\$0.87 billion or 29% YoY to US\$3.85 billion mainly due to higher costs associated with higher volumes and higher bunker costs.

Miscellaneous income declined by US\$4 million or 52% YoY to US\$4 million mainly due to lower gains on disposal of property, plant and equipment.

Administrative expenses increased by US\$21 million or 7% YoY to US\$307 million mainly due to higher personnel expenses.

Other operating expenses declined by US\$5 million or 27% YoY to US\$14 million mainly due to write-back of provision for litigation.

The Group recorded net profit attributable to shareholders of US\$1 million in YTD 2010 compared to net loss of US\$391 million in YTD 2009, mainly due to higher volume and increasing freight rates under the improved container trade environment.

Q2 2010 vs Q2 2009

NOL Group achieved revenue of US\$2.12 billion (Q2 2009: US\$1.39 billion), an increase of US\$0.73 billion or 53% year-on-year (YoY), as the operating environment improved for all business segments. The increase in revenue is mainly due to the increase in liner revenue from higher volumes and increasing freight rates.

The Group's cost of sales increased by US\$0.47 billion or 34% YoY to US\$1.84 billion mainly due to higher costs associated with higher volumes and higher bunker costs.

Administrative expenses increased by US\$13 million or 9% YoY to US\$150 million mainly due to higher personnel expenses.

The Group recorded net profit attributable to shareholders of US\$100 million in Q2 2010 compared to net loss of US\$146 million in Q2 2009, mainly due to higher volume and increasing freight rates under the improved container trade environment.

Balance Sheet:

NOL Group's total assets increased by US\$300 million from US\$5.34 billion as at 25 December 2009 to US\$5.64 billion as at 25 June 2010. The increase in total assets was mainly due to increase in trade and other receivables arising from higher revenue generated during YTD 2010.

The Group's total liabilities increased by US\$382 million from US\$2.50 billion as at 25 December 2009 to US\$2.88 billion as at 25 June 2010. The increase in total liabilities was mainly due to increase in borrowings [see Note 1(b)(ii)] and deferred revenue as at YTD 2010. The increase in deferred revenue was due to higher revenue generated during YTD 2010.

The Group's total equity decreased by US\$82 million from US\$2.84 billion as at 25 December 2009 to US\$2.76 billion as at 25 June 2010 mainly due to net decrease in other reserves arising from revaluation of derivative financial instruments.

Cashflow:

NOL Group's cash and cash equivalents increased by US\$111 million from US\$333 million as at 25 December 2009 to US\$444 million as at 25 June 2010 mainly due to net cash inflow from financing activities of US\$207 million, partially offset by net cash outflow from investing activities of US\$79 million and net cash outflow from operations of US\$17 million. Net cash inflow from financing activities was mainly due to additional proceeds of US\$300 million from borrowings, partially offset by repayment of borrowings of US\$89 million. Net cash outflow from investing activities was mainly due to purchase of property, plant and equipment.

	YTD 2010 US\$m	YTD 2009 US\$m	Q2 2010 US\$m	Q2 2009 US\$m
(a) Revenue				
Liner	3,699	2,537	1,866	1,211
Logistics	578	436	282	195
Others	4	4	2	2
Elimination	(62)	(46)	(29)	(20)
Total	4,219	2,931	2,121	1,388
(b) EBIT				
Liner	14	(370)	104	(137)
Logistics	26	24	12	10
Others	-	(4)	1	(2)
Total	40	(350)	117	(129)

(c) **Analysis by Business Units**

(i) **Liner**

As previously announced, NOL is presenting the financial results of Container Shipping and Terminals as one business unit, namely Liner.

YTD 2010 vs YTD 2009

Liner achieved YTD 2010 revenue of US\$3.7 billion, a year-on-year (YoY) increase of 46% mainly due to higher volumes transported and improved freight rate in most of the major trade lanes.

Volume rose by 39% YoY due to an increase in volume in all trade lanes, particularly Transpacific and Asia/Middle East routes.

Average revenue per FEU rose by 11% YoY to US\$2,643 mainly due to improved rates in most of the major trade lanes, particularly Asia-Europe, and greater bunker recovery.

Liner returned to positive earnings by recording a positive EBIT of US\$14 million in YTD 2010 mainly due to improved container trade environment and higher rates.

Q2 2010 vs Q2 2009

Liner achieved Q2 2010 revenue of US\$1.9 billion, a year-on-year (YoY) increase of 54% mainly due to higher volumes transported and improved freight rate across all major trade lanes.

Volume rose by 32% YoY due to an increase in volume in all trade lanes, particularly Transpacific and Asia/Middle East routes.

Average revenue per FEU rose by 22% YoY to US\$2,778 mainly due to improved rates in all the major trade lanes, particularly Asia-Europe, and greater bunker recovery.

Liner returned to positive earnings by recording a positive EBIT of US\$104 million in Q2 2010 mainly due to improved container trade environment and higher rates.

LINER Q2 RESULTS 2010 and 2009

Unaudited

	YTD 2010	YTD 2009	Q2 2010	Q2 2009
Load Factors %				
Transpacific Eastbound	91%	77%	90%	77%
Asia-Europe Westbound	98%	98%	97%	100%
Transatlantic Westbound	94%	70%	97%	73%
Intra-Asia Westbound	94%	88%	95%	94%
Asia-Latin America/Mexico Eastbound	99%	80%	100%	92%
Headhaul	94%	84%	94%	87%
Volume ('000 FEU)				
<u>Americas</u>				
Transpacific	437	302	210	151
Latin America	94	77	45	38
	<u>531</u>	<u>379</u>	<u>255</u>	<u>189</u>
<u>Europe</u>				
Asia-Europe	208	168	104	84
Transatlantic	65	54	30	26
	<u>273</u>	<u>222</u>	<u>134</u>	<u>110</u>
<u>Asia/Middle East</u>				
Intra-Asia	543	369	257	190
Total Volume ⁴	1,347	970	646	489
Operating Expenses (US\$m)				
<u>Americas</u>				
Transpacific	1,678	1,285	790	581
Latin America	343	275	162	130
	<u>2,021</u>	<u>1,560</u>	<u>952</u>	<u>711</u>
<u>Europe</u>				
Asia-Europe	609	512	305	232
Transatlantic	206	191	99	86
	<u>815</u>	<u>703</u>	<u>404</u>	<u>318</u>
<u>Asia/Middle East</u>				
Intra-Asia	849	644	406	319
Total Operating Expenses	3,685	2,907	1,762	1,348
Analysis of Expenses (US\$m)				
Operating Cost	3,322	2,555	1,587	1,181
General and Administrative	228	217	112	104
Depreciation and Amortisation	136	135	64	62
Others ⁵	(1)	-	(1)	1
Total Operating Expenses	3,685	2,907	1,762	1,348

⁴ Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

⁵ Others consists of non-controlling interest and share of results of associated companies and joint ventures.

(c) **Analysis by Business Units (continued)**

(ii) **Logistics**

YTD 2010 vs YTD 2009

Logistics achieved YTD 2010 revenue of US\$578 million, a year-on-year (YoY) increase of 33% due to higher volumes across the various Logistics' services, coupled with improved freight rates in the forwarding business segment.

Contract Logistics achieved revenue of US\$359 million, a YoY increase of 32% due to higher volumes across various business units, particularly in the rail and land transport business segment and business areas that service the automotive sector.

International Services achieved revenue of US\$219 million, a YoY increase of 33% due to a combination of higher shipment volume and freight rates in the forwarding business segment.

Logistics achieved an EBIT of US\$26 million for YTD 2010, an increase of \$2 million or 8% YoY, mainly due to higher volumes and revenue, partially offset by higher general and administrative expenses.

Q2 2010 vs Q2 2009

Logistics achieved Q2 2010 revenue of US\$282 million, a year-on-year (YoY) increase of 45% due to higher volumes across the various Logistics' services, coupled with improved freight rates in the forwarding business segment.

Contract Logistics achieved revenue of US\$170 million, a YoY increase of 40% due to higher volumes across various business units, particularly in the rail and land transport business segment and business areas that service the automotive sector.

International Services achieved revenue of US\$112 million, a YoY increase of 51% due to a combination of higher shipment volume and freight rates in the forwarding business segment.

Logistics achieved an EBIT of US\$12 million for Q2 2010, an increase of \$2 million or 20% YoY, mainly due to higher volumes and revenue, partially offset by higher general and administrative expenses.

LOGISTICS Q2 RESULTS 2010 and 2009

*Unaudited
US\$ millions*

	YTD 2010	YTD 2009	Q2 2010	Q2 2009
BY REGION				
Revenue				
Americas	361	287	174	126
Europe	67	41	33	17
Asia/Middle East	150	108	75	52
Total Revenue	578	436	282	195
BY BUSINESS SEGMENT				
Revenue				
Contract Logistics Services	359	271	170	121
International Services	219	165	112	74
Total Revenue	578	436	282	195
Operating Expenses				
Contract Logistics Services	352	263	167	118
International Services	200	149	103	67
Total Operating Expenses	552	412	270	185
EBIT				
Contract Logistics Services	7	8	3	3
International Services	19	16	9	7
Total EBIT	26	24	12	10
Analysis of Expenses				
Operating Cost	468	340	229	152
General and Administrative	79	67	39	31
Depreciation and Amortisation	5	5	2	2
Total Operating Expenses	552	412	270	185

12. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

N.A.

13. **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.**

With further improvement anticipated in container shipping volume and rates, NOL Group expects significant improvement in third quarter profits. NOL will continue to emphasize cost efficiency, improved productivity and service delivery.

14. **Dividend**

(a) **Any dividend recommended for the current financial period reported on?**

Nil

(b) **Any dividend declared for the corresponding period of the immediately preceding financial year?**

Nil

(c) **Date payable**

N.A.

(d) **Books closure date**

N.A.

(e) **If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the current financial period.

PART II - ADDITIONAL INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENT

15. Interested Person Transactions

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	YTD 2010 US\$'000	YTD 2009 US\$'000	Q2 2010 US\$'000	Q2 2009 US\$'000
Transactions for the Purchase of Goods and Services				
PSA Corporation Limited and its associates	88,054	66,355	42,036	31,606
Sembcorp Marine Ltd and its associates	246	112	246	-
Singapore Petroleum Company Limited and its associates	-	6,709	-	1,125
Transactions for the Leasing-in of Assets				
Sembcorp Marine Ltd and its associates	1,568	1,485	728	695
Transactions for the Sale of Goods and Services				
Sembcorp Marine Ltd and its associates	-	246	-	86

The above relates to cumulative value of transactions (inclusive of GST) more than S\$100K.

BY ORDER OF THE BOARD

LOOI LEE HWA AND WONG KIM WAH
Company Secretaries

Dated this 6 August 2010