NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 2nd Quarter Ended 1 July 2011

1.(a)(i) Consolidated Income Statement

	Group			Group		
	YTD 2011 US$'000	YTD 2010 US$'000	% Increase/ (Decrease)	Q2 2011 US$'000	Q2 2010 US$'000	% Increase/ (Decrease)
Revenue	4,594,667	4,218,654	9	2,151,590	2,120,517	1
Cost of sales	(4,271,161)	(3,848,303)	11	(2,019,884)	(1,839,210)	10
Gross profit	323,506	370,351	(13)	131,706	281,307	(53)
Other gains (net)						
- Miscellaneous	4,895	4,186	17	2,195	2,262	(3)
- Finance and investment income	4,082	1,557	162	2,133	669	219
Expenses						
- Administrative	(342,235)	(307,422)	11	(165,619)	(150,059)	10
- Finance	(23,995)	(31,686)	(24)	(13,267)	(16,299)	(19)
- Other operating	(16,138)	(14,270)	13	(8,864)	(9,240)	(4)
Share of results of associated companies	5,811	1,797	223	3,071	1,059	190
Share of results of joint ventures	377	730	(48)	166	198	(16)
(Loss)/Profit before income tax	(43,697)	25,243	N/M	(48,479)	109,897	N/M
Income tax expense	(21,297)	(22,032)	(3)	(8,002)	(9,487)	(16)
Net (loss)/profit for the financial period	(64,994)	3,211	N/M	(56,481)	100,410	N/M
Net (loss)/profit attributable to:						
Equity holders of the Company	(66,657)	1,203	N/M	(56,978)	99,694	N/M
Non-controlling interest	1,663	2,008	(17)	497	716	(31)
	(64,994)	3,211	N/M	(56,481)	100,410	N/M

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

	Group			Group		
	YTD 2011 US$'000	YTD 2010 US$'000	% Increase/ (Decrease)	Q2 2011 US$'000	Q2 2010 US$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	7,298	4,542	61	3,643	1,608	127
(B) Interest on Borrowings	(16,095)	(17,248)	(7)	(7,429)	(7,981)	(7)
(C) Depreciation and Amortisation	(144,425)	(141,975)	2	(68,506)	(65,732)	4
(D) Allowance for Doubtful Debts and Bad Debts Written Off	(9,087)	(1,490)	510	(4,042)	(1,130)	258
(E) Write-back/(Write-off) of Provision for Impairment in Value of Investments	3	(4)	N/M	3	(3)	N/M
(F) Foreign Exchange Gain/(Loss)	15,185	(6,606)	N/M	4,975	(5,482)	N/M
(G) Adjustment for Over/(Under) Provision for Tax in Prior Years	671	775	(13)	874	(217)	N/M
(H) Profit on Sale of Investments, Property, Plant and Equipment and Investment Properties	1,391	972	43	551	1,214	(55)
(I) Write-back/(Write-off) of Inventories	95	(416)	N/M	(8)	24	N/M

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

	Group		Group	
	YTD 2011 US$'000	YTD 2010 US$'000	Q2 2011 US$'000	Q2 2010 US$'000
Net (loss)/profit for the financial period	(64,994)	3,211	(56,481)	100,410
Other comprehensive income:				
Fair value gains/(losses) on cash flow hedges	46,375	(38,295)	7,058	(39,563)
Fair value gains on cash flow hedges transferred to the income statement	(39,371)	(45,068)	(19,144)	(11,674)
Fair value (losses)/gains on available-for-sale financial asset	(18)	41	2	15
Currency translation differences	9,323	(908)	3,574	(2,131)
Tax on fair value gains and losses	423	(316)	(281)	(488)
Other comprehensive income/(loss) for the financial period, net of tax	16,732	(84,546)	(8,791)	(53,841)
Total comprehensive (loss)/income for the financial period	(48,262)	(81,335)	(65,272)	46,569
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(49,700)	(83,402)	(65,303)	45,977
Non-controlling interest	1,438	2,067	31	592
	(48,262)	(81,335)	(65,272)	46,569

N/M: Not meaningful

1.(b)(i) **Balance Sheets**

	Group 1 July 2011 US$'000	Group 31 Dec 2010 US$'000	% Increase/ (Decrease)	Company 1 July 2011 US$'000	Company 31 Dec 2010 US$'000	% Increase/ (Decrease)
ASSETS						
Current Assets						
Cash and cash equivalents	681,213	977,212	(30)	223,212	118,166	89
Trade and other receivables [1]	1,081,758	1,082,005	(0)	1,225,042	1,393,866	(12)
Inventories at cost	305,508	243,626	25	-	-	0
Derivative financial instruments	16,084	14,117	14	887	-	N/M
Other current assets	115,339	85,493	35	2,502	3,582	(30)
Total current assets	2,199,902	2,402,453	(8)	1,451,643	1,515,614	(4)
Non-current Assets						
Investments in subsidiaries	-	-	0	1,000,894	1,000,894	0
Investments in associated companies	57,938	48,861	19	-	-	0
Investments in joint ventures	28,868	28,248	2	-	-	0
Available-for-sale financial asset	50	68	(26)	-	-	0
Property, plant and equipment	4,038,563	3,691,444	9	1,109,355	782,327	42
Investment properties	16,826	14,071	20	-	-	0
Deferred charges	15,499	10,177	52	3,101	1,455	113
Intangible assets	30,959	25,192	23	36	49	(27)
Goodwill arising on consolidation	129,095	129,095	0	-	-	0
Deferred income tax assets	3,876	3,854	1	-	-	0
Derivative financial instruments	29,396	14,015	110	29,396	14,015	110
Other non-current assets	77,919	83,579	(7)	967	976	(1)
Total non-current assets	4,428,989	4,048,604	9	2,143,749	1,799,716	19
TOTAL ASSETS	6,628,891	6,451,057	3	3,595,392	3,315,330	8
LIABILITIES						
Current Liabilities						
Trade and other payables	1,269,434	1,174,158	8	234,273	127,474	84
Current income tax liabilities	88,963	83,072	7	10,001	10,328	(3)
Borrowings	20,919	21,023	(0)	-	775	(100)
Provisions	46,712	49,202	(5)	-	-	0
Deferred income	543	490	11	-	-	0
Derivative financial instruments	682	3,523	(81)	887	-	N/M
Other current liabilities [2]	262,287	284,612	(8)	-	-	0
Total current liabilities	1,689,540	1,616,080	5	245,161	138,577	77
Non-current Liabilities						
Borrowings	1,584,510	1,338,177	18	472,005	216,785	118
Provisions	126,985	129,989	(2)	-	-	0
Deferred income	2,548	569	348	-	-	0
Deferred income tax liabilities	19,406	18,157	7	10,699	10,699	0
Derivative financial instruments	11,203	10,059	11	-	-	0
Other non-current liabilities	72,167	72,215	(0)	-	-	0
Total non-current liabilities	1,816,819	1,569,166	16	482,704	227,484	112
TOTAL LIABILITIES	3,506,359	3,185,246	10	727,865	366,061	99
NET ASSETS	3,122,532	3,265,811	(4)	2,867,527	2,949,269	(3)
EQUITY						
Share capital	1,821,927	1,820,019	0	1,821,927	1,820,019	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	(5,216)	0
	1,816,711	1,814,803	0	1,816,711	1,814,803	0
Shares held by employee benefit trust	(4,180)	(3,761)	11	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	1,176,833	1,338,743	(12)	1,005,431	1,093,595	(8)
Other reserves	91,518	73,814	24	46,580	42,066	11
Capital and reserves attributable to equity holders of the Company	3,079,687	3,222,404	(4)	2,867,527	2,949,269	(3)
Non-controlling interest	42,845	43,407	(1)	-	-	0
TOTAL EQUITY	3,122,532	3,265,811	(4)	2,867,527	2,949,269	(3)
Net current assets	510,362	786,373	(35)	1,206,482	1,377,037	(12)

[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 1 July 2011	Secured loans	Unsecured loans	Secured finance lease liabilities	Total
	US$'000	US$'000	US$'000	US$'000
Amount repayable on or before 29 June 2012, or on demand	11,411	1,208	8,300	20,919
Amount repayable on or before:				
28 June 2013	13,076	-	7,779	20,855
27 June 2014	13,511	650,000	8,263	671,774
26 June 2015	12,855	-	8,811	21,666
24 June 2016	14,386	-	9,495	23,881
Thereafter	26,172	568,293	251,869	846,334
	91,411	1,219,501	294,517	1,605,429

As at 31 December 2010	Secured loans	Unsecured loans	Secured finance lease liabilities	Total
	US$'000	US$'000	US$'000	US$'000
Amount repayable in FY 2011, or on demand	11,206	1,212	8,605	21,023
Amount repayable in:				
FY 2012	12,219	-	7,617	19,836
FY 2013	13,272	350,000	8,015	371,287
FY 2014	12,635	300,000	8,522	321,157
FY 2015	14,125	-	9,111	23,236
Thereafter	33,395	312,643	256,623	602,661
	96,852	963,855	298,493	1,359,200

The 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 1 July 2011	Vessels	Containers	Terminals	Chassis	Others [3]	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Amount repayable for the remainder of FY 2011	408,616	30,514	35,453	13,750	30,940	519,273
Amount repayable in :						
FY 2012	650,306	61,024	99,322	17,952	52,978	881,582
FY 2013	511,524	56,706	95,060	13,307	35,678	712,275
FY 2014	394,085	53,652	84,572	9,448	23,397	565,154
FY 2015	240,851	41,659	81,202	2,882	17,356	383,950
Thereafter	682,085	27,014	745,445	-	14,222	1,468,766
	2,887,467	270,569	1,141,054	57,339	174,571	4,531,000

As at 31 December 2010	Vessels	Containers	Terminals	Chassis	Others [3]	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Amount repayable in FY 2011	706,456	22,937	101,620	29,799	57,397	918,209
Amount repayable in :						
FY 2012	590,535	22,937	97,982	17,966	48,196	777,616
FY 2013	493,619	22,937	93,307	13,315	32,116	655,294
FY 2014	388,271	22,936	84,398	9,453	20,710	525,768
FY 2015	240,851	12,516	81,053	2,884	14,922	352,226
Thereafter	664,211	24,718	745,148	-	13,235	1,447,312
	3,083,943	128,981	1,203,508	73,417	186,576	4,676,425

[3] Others relate mainly to warehouse space, warehouse equipment, office space and land.

1.(c) Consolidated Cash Flow Statement

	Group			
	YTD 2011	YTD 2010	Q2 2011	Q2 2010
	US$'000	US$'000	US$'000	US$'000
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	(43,697)	25,243	(48,479)	109,897
Adjustments for :				
Depreciation and amortisation	144,425	141,975	68,506	65,732
Fair value losses on hedges	35	5,462	1,903	4,552
Fair value losses on forward foreign exchange contracts: not qualifying as hedges	-	-	1,474	-
Premium on bunker call options	-	13,814	-	2,585
Interest expense	16,095	17,248	7,429	7,981
Interest income	(4,082)	(1,557)	(2,133)	(669)
Share-based compensation costs	1,967	1,535	1,734	474
Net (write-back)/write-off of inventories	(95)	416	8	(24)
Write-off/(write-back) of intangible assets	-	47	-	(2)
Fair value (gains)/losses on shares held by employee benefit trust	(1,631)	836	(1,148)	(325)
Net profit on disposal of property, plant and equipment	(1,391)	(996)	(551)	(1,238)
Net loss on disposal of other assets	-	24	-	24
Net provision/(write-back) of impairment of assets	27	(275)	11	17
Net provision for liabilities	14,070	7,684	6,784	4,581
Share of results of associated companies	(5,811)	(1,797)	(3,071)	(1,059)
Share of results of joint ventures	(377)	(730)	(166)	(198)
Unrealised translation (gains)/losses	(773)	1,876	(1,650)	(1,275)
Operating cash flow before working capital changes	118,762	210,805	30,651	191,053
Changes in operating assets and liabilities				
Receivables and other assets	(27,785)	(279,230)	(27,623)	(179,767)
Inventories	(61,787)	(44,478)	(57,798)	(21,347)
Payables	57,797	123,449	58,761	131,730
Cash generated from operations	86,987	10,546	3,991	121,669
Interest paid	(24,183)	(16,296)	(6,142)	(5,653)
Interest received	8,913	1,623	2,087	740
Net income tax paid	(13,488)	(13,052)	(9,432)	(7,681)
Net cash inflow/(outflow) from operating activities	58,229	(17,179)	(9,496)	109,075
Cash Flows from Investing Activities				
Investment in an associated company	-	(3,177)	-	(3,177)
Net proceeds from loans receivable	29	460	18	8
Dividends received from a joint venture	32	-	-	-
Additions in other non-current investments	(448)	(223)	(84)	-
Purchase of property, plant and equipment	(482,384)	(86,178)	(106,134)	(56,142)
Purchase of intangible assets	(7,713)	(387)	(7,121)	(201)
Proceeds from disposal of property, plant and equipment	5,000	10,301	1,424	4,572
Proceeds from disposal of other assets	-	25	-	25
Net cash outflow from investing activities	(485,484)	(79,179)	(111,897)	(54,915)
Cash Flows from Financing Activities				
Proceeds from borrowings	243,605	300,000	243,605	-
Net cash inflow/(outflow) contributed by employee benefit trust	114	12	(88)	(186)
Dividends paid to equity holders	(95,253)	-	(95,253)	-
Dividends paid to non-controlling interest	(2,000)	(2,093)	(2,000)	(2,093)
Proceeds from issue of new ordinary shares	688	533	299	317
Repayment of borrowings	(7,578)	(89,327)	(3,566)	(4,344)
Payment of costs incurred in connection with long term financing	(8,320)	(1,875)	(3,571)	(1,875)
Net cash inflow/(outflow) from financing activities	131,256	207,250	139,426	(8,181)
Net (decrease)/increase in cash and cash equivalents	(295,999)	110,892	18,033	45,979
Cash and cash equivalents at beginning of financial period	977,212	333,048	663,180	397,961
Cash and cash equivalents at end of financial period	681,213	443,940	681,213	443,940

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

GROUP	Capital and reserves attributable to equity holders of the Company							
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Other reserves	Non-controlling interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 Janaury 2011	1,820,019	(5,216)	(3,761)	(1,195)	1,338,743	73,814	43,407	3,265,811
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	233	-	233
- new shares issued	1,539	-	-	-	-	(1,150)	-	389
Sale of shares by employee benefit trust	-	-	154	-	-	-	-	154
Total comprehensive (loss)/income for the financial period	-	-	-	-	(9,679)	25,282	1,407	17,010
Balance at 8 April 2011	1,821,558	(5,216)	(3,607)	(1,195)	1,329,064	98,179	44,814	3,283,597
Dividends to non-controlling interest	-	-	-	-	-	-	(2,000)	(2,000)
Dividends to equity holders	-	-	-	-	(95,253)	-	-	(95,253)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,734	-	1,734
- new shares issued	369	-	-	-	-	(70)	-	299
Purchase of shares by employee benefit trust	-	-	(573)	-	-	-	-	(573)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(56,978)	(8,325)	31	(65,272)
Balance at 1 July 2011	1,821,927	(5,216)	(4,180)	(1,195)	1,176,833	91,518	42,845	3,122,532

GROUP	Capital and reserves attributable to equity holders of the Company							
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Other reserves	Non-controlling interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 26 December 2009	1,815,479	(5,216)	(2,989)	(1,195)	877,807	112,733	43,571	2,840,190
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,061	-	1,061
- new shares issued	3,017	-	-	-	-	(2,801)	-	216
Sale of shares by employee benefit trust	-	-	201	-	-	-	-	201
Total comprehensive (loss)/income for the financial period	-	-	-	-	(98,491)	(30,888)	1,475	(127,904)
Balance at 2 April 2010	1,818,496	(5,216)	(2,788)	(1,195)	779,316	80,105	45,046	2,713,764
Dividends to non-controlling interest	-	-	-	-	-	-	(2,093)	(2,093)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	474	-	474
- new shares issued	443	-	-	-	-	(126)	-	317
Purchase of shares by employee benefit trust	-	-	(432)	-	-	-	-	(432)
Total comprehensive (loss)/income for the financial period	-	-	-	-	99,694	(53,717)	592	46,569
Balance at 25 June 2010	1,818,939	(5,216)	(3,220)	(1,195)	879,010	26,736	43,545	2,758,599

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

COMPANY	Share capital	Treasury shares	Treasury shares reserves	Retained earnings	Other reserves	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 Janaury 2011	1,820,019	(5,216)	(1,195)	1,093,595	42,066	2,949,269
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	233	233
- new shares issued	1,539	-	-	-	(1,150)	389
Total comprehensive income for the financial period	-	-	-	3,417	7,768	11,185
Balance at 8 April 2011	1,821,558	(5,216)	(1,195)	1,097,012	48,917	2,961,076
Dividends to equity holders	-	-	-	(95,253)	-	(95,253)
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,734	1,734
- new shares issued	369	-	-	-	(70)	299
Total comprehensive income/ (loss) for the financial period	-	-	-	3,672	(4,001)	(329)
Balance at 1 July 2011	1,821,927	(5,216)	(1,195)	1,005,431	46,580	2,867,527

COMPANY	Share capital	Treasury shares	Treasury shares reserves	Retained earnings	Other reserves	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'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

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 1 July 2011, the Company's issued and paid-up capital (including treasury shares) comprised 2,584,833,246 (31 December 2010: 2,583,364,922) ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,583,106,529 (31 December 2010: 2,581,638,205) ordinary shares.

Share options
As at 31 December 2010, there were 46,682,418 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 1 July 2011, 759,845 and 32,932 share options were exercised to take up unissued shares of the Company at the subscription price of S$1.05 per share and S$2.10 per share respectively and 902,215 share options were cancelled.

As at 1 July 2011, options to subscribe for 44,987,426 ordinary shares remain outstanding under the NOL SOP.

Performance shares
As at 31 December 2010, there were 675,547 outstanding performance shares under the NOL Performance Share Plan 2004 ("NOL PSP 2004").

During the 6 months ended 1 July 2011, 675,547 performance shares under the NOL PSP 2004 were vested on 2 January 2011.

In addition, the Company awarded 2,656,000 new performance shares under the NOL Performance Share Plan 2010 ("NOL PSP 2010").

As at 1 July 2011, 2,656,000 performance shares remain outstanding under the NOL PSP 2010.

Restricted shares
As at 31 December 2010, there was no award of restricted shares under the NOL Restricted Share Plan 2010 ("NOL RSP 2010").

During the 6 months ended 1 July 2011, the Company awarded 5,134,000 restricted shares under the NOL RSP 2010 and 9,000 restricted shares were cancelled.

As at 1 July 2011, 5,125,000 restricted shares remain outstanding under the NOL RSP 2010.

Treasury shares
As at 31 December 2010, 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 2004.

During the 6 months ended 1 July 2011, no treasury shares were re-issued by the Company pursuant to the NOL SOP, NOL PSP 2004, NOL PSP 2010 and NOL RSP 2010.

In addition, no shares were purchased for the purposes of fulfilling the Company's obligations under the NOL SOP, NOL PSP 2004, NOL PSP 2010 and NOL RSP 2010.

As at 1 July 2011, there were 1,726,717 treasury shares remaining that have not been re-issued.

2. Basis of Preparation

The preparation of the second quarter 2011 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 1 July 2011 and the reported amounts of revenue and expenses during the financial period from 1 January 2011 to 1 July 2011. 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 1 July 2011 to be false or misleading in any material aspect.

On behalf of the board of directors

CHRISTOPHER LAU
Director

RONALD WIDDOWS
Director

Dated this 12 August 2011

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

Tax Exposures
The U.S. Internal Revenue Service ("the IRS") had audited the 2005 and 2006 U.S. federal income tax returns of APL Limited, a subsidiary company within the NOL Group ("the Group"). In August 2010, the IRS issued a Revenue Agent's Report ("RAR") proposing certain adjustments primarily related to (1) different interpretations of tax legislation under the U.S. tonnage tax regime and (2) transfer pricing. APL Limited disagrees with the IRS's proposed adjustments and is contesting them through the IRS administrative procedures. APL Limited has filed its protest letter with the IRS on 20 September 2010 and has requested for the case to be reviewed and assigned to appeals. Subsequently, the IRS filed a rebuttal to the protest letter with the IRS Office of Appeals. The appeal process is scheduled to commence on 31 August 2011 and is expected to take an extended period of time. In the meantime, the Group is not able to reasonably determine with certainty the ultimate outcome of the RAR with the IRS and will continue to defend its tax return position. As of end Quarter 2, 2011, based on available facts and information, the Group believes that it has provided adequate provisions for all the open matters referred to in the RAR. In June 2011, the IRS has commenced the examination of APL Limited's 2007, 2008 and 2009 U.S. federal income tax returns.

Investigation by European Commission
On 17 May 2011, NOL's office in Uxbridge, United Kingdom was visited by representatives from the European Commission ("EC"). NOL is one of several container liner companies to have been visited by the EC. NOL understands the EC is investigating whether there have been any violations of EU competition law concerning the liner shipping industry. The investigation is ongoing and NOL is cooperating with the EC. NOL believes it is too early to determine the outcome of the investigation and the financial effects arising therefrom.

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 31 December 2010.

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 1 January 2011, 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 Group's financial period beginning 1 January 2011.

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

FRS 24 (revised)	: Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
Amendments to FRS 32	: Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010)
Amendments to INT FRS 114	: Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)
INT FRS 119	: Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)

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 24 (revised) Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transaction.

As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group.

2) Amendments to FRS 32 Classification of Rights Issues

The Group has adopted Amendments to FRS 32 prospectively to future rights issue from 1 January 2011.

The Amendments to FRS 32 addresses the accounting for rights issues (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. The amendment states that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments, regardless of the currency in which the exercise price is denominated if the entity offers the rights, options, or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

3) Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement

The Group has adopted INT FRS 114 prospectively from 1 January 2011, but it is not expected to have a material impact on the Group.

The Amendments to INT FRS 114 removes an unintended consequence of INT FRS 114 relating to voluntary pension prepayments when there is a minimum funding requirement. An unintended consequence of the interpretation, prior to the amendment, was that INT FRS 114 could prevent the recognition of an asset for any surplus arising from such voluntary prepayment of minimum funding contributions in respect of future service. The interpretation has been amended to require an asset to be recognised in these circumstances.

4) INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments

The Group has adopted INT FRS 119 retrospectively, but it is not expected to have a material impact on the Group.

INT FRS 119 clarifies the accounting when an entity renegotiates the terms of its financial liability with the result that the entity issues equity instruments to a creditor in return for the extinguishment of all or part of a financial liability. INT FRS 119 clarifies that:

- Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid';
- Equity instruments issued should be measured at the fair value of the equity instruments, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment; and
- Any difference between the carrying amount of the financial liability that is extinguished and the fair value of the equity instruments issued is recognised immediately in the income statement.

8.(b) Comparatives

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

9.

GROUP	**YTD 2011**	**YTD 2010**	**Q2 2011**	**Q2 2010**
(Loss)/Earnings 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	**(2.58 US cts)**	**0.05 US cts**	**(2.21 US cts)**	**3.87 US cts**
b) On a fully diluted basis (detailing any adjustments made to the earnings)	**(2.58 US cts)**	**0.05 US cts**	**(2.21 US cts)**	**3.85 US cts**

10. Net Asset Value

	Group			**Company**		
	1 July 2011	**31 Dec 2010**	**Inc / (Dec)**	**1 July 2011**	**31 Dec 2010**	**Inc / (Dec)**
	US$	**US$**	**%**	**US$**	**US$**	**%**
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	**1.19**	**1.25**	**(4.80)**	**1.11**	**1.14**	**(2.63)**

11. Review of the Performance of the Group

Income Statement:

YTD 2011 vs YTD 2010
NOL Group achieved revenue of US$4.60 billion (YTD 2010: US$4.22 billion), an increase of US$0.38 billion or 9% year-on-year (YoY). This is mainly due to increase in liner revenue from higher volumes which were partially offset by lower freight rates.

The Group's cost of sales increased by US$0.42 billion or 11% YoY to US$4.27 billion mainly due to higher costs associated with higher volumes and higher bunker costs.

Administrative expenses increased by US$35 million or 11% YoY to US$342 million mainly due to higher general overhead expenses.

Finance expenses decreased by US$8 million or 24% YoY to US$24 million mainly due to higher foreign exchange gains and lower interest expenses.

Despite the Group making losses, tax expense was incurred mainly due to certain entities in the Group generating tax assessable income in the jurisdictions in which they operate.

The Group recorded net loss attributable to shareholders of US$67 million in YTD 2011 compared to net profit of US$1 million in YTD 2010, mainly due to higher costs associated with higher volumes and higher bunker costs.

Q2 2011 vs Q2 2010
NOL Group achieved revenue of US$2.15 billion (Q2 2010: US$2.12 billion), an increase of US$0.03 billion or 1% year-on-year (YoY). This is mainly due to increase in logistics revenue from higher volumes across the various logistics businesses.

The Group's cost of sales increased by US$0.18 billion or 10% YoY to US$2.02 billion mainly due to higher costs associated with higher volumes in both liner and logistics business units and higher bunker costs.

Administrative expenses increased by US$16 million or 10% YoY to US$166 million mainly due to higher general overhead expenses.

Despite the Group making losses, tax expense was incurred mainly due to certain entities in the Group generating tax assessable income in the jurisdictions in which they operate.

The Group recorded net loss attributable to shareholders of US$57 million in Q2 2011 compared to net profit of US$100 million in Q2 2010, mainly due to higher costs associated with higher volumes and higher bunker costs.

Balance Sheet:
NOL Group's total assets increased by US$178 million from US$6.45 billion as at 31 December 2010 to US$6.63 billion as at 1 July 2011. The increase in total assets was mainly due to increase in inventories and property, plant and equipment, partially offset by decrease in cash and cash equivalents. The increase in inventories was attributed to higher bunker prices and the increase in property, plant and equipment was mainly due to progressive payments made for the new vessels that the Group had ordered. Please refer to the explanation below for the decrease in cash and cash equivalents.

The Group's total liabilities increased by US$321 million from US$3.19 billion as at 31 December 2010 to US$3.51 billion as at 1 July 2011. The increase in total liabilities was mainly due to increase in borrowings [see Note 1(b)(ii)].

The Group's total equity decreased by US$143 million from US$3.27 billion as at 31 December 2010 to US$3.12 billion as at 1 July 2011 mainly due to net losses incurred during YTD 2011 and payment of dividends to equity holders, partially offset by increase in other reserves arising mainly from gains in foreign currency translation reserves and revaluation of derivative financial instruments that are outstanding as at Q2 2011.

Cashflow:
NOL Group's cash and cash equivalents decreased by US$296 million from US$977 million as at 31 December 2010 to US$681 million as at 1 July 2011 mainly due to net cash outflow from investing activities of US$485 million, partially offset by net cash inflow from financing activities of US$131 million and net cash inflow from operations of US$58 million (after taking into account of non cash adjustments to the income statement) . Net cash outflow from investing activities was mainly due to progressive payments made for the new vessels that the Group had ordered. Net cash inflow from financing activities was mainly due to additional proceeds from borrowings, partially offset by payment of dividends to equity holders [see Note 1(c)].

		YTD 2011 US$'m	YTD 2010 US$'m	Q2 2011 US$'m	Q2 2010 US$'m
(a)	**Revenue**				
	Liner [4]	3,964	3,700	1,861	1,866
	Logistics	682	578	314	282
	Elimination	(51)	(59)	(23)	(27)
	Total	**4,595**	**4,219**	**2,152**	**2,121**
(b)	**Core EBIT [5]**				
	Liner [4]	(61)	13	(53)	102
	Logistics	33	27	12	12
	Total	**(28)**	**40**	**(41)**	**114**

[4] The financial results of "Others" have been combined with the Liner business unit with effect from Q1 2011.
[5] Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.

(c) Analysis by Business Units

(i) Liner

YTD 2011 vs YTD 2010

Liner achieved YTD 2011 revenue of US$4.0 billion, a year-on-year (YoY) increase of 7% mainly due to higher volumes transported but partially offset by decline in freight rates.

Volume rose by 8% YoY to 1.5 million FEUs mainly due to increase in volume in the Asia/Middle East and Asia-Europe trade.

Average revenue per FEU declined by 3% YoY to US$2,570 mainly due to fall in rates in the Asia-Europe trade.

Liner recorded a Core EBIT loss of US$61 million mainly due to declining rates and higher bunker price, which has increased by 23% YoY in YTD 2011.

Q2 2011 vs Q2 2010

Liner achieved Q2 2011 revenue of US$1.9 billion, similar to last year on higher volumes transported but offset by lower freight rates.

Volume rose by 7% YoY to 0.7 million FEUs mainly due to increase in volume in the Asia/Middle East and Asia-Europe trade.

Average revenue per FEU declined by 9% YoY to US$2,539 mainly due to fall in rates in the Asia-Europe trade.

Liner recorded a Core EBIT loss of US$53 million mainly due to declining rates and higher bunker price, which has increased by 34% YoY in Q2 2011.

LINER Q2 RESULTS 2011 and 2010
Unaudited

	YTD 2011	YTD 2010	Q2 2011	Q2 2010
Load Factors %				
Transpacific Eastbound	83%	91%	81%	90%
Asia-Europe Westbound	97%	98%	97%	97%
Transatlantic Westbound	100%	94%	100%	97%
Intra-Asia Westbound	99%	94%	98%	95%
Asia-Latin America/Mexico Eastbound	87%	99%	93%	100%
Headhaul	**91%**	**94%**	**91%**	**94%**
Volume ('000 FEU)				
Americas				
Transpacific	420	437	193	210
Latin America	91	94	43	45
	511	531	236	255
Europe				
Asia-Europe	244	208	114	104
Transatlantic	71	65	32	30
	315	273	146	134
Asia/Middle East				
Intra-Asia	630	543	310	257
Total Volume [6]	**1,456**	**1,347**	**692**	**646**
Operating Expenses (US$'m)				
Americas				
Transpacific	1,772	1,679	825	791
Latin America	331	343	157	162
	2,103	2,022	982	953
Europe				
Asia-Europe	704	609	337	305
Transatlantic	238	206	110	99
	942	815	447	404
Asia/Middle East				
Intra-Asia	980	850	485	407
Total Operating Expenses	**4,025**	**3,687**	**1,914**	**1,764**
Analysis of Expenses (US$'m)				
Operating Cost	3,632	3,322	1,726	1,589
General and Administrative	254	229	123	112
Depreciation and Amortisation	139	137	65	64
Others [7]	-	(1)	-	(1)
Total Operating Expenses	**4,025**	**3,687**	**1,914**	**1,764**

[6] Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.
[7] 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 2011 vs YTD 2010

Logistics achieved YTD 2011 revenue of US$682 million, a year-on-year (YoY) increase of 18% due to higher volumes across the various Logistics' services, particularly in the Contract Logistics business segment.

Contract Logistics achieved revenue of US$433 million, a YoY increase of 21% due to higher volumes in the rail and land transport business segment and business areas that service the automotive sector.

International Services achieved revenue of US$249 million, a YoY increase of 14% due to higher shipment volume in the forwarding business segment.

Logistics achieved a Core EBIT of US$33 million for YTD 2011, an increase of US$6 million or 22% YoY, mainly due to higher earnings achieved in the Contract Logistics segment, particular the rail and land transport business segment and business areas that service the automotive sector, but partially offset by higher administrative and technology costs associated with expanding the business.

Q2 2011 vs Q2 2010

Logistics achieved Q2 2011 revenue of US$314 million, a year-on-year (YoY) increase of 11% due to higher volumes across the various Logistics' services, particularly in the Contract Logistics business segment.

Contract Logistics achieved revenue of US$200 million, a YoY increase of 18% due to higher volumes in the rail and land transport business segment and business areas that service the automotive sector.

International Services achieved revenue of US$114 million, a YoY increase of 2% due to higher shipment volume in the forwarding business segment.

Consistent with Q2 2010, Logistics achieved a Core EBIT of US$12 million for Q2 2011. Improved earnings in Contract Logistics from higher volumes was offset by lower earnings in International Services, which was impacted by higher administrative and technology costs associated with expanding the business.

LOGISTICS Q2 RESULTS 2011 and 2010
Unaudited
US$ millions

	YTD 2011	YTD 2010	Q2 2011	Q2 2010
BY REGION				
Revenue				
Americas	428	361	195	174
Europe	80	67	36	33
Asia/Middle East	174	150	83	75
Total Revenue	**682**	**578**	**314**	**282**
BY BUSINESS SEGMENT				
Revenue				
Contract Logistics Services	433	359	200	170
International Services	249	219	114	112
Total Revenue	**682**	**578**	**314**	**282**
Operating Expenses				
Contract Logistics Services	419	350	195	166
International Services	230	201	107	104
Total Operating Expenses	**649**	**551**	**302**	**270**
Core EBIT [8]				
Contract Logistics Services	14	9	5	4
International Services	19	18	7	8
Total Core EBIT [8]	**33**	**27**	**12**	**12**
Analysis of Expenses				
Operating Cost	557	468	257	229
General and Administrative	92	78	45	39
Depreciation and Amortisation	5	5	3	2
Others [9]	(5)	-	(3)	-
Total Operating Expenses	**649**	**551**	**302**	**270**

[8] Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.
[9] Others consists of non-controlling interest and share of results of associated companies and joint ventures.

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.**

Deteriorating conditions in the global economy are resulting in weakened trade demand and continued pressure on freight rates. Unless these conditions improve, NOL will post a full year loss.

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 2011 US$'000	YTD 2010 US$'000	Q2 2011 US$'000	Q2 2010 US$'000
Transactions for the Purchase of Goods and Services				
PSA Corporation Limited and its associates	112,010	88,054	52,216	42,036
Sembcorp Marine Ltd and its associates	-	246	-	246
Transactions for the Leasing-in of Assets				
Sembcorp Marine Ltd and its associates	1,751	1,568	821	728

The above relates to cumulative value of transactions (inclusive of GST) more than S$100,000.

BY ORDER OF THE BOARD

LOOI LEE HWA AND WONG KIM WAH
Company Secretaries

Dated this 12 August 2011