



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 2nd Quarter Ended 26 June 2015

1.(a)(i) Consolidated Income Statement

	Group			Group		
	YTD 2015 US\$'000	YTD 2014 US\$'000	% Increase/ (Decrease)	Q2 2015 US\$'000	Q2 2014 US\$'000	% Increase/ (Decrease)
Continuing operations¹						
Revenue	2,897,806	3,563,639	(19)	1,317,169	1,688,530	(22)
Cost of sales	(2,638,143)	(3,460,867)	(24)	(1,192,871)	(1,603,260)	(26)
Gross profit	259,663	102,772	153	124,298	85,270	46
Other gains (net)						
- Miscellaneous	13,427	13,087	3	11,091	6,517	70
- Finance and investment income	3,666	2,650	38	2,288	1,527	50
Expenses						
- Administrative: IT	(41,747)	(38,626)	8	(19,617)	(17,265)	14
- Administrative: non-IT	(173,959)	(206,934)	(16)	(81,462)	(104,154)	(22)
- Finance	(74,519)	(64,628)	15	(32,318)	(32,116)	1
- Other operating	(37,677)	(7,816)	382	(11,027)	(10,926)	1
Share of results of associated companies	364	472	(23)	491	116	323
Share of results of joint ventures	1,192	295	304	492	458	7
Loss before income tax from continuing operations	(49,590)	(198,728)	(75)	(5,764)	(70,573)	(92)
Income tax credit/(expense)	3,339	23	14,417	(4,705)	(4,848)	(3)
Loss from continuing operations, net of tax	(46,251)	(198,705)	(77)	(10,469)	(75,421)	(86)
Discontinued operations¹						
Profit from discontinued operations, net of tax	928,127	51,529	1,701	901,188	24,232	3,619
Net profit/(loss) for the financial period	881,876	(147,176)	N/M	890,719	(51,189)	N/M
Profit/(loss) attributable to:						
Equity holders of the Company						
- From continuing operations	(47,100)	(199,804)	(76)	(10,923)	(75,902)	(86)
- From discontinued operations	925,823	48,127	1,824	900,425	22,161	3,963
	878,723	(151,677)	N/M	889,502	(53,741)	N/M
Non-controlling interest						
- From continuing operations	849	1,099	(23)	454	481	(6)
- From discontinued operations	2,304	3,402	(32)	763	2,071	(63)
	3,153	4,501	(30)	1,217	2,552	(52)
	881,876	(147,176)	N/M	890,719	(51,189)	N/M

¹ "Continuing operations" refers to Liner business while Logistics business, as a result of the sale, is classified as "Discontinued operations".

Amounts under "Continuing operations" and "Discontinued operations" do not include trade transactions between Liner and Logistics business. Details of the reclassification are provided in 1.(a)(ii).

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

	Group			Group		
	YTD 2015 US\$'000	YTD 2014 US\$'000	% Increase/ (Decrease)	Q2 2015 US\$'000	Q2 2014 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	7,846	8,912	(12)	5,834	5,563	5
(B) Net Interest on Borrowings	(66,804)	(57,099)	17	(30,039)	(30,431)	(1)
(C) Depreciation and Amortisation	(193,257)	(190,630)	1	(89,890)	(93,246)	(4)
(D) Allowance for Doubtful Debts and Bad Debts Written Off	(23,410)	(3,320)	605	(8,598)	(3,795)	127
(E) Foreign Exchange (Loss)/Gain	(5,022)	20,267	N/M	4,675	4,309	8
(F) Adjustment for Over Provision for Tax in Prior Years	21,842	17,738	23	8,097	3,772	115
(G) Profit on Sale of Subsidiaries, Investments, Property, Plant and Equipment and Other Assets	893,455	3,375	26,373	893,091	1,252	71,233
(H) Impairment Loss on Assets	-	(620)	(100)	-	-	0
(I) Net Write-off of Inventories	(49)	(39)	26	(15)	(82)	(82)

N/M: Not meaningful

Discontinued operations

On 17 February 2015, the Company entered into a sale and purchase agreement with Kintetsu World Express, Inc. ("KWE") for the sale (the "Transaction") of the Company's Logistics business, APL Logistics to KWE for an aggregate purchase price of US\$1.2 billion. The Company effected the Transaction by selling all its shares in APL Logistics to KWE.

On 29 May 2015, the Company completed the sale of Logistics business to KWE for an aggregate purchase price of US\$1.2 billion, subject to adjustments for the net cash and net working capital of APL Logistics and its subsidiaries as at the completion date. As at 26 June 2015, these adjustments were finalised and the Group recorded a gain on disposal of the Logistics business of US\$887 million.

In accordance with "FRS 105 Non-current Assets Held for Sale and Discontinued Operations", the results of the Logistics business of the Group is presented separately on the Statement of Comprehensive Income as "discontinued operations". These results were consolidated as part of the Group's financial results till 29 May 2015.

The results of Logistics business for YTD 2015, YTD 2014, Q2 2015 and Q2 2014 are as follows:

	Group			Group		
	YTD 2015 US\$'000	YTD 2014 US\$'000	% Increase/ (Decrease)	Q2 2015 US\$'000	Q2 2014 US\$'000	% Increase/ (Decrease)
Revenue	638,759	765,807	(17)	234,403	361,682	(35)
Expenses	(596,611)	(710,675)	(16)	(223,937)	(337,855)	(34)
Other gains (net)	2,566	5,156	(50)	1,137	2,987	(62)
Gain on disposal of subsidiaries	886,560	-	N/M	886,560	-	N/M
Profit before income tax from discontinued operations	931,274	60,288	1,445	898,163	26,814	3,250
Income tax (expense)/credit	(3,147)	(8,759)	(64)	3,025	(2,582)	N/M
Profit from discontinued operations, net of tax	928,127	51,529	1,701	901,188	24,232	3,619

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

	Group		Group	
	YTD 2015 US\$'000	YTD 2014 US\$'000	Q2 2015 US\$'000	Q2 2014 US\$'000
Net profit/(loss) for the financial period	881,876	(147,176)	890,719	(51,189)
Continuing operations				
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Fair value (loss)/gain on cash flow hedges	(16,787)	1,714	19,006	8,505
Fair value loss/(gain) on cash flow hedges transferred to the income statement	41,017	(8,193)	6,640	(5,805)
Fair value gain on available-for-sale financial assets	-	7	-	-
Share of other comprehensive income of associated company	1,413	(3,224)	1,146	(3,224)
Currency translation differences	(3,796)	(1,237)	5,767	(1,090)
Tax on fair value gain and loss	-	45	-	(89)
	21,847	(10,888)	32,559	(1,703)
Discontinued operations				
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Re-measurement of net defined benefits obligations	(116)	-	(116)	-
	(116)	-	(116)	-
Items that may be reclassified subsequently to profit or loss:				
Fair value loss on cash flow hedges	(141)	(182)	(334)	(73)
Fair value gain on cash flow hedges transferred to the income statement	(349)	-	(35)	-
Reclassification of hedging reserve on disposal of subsidiaries	119	-	119	-
Fair value gain/(loss) on available-for-sale financial assets	36	(2)	26	(8)
Reclassification of fair value reserve on disposal of subsidiaries	8	-	8	-
Currency translation differences	(513)	(2,517)	(2,036)	(1,007)
Reclassification of foreign currency translation reserve on disposal of subsidiaries	(1,614)	-	(1,614)	-
	(2,454)	(2,701)	(3,866)	(1,088)
Other comprehensive income for the financial period, net of tax	19,277	(13,589)	28,577	(2,791)
Total comprehensive income for the financial period	901,153	(160,765)	919,296	(53,980)
Total comprehensive income attributable to:				
Equity holders of the Company				
- From continuing operations	(25,173)	(210,758)	21,678	(77,546)
- From discontinued operations	923,416	45,434	896,558	21,085
	898,243	(165,324)	918,236	(56,461)
Non-controlling interest				
- From continuing operations	769	1,165	412	422
- From discontinued operations	2,141	3,394	648	2,059
	2,910	4,559	1,060	2,481
	901,153	(160,765)	919,296	(53,980)

1.(b)(i) Statement of Financial Position

	Group			Company		
	26 Jun 2015 US\$'000	26 Dec 2014 US\$'000	% Increase/ (Decrease)	26 Jun 2015 US\$'000	26 Dec 2014 US\$'000	% Increase/ (Decrease)
ASSETS						
Current Assets						
Cash and cash equivalents	681,859	1,225,771	(44)	458,172	873,859	(48)
Trade and other receivables ²	614,209	1,080,359	(43)	4,603,342	3,560,275	29
Available-for-sale financial assets	-	24,516	(100)	-	-	0
Inventories at cost	141,357	175,244	(19)	-	-	0
Derivative financial instruments	4,074	726	461	-	-	0
Other current assets	86,662	103,206	(16)	2,404	4,377	(45)
Total current assets	1,528,161	2,609,822	(41)	5,063,918	4,438,511	14
Non-current Assets						
Investments in subsidiaries	-	-	0	775,212	1,050,564	(26)
Investments in associated companies	123,058	160,835	(23)	-	-	0
Investments in joint ventures	22,095	21,220	4	-	-	0
Property, plant and equipment	5,767,744	6,012,433	(4)	9,246	9,852	(6)
Deferred charges	4,397	5,387	(18)	4,397	5,387	(18)
Intangible assets	17,784	31,100	(43)	2,252	2,324	(3)
Land use rights	-	817	(100)	-	-	0
Goodwill arising on consolidation	121,035	158,068	(23)	-	-	0
Deferred income tax assets	40,751	42,575	(4)	-	-	0
Other non-current assets	45,963	57,367	(20)	721	57	1,165
Total non-current assets	6,142,827	6,489,802	(5)	791,828	1,068,184	(26)
TOTAL ASSETS	7,670,988	9,099,624	(16)	5,855,746	5,506,695	6
LIABILITIES						
Current Liabilities						
Trade and other payables	911,263	1,178,233	(23)	146,615	107,364	37
Current income tax liabilities	83,313	132,448	(37)	2,293	2,722	(16)
Borrowings	527,799	615,095	(14)	300,000	300,000	0
Provisions	36,815	40,378	(9)	1,691	1,881	(10)
Deferred income	1,690	5,156	(67)	-	-	0
Derivative financial instruments	4,260	30,363	(86)	683	2,299	(70)
Other current liabilities ³	160,831	226,949	(29)	-	-	0
Total current liabilities	1,725,971	2,228,622	(23)	451,282	414,266	9
Non-current Liabilities						
Borrowings	2,896,005	4,676,308	(38)	1,462,462	2,024,509	(28)
Provisions	176,457	191,654	(8)	-	-	0
Deferred income	684	1,566	(56)	-	-	0
Deferred income tax liabilities	2,533	6,431	(61)	628	628	0
Derivative financial instruments	183,414	160,357	14	120,665	101,256	19
Other non-current liabilities	22,455	26,809	(16)	-	-	0
Total non-current liabilities	3,281,548	5,063,125	(35)	1,583,755	2,126,393	(26)
TOTAL LIABILITIES	5,007,519	7,291,747	(31)	2,035,037	2,540,659	(20)
NET ASSETS	2,663,469	1,807,877	47	3,820,709	2,966,036	29
EQUITY						
Share capital	1,840,078	1,834,341	0	1,840,078	1,834,341	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	(5,216)	0
	1,834,862	1,829,125	0	1,834,862	1,829,125	0
Shares held by employee benefit trust	(5,202)	(5,719)	(9)	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	913,568	28,756	3,077	1,974,687	1,120,724	76
Statutory and other reserves	(96,093)	(100,854)	(5)	12,355	17,382	(29)
Capital and reserves attributable to equity holders of the Company	2,645,940	1,750,113	51	3,820,709	2,966,036	29
Non-controlling interest	17,529	57,764	(70)	-	-	0
TOTAL EQUITY	2,663,469	1,807,877	47	3,820,709	2,966,036	29
Net current (liabilities)/assets	(197,810)	381,200	N/M	4,612,636	4,024,245	15

² 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.

³ Other current liabilities relate mainly to deferred revenue arising from the percentage-of-completion method for revenue recognition.

Disposal of subsidiaries

On 29 May 2015, the Company disposed of its Logistics business for a cash consideration of US\$1.2 billion.

The value of assets and liabilities of the Logistics business recorded in the consolidated financial statements as at 29 May 2015, and the effects of the disposal were:

	Group
	26 Jun 2015
	US\$'000
Cash and cash equivalents	77,171
Trade and other receivables	316,022
Available-for-sale financial assets	24,355
Inventories at cost	213
Derivative financial instruments	183
Other current assets	20,262
Investments in associated companies	52,756
Property, plant and equipment	78,827
Intangible assets	11,792
Land use rights	824
Goodwill arising on consolidation	41,184
Deferred income tax assets	2,756
Other non-current assets	5,596
Total assets	631,941
Trade and other payables	229,858
Current income tax liabilities	22,724
Borrowings	31,852
Provisions	15,650
Deferred income	1,225
Derivative financial instruments	301
Other current liabilities	6,324
Deferred income tax liabilities	3,830
Other non-current liabilities	2,196
Total liabilities	313,960
Net assets derecognised	317,981
Less: Non-controlling interests	(39,034)
Net assets disposed of	278,947

	Group
	26 Jun 2015
	US\$'000
Cash consideration	1,238,000
Less: Transaction and transaction related costs paid/payable	(48,660)
Less: Cash and cash equivalents of subsidiaries	(77,171)
Net cash inflow on disposal of subsidiaries	1,112,169

	Group
	26 Jun 2015
	US\$'000
Cash consideration	1,238,000
Less: Net assets disposed of	(278,947)
Less: Transaction and transaction related costs	(73,980)
Add: Reclassification of foreign currency translation reserve, hedging reserve and fair value reserve from equity on disposal of subsidiaries	1,487
Gain on disposal	886,560

1.(b)(ii) Borrowings

The Group	Secured borrowings	Unsecured borrowings	Secured finance lease liabilities	Total
As at 26 June 2015	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable on or before 24 June 2016, or on demand	105,589	411,604	10,606	527,799
Amount repayable on or before:				
30 June 2017	113,299	291,887	11,203	416,389
29 June 2018	100,462	72,268	11,914	184,644
28 June 2019	96,386	300,000	12,444	408,830
26 June 2020	154,474	366,312	13,094	533,880
Thereafter	607,927	532,675	211,660	1,352,262
	1,178,137	1,974,746	270,921	3,423,804

As at 26 December 2014	Secured borrowings	Unsecured borrowings	Secured finance lease liabilities	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in FY2015, or on demand	204,394	399,955	10,746	615,095
Amount repayable on or before:				
FY 2016	229,091	427,644	11,432	668,167
FY 2017	218,132	620,189	11,942	850,263
FY 2018	208,803	225,000	12,647	446,450
FY 2019	321,663	313,612	12,680	647,955
Thereafter	1,307,005	538,088	218,380	2,063,473
	2,489,088	2,524,488	277,827	5,291,403

The secured borrowings 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 26 June 2015	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁴ US\$'000	Total US\$'000
Amount repayable for the remainder of FY2015	126,742	22,444	27,467	67	14,672	191,392
Amount repayable in:						
FY 2016	161,895	15,048	63,710	-	25,125	265,778
FY 2017	123,442	6,804	57,301	-	15,238	202,785
FY 2018	116,626	5,274	49,056	-	9,591	180,547
FY 2019	113,003	2,533	49,056	-	8,327	172,919
Thereafter	212,364	6,547	316,393	-	8,446	543,750
	854,072	58,650	562,983	67	81,399	1,557,171

As at 26 December 2014	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁴ US\$'000	Total US\$'000
Amount repayable in FY 2015	266,916	50,845	68,986	508	54,026	441,281
Amount repayable in:						
FY 2016	159,032	15,112	56,919	-	37,656	268,719
FY 2017	123,442	6,804	57,047	-	22,805	210,098
FY 2018	116,626	5,274	49,056	-	12,785	183,741
FY 2019	113,003	2,533	49,056	-	10,486	175,078
Thereafter	212,364	6,547	321,733	-	10,619	551,263
	991,383	87,115	602,797	508	148,377	1,830,180

⁴ Others relate mainly to warehouse space, warehouse equipment, inland container yards, housing rental, office space and land.

1.(c) Consolidated Statement of Cash Flows

	Group			
	YTD 2015 US\$'000	YTD 2014 US\$'000	Q2 2015 US\$'000	Q2 2014 US\$'000
Cash Flows from Operating Activities				
Loss before income tax from continuing operations	(49,590)	(198,728)	(5,764)	(70,573)
Profit before income tax from discontinued operations	931,274	60,288	898,163	26,814
Adjustments for:				
Depreciation and amortisation	193,257	190,630	89,890	93,246
Fair value (gain)/loss on financial instruments	(917)	8,566	179	83
Deferred charge expense	1,040	1,341	542	549
Net interest expense	66,804	57,099	30,039	30,431
Interest income	(3,241)	(2,553)	(1,618)	(1,100)
Share-based compensation costs	1,255	861	(479)	(641)
Net write-off of inventories	49	39	15	82
Fair value loss/(gain) on shares held by employee benefit trust	71	(718)	(815)	(232)
Net profit on disposal of property, plant and equipment	(6,760)	(638)	(6,487)	(623)
Net profit on disposal of assets classified as held-for-sale	-	(2,737)	-	(629)
Net profit on disposal of other assets	(135)	-	(44)	-
Net profit on disposal of subsidiaries	(886,560)	-	(886,560)	-
Fair value gain on interest retained in a former subsidiary	(974)	-	(974)	-
Dividend income from other investment	(788)	(670)	(788)	(670)
Net provision for impairment of assets	-	620	-	-
Net provision for liabilities	17,997	12,194	2,070	4,323
Share of results of associated companies	(1,888)	(4,615)	(1,091)	(2,702)
Share of results of joint ventures	(1,192)	(447)	(492)	(517)
Unrealised currency translation gain	(934)	(8,796)	(496)	(1,001)
Operating cash flow before working capital changes	258,768	111,736	115,290	76,840
Changes in operating assets and liabilities				
Receivables and other assets	150,481	(5,175)	(2,914)	32,564
Inventories	33,626	12,721	(7,696)	5,692
Payables	(101,633)	(62,242)	52,610	(79,750)
Provisions	(21,265)	(13,446)	(1,434)	(7,219)
Cash generated from operations	319,977	43,594	155,856	28,127
Interest paid	(68,124)	(56,262)	(35,537)	(35,922)
Interest received	3,789	2,168	1,962	886
Net income tax paid	(27,192)	(30,160)	(17,216)	(17,278)
Net cash inflow/(outflow) from operating activities	228,450	(40,660)	105,065	(24,187)
Cash Flows from Investing Activities				
Acquisition of additional interest in a subsidiary, net of cash acquired	(9,985)	-	-	-
Investment in an associated company	(8,932)	(13,715)	(5,066)	-
(Additions in)/net proceeds from loans receivables	(15)	50	(16)	15
Dividends received from joint venture	-	25	-	-
Dividends received from other investment	788	670	788	670
Purchase of property, plant and equipment	(82,136)	(284,361)	(49,919)	(89,558)
Purchase of available-for-sale financial assets	(7,372)	-	-	-
Purchase of intangible assets	(864)	(2,624)	(393)	(1,573)
Proceeds from disposal of subsidiaries, net of cash disposed of	1,112,169	-	1,112,169	-
Proceeds from disposal of assets classified as held-for-sale	-	15,034	-	8,929
Proceeds from disposal of property, plant and equipment	36,252	12,302	35,232	10,822
Proceeds from disposal of other assets	7,770	2,886	2,916	1,011
Net cash inflow/(outflow) from investing activities	1,047,675	(269,733)	1,095,711	(69,684)
Cash Flows from Financing Activities				
Proceeds from borrowings	948,851	2,541,822	418,727	1,189,342
Net cash inflow/(outflow) contributed by employee benefit trust	28	(209)	(102)	(179)
Dividends paid to non-controlling interest	(1,937)	(1,875)	(1,937)	(1,875)
Return of capital to non-controlling interest	(247)	-	(247)	-
Proceeds from issue of new ordinary shares	69	-	69	-
Repayment of borrowings	(2,766,752)	(2,389,463)	(1,631,054)	(879,859)
Payment of costs incurred in connection with long term financing	(49)	(1,871)	-	-
Net cash (outflow)/inflow from financing activities	(1,820,037)	148,404	(1,214,544)	307,429
Net decrease in cash and cash equivalents	(543,912)	(161,989)	(13,768)	213,558
Cash and cash equivalents at beginning of financial period	1,225,771	980,993	695,627	605,446
Cash and cash equivalents at end of financial period	681,859	819,004	681,859	819,004

In the consolidated statement of cash flows, the operating cash flows of the Logistics business (discontinued operations) has been aggregated with those of the continuing operations of the Liner business. The impact of the Logistics business on the cash flows of the Group is as follows:

	Group		Group	
	YTD 2015 US\$'000	YTD 2014 US\$'000	Q2 2015 US\$'000	Q2 2014 US\$'000
Operating cash inflows/(outflows)	13,667	19,739	17,067	(2,872)
Investing cash outflows	(13,518)	(6,597)	(3,224)	(3,100)
Financing cash inflows/(outflows)	25,910	(1,995)	26,038	(1,967)
Total cash inflows/(outflows)	26,059	11,147	39,881	(7,939)

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

Capital and reserves attributable to equity holders of the Company

GROUP	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Statutory and 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 27 December 2014	1,834,341	(5,216)	(5,719)	(1,195)	28,756	(100,854)	57,764	1,807,877
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,734	-	1,734
- new shares issued	2,685	-	-	-	-	(2,685)	-	-
Sale of shares by employee benefit trust	-	-	259	-	-	-	-	259
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	(5,672)	(4,313)	(9,985)
Share of statutory reserves of associated company	-	-	-	-	-	26	-	26
Total comprehensive income for the financial period	-	-	-	-	(10,779)	(9,214)	1,850	(18,143)
Balance at 3 April 2015	1,837,026	(5,216)	(5,460)	(1,195)	17,977	(116,665)	55,301	1,781,768
Dividends to non-controlling interest	-	-	-	-	-	-	(3,875)	(3,875)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	890	-	890
- new shares issued	3,052	-	-	-	-	(2,983)	-	69
Sale of shares by employee benefit trust	-	-	258	-	-	-	-	258
Disposal of subsidiaries	-	-	-	-	6,089	(6,089)	(39,034)	(39,034)
Capital contribution by non-controlling interest	-	-	-	-	-	-	4,324	4,324
Return of capital to non-controlling interest	-	-	-	-	-	-	(247)	(247)
Share of statutory reserves of associated company	-	-	-	-	-	20	-	20
Total comprehensive income for the financial period	-	-	-	-	889,502	28,734	1,060	919,296
Balance at 26 June 2015	1,840,078	(5,216)	(5,202)	(1,195)	913,568	(96,093)	17,529	2,663,469

Capital and reserves attributable to equity holders of the Company

GROUP	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Statutory and 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 28 December 2013	1,830,222	(5,216)	(6,146)	(1,195)	288,733	(29,295)	53,708	2,130,811
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,502	-	1,502
- new shares issued	3,250	-	-	-	-	(3,250)	-	-
Sale of shares by employee benefit trust	-	-	200	-	-	-	-	200
Share of statutory reserves of associated company	-	-	-	-	-	21	-	21
Total comprehensive income for the financial period	-	-	-	-	(97,936)	(10,927)	2,078	(106,785)
Balance at 4 April 2014	1,833,472	(5,216)	(5,946)	(1,195)	190,797	(41,949)	55,786	2,025,749
Dividends to non-controlling interest	-	-	-	-	-	-	(3,750)	(3,750)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	(641)	-	(641)
- new shares issued	588	-	-	-	-	(588)	-	-
Purchase of shares by employee benefit trust	-	-	(250)	-	-	-	-	(250)
Share of statutory reserves of associated company	-	-	-	-	-	20	-	20
Total comprehensive income for the financial period	-	-	-	-	(53,741)	(2,720)	2,481	(53,980)
Balance at 27 June 2014	1,834,060	(5,216)	(6,196)	(1,195)	137,056	(45,878)	54,517	1,967,148

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 27 December 2014	1,834,341	(5,216)	(1,195)	1,120,724	17,382	2,966,036
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,734	1,734
- new shares issued	2,685	-	-	-	(2,685)	-
Total comprehensive income for the financial period	-	-	-	(22,438)	(6,737)	(29,175)
Balance at 3 April 2015	1,837,026	(5,216)	(1,195)	1,098,286	9,694	2,938,595
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	890	890
- new shares issued	3,052	-	-	-	(2,983)	69
Total comprehensive income for the financial period	-	-	-	876,401	4,754	881,155
Balance at 26 June 2015	1,840,078	(5,216)	(1,195)	1,974,687	12,355	3,820,709

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 28 December 2013	1,830,222	(5,216)	(1,195)	1,168,368	33,237	3,025,416
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,502	1,502
- new shares issued	3,250	-	-	-	(3,250)	-
Total comprehensive income for the financial period	-	-	-	(12,243)	(4,723)	(16,966)
Balance at 4 April 2014	1,833,472	(5,216)	(1,195)	1,156,125	26,766	3,009,952
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	(641)	(641)
- new shares issued	588	-	-	-	(588)	-
Total comprehensive income for the financial period	-	-	-	(12,298)	(1,356)	(13,654)
Balance at 27 June 2014	1,834,060	(5,216)	(1,195)	1,143,827	24,181	2,995,657

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 opequity 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 options or warrants, conversion of other issues 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 corresponding period of the immediately preceding financial year.**

Issued and paid up capital

As at 3 April 2015, the Company's issued and paid-up capital (including treasury shares) comprised 2,598,983,235 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,597,256,518 ordinary shares.

During the 3 months ended 26 June 2015, the Company issued and allotted 3,945,909 ordinary shares upon the exercise of share options and vesting of restricted shares granted and awarded under the NOL Share Option Plan ("NOL SOP") and NOL Restricted Share Plan 2010 ("NOL RSP 2010") respectively.

As at 26 June 2015, the Company's issued and paid-up capital (including treasury shares) comprised 2,602,929,144 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,601,202,427 (26 December 2014: 2,593,821,492) ordinary shares.

Share options

As at 3 April 2015, there were 30,664,224 outstanding share options to subscribe for unissued ordinary shares exercisable at any time during the exercise periods under the NOL SOP.

During the 3 months ended 26 June 2015, 89,436 share options were exercised and 591,143 share options were cancelled.

As at 26 June 2015, share options to subscribe for 29,983,645 (27 June 2014: 35,074,763) ordinary shares remain outstanding under the NOL SOP.

Restricted shares

As at 3 April 2015, there were 12,190,846 outstanding restricted shares under the NOL RSP 2010.

During the 3 months ended 26 June 2015, 3,069,959 restricted shares were vested and 145,836 restricted shares were cancelled.

As at 26 June 2015, 8,975,051 (27 June 2014: 9,027,265) restricted shares remain outstanding under the NOL RSP 2010.

Performance shares

As at 3 April 2015, there were 13,066,139 outstanding performance shares under the NOL Performance Share Plan 2010 ("NOL PSP 2010").

During the 3 months ended 26 June 2015, 786,514 performance shares were vested and 4,579,488 performance shares were cancelled.

As at 26 June 2015, 7,700,137 (27 June 2014: 7,943,363) performance shares remain outstanding under the NOL PSP 2010.

Treasury shares

As at 3 April 2015, 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 restricted shares and performance shares under the NOL RSP 2010 and NOL PSP 2010 respectively.

During the 3 months ended 26 June 2015, no treasury shares were sold, transferred, disposed, cancelled and/or re-issued by the Company pursuant to the NOL SOP, NOL RSP 2010 and NOL PSP 2010.

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

As at 26 June 2015, there were 1,726,717 (27 June 2014: 1,726,717) treasury shares remaining that have not been re-issued.

2. Basis of Preparation

The preparation of the second quarter 2015 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 26 June 2015 and the reported amounts of revenue and expenses during the financial period from 27 December 2014 to 26 June 2015. 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 26 June 2015 to be false or misleading in any material aspect.

On behalf of the board of directors

QUEK SEE TIAT
Director

NG YAT CHUNG
Director

Dated this 30 July 2015

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") audited the 2007, 2008 and 2009 US federal tax returns of APL Limited, a subsidiary company within the NOL Group ("the Group"). In May 2014, the IRS issued a Revenue Agent Report ("RAR") with certain adjustments. APL Limited disagrees with the IRS's adjustments and consequently filed its protest letter on 12 June 2014, requesting the matter be referred to the IRS Office of Appeals. The IRS has audited the 2010, 2011 and 2012 US federal tax returns of APL Limited and has issued a Notice of Proposed Adjustments ("NOPA") in July 2015, raising the same issues that were raised in the 2007 to 2009 cycle. APL Limited has requested for these issues to be considered and resolved in connection with the appeals proceedings for 2007 to 2009 cycle. The Group is not able to determine with certainty the ultimate outcome of the IRS eventual assessment. As of end of Quarter 2, 2015, based on available facts and information, the Group believes that it has provided adequate provisions for the open matters referred to in the RAR and NOPA.

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 26 December 2014.

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 27 December 2014, the Group and the Company adopted the new or revised Singapore Financial Reporting Standards ("FRS"), which are effective for the Group's financial period beginning 27 December 2014.

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

Amendments to FRS 102 : Share-based Payment (Effective for annual periods beginning on or after 1 July 2014)
Amendments to FRS 108 : Operating Segments (Effective for annual periods beginning on or after 1 July 2014)

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies and did not have any significant impact on the financial position and results of the Group and the Company.

8.(b) Comparatives

With effect from Q1 2015 and pursuant to "FRS 105 Non-current Assets Held for Sale and Discontinued Operations", the results of the Logistics business of the Group have been reclassified as "discontinued operations". Accordingly, certain comparative figures have been restated.

	YTD 2015	YTD 2014	Q2 2015	Q2 2014
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				
- From continuing operations	(1.82 US cts)	(7.73 US cts)	(0.42 US cts)	(2.94 US cts)
- From discontinued operations	35.77 US cts	1.86 US cts	34.74 US cts	0.86 US cts
b) On a fully diluted basis (detailing any adjustments made to the earnings)				
- From continuing operations	(1.82 US cts)	(7.73 US cts)	(0.42 US cts)	(2.94 US cts)
- From discontinued operations	35.77 US cts	1.86 US cts	34.74 US cts	0.86 US cts

10. Net Asset Value

	Group			Company		
	26 Jun 2015 US\$	26 Dec 2014 US\$	Inc / (Dec) %	26 Jun 2015 US\$	26 Dec 2014 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	1.02	0.67	52.24	1.47	1.14	28.95

11. Review of the Performance of the Group

Income Statement:

Continuing operations:

YTD 2015 vs YTD 2014

NOL Group achieved revenue of US\$2.90 billion (YTD 2014: US\$3.56 billion), a decrease of US\$0.67 billion. This was mainly due to decrease in Liner revenue from planned capacity cuts, void sailings and challenging freight rate environment.

The Group's cost of sales decreased by US\$0.82 billion or 24% YoY to US\$2.64 billion mainly due to operational cost efficiencies and lower bunker costs.

Depreciation and amortisation expenses increased by US\$7 million or 4% YoY to US\$192 million mainly due to delivery of new vessels after Q2 2014.

Administrative expenses decreased by US\$30 million or 12% YoY to US\$216 million mainly due to lower general overhead expenses.

Finance expenses increased by US\$10 million or 15% YoY to US\$75 million mainly due to higher interest expense from higher average loan balances in YTD 2015 compared to YTD 2014.

Other operating expenses increased by US\$30 million mainly due to higher provision for doubtful debts made in YTD 2015.

Tax credit increased by US\$3 million mainly due to write-back of provision relating to prior years.

Net loss attributable to equity holders of the Company decreased by US\$153 million or 76% to US\$47 million mainly due to operational cost efficiencies.

Q2 2015 vs Q2 2014

NOL Group achieved revenue of US\$1.32 billion (Q2 2014: US\$1.69 billion), a decrease of US\$0.37 billion. This was mainly due to decrease in Liner revenue from planned capacity cuts, void sailings and challenging freight rate environment.

The Group's cost of sales decreased by US\$0.41 billion or 26% YoY to US\$1.19 billion mainly due to operational cost efficiencies and lower bunker costs.

Other miscellaneous gains increased by US\$5 million or 70% YoY to US\$11 million mainly due to gain on disposal of containers in Q2 2015.

Administrative expenses decreased by US\$20 million or 17% YoY to US\$101 million mainly due to lower general overhead expenses.

Net loss attributable to equity holders of the Company decreased by US\$65 million or 86% to US\$11 million mainly due to operational cost efficiencies.

Balance Sheet:

NOL Group's total assets decreased by US\$1.43 billion from US\$9.10 billion as at 26 December 2014 to US\$7.67 billion as at 26 June 2015. The decrease in total assets was mainly due to disposal of Logistics business and decrease in cash and cash equivalents and property, plant and equipment. Please refer to the explanation below for the decrease in cash and cash equivalents. Decrease in property, plant and equipment was mainly due to depreciation during YTD 2015.

The Group's total liabilities decreased by US\$2.28 billion from US\$7.29 billion as at 26 December 2014 to US\$5.01 billion as at 26 June 2015. The decrease in total liabilities was mainly due to decrease in borrowings [see Note 1(b)(ii)] during the YTD 2015.

The Group's total equity increased by US\$856 million from US\$1.81 billion as at 26 December 2014 to US\$2.66 billion as at 26 June 2015 mainly due to net profit for YTD 2015.

As at 26 June 2015, the Group was in a net current liabilities position mainly due to decrease in cash and cash equivalents. As at 26 June 2015, the Group had sufficient undrawn financing facilities committed from large reputable financial institutions to meet its commitments as well as to repay any debts as and when they fall due.

Cashflow:

NOL Group's cash and cash equivalents decreased by US\$544 million from US\$1.23 billion as at 26 December 2014 to US\$0.68 billion as at 26 June 2015 mainly due to net cash outflow from financing activities of US\$1.82 billion, partially offset by net cash inflow from investing activities of US\$1.05 billion and net cash inflow from operating activities of US\$0.23 billion. Net cash outflow from financing activities was mainly due to net repayment of borrowings. Net cash inflow from investing activities was mainly due to net proceeds from disposal of Logistics business. Net cash inflow from operating activities was mainly due to cash profits generated in YTD 2015.

	YTD 2015 US\$m	YTD 2014 US\$m	Q2 2015 US\$m	Q2 2014 US\$m
(a) Revenue				
Liner ⁵	2,926	3,598	1,325	1,704
Logistics (Discontinued operations) ⁵	643	767	237	362
Elimination ⁵	(32)	(36)	(10)	(16)
Total	3,537	4,329	1,552	2,050
(b) Core EBIT⁶				
Liner ⁵	33	(110)	20	(28)
Logistics (Discontinued operations) ⁵	26	30	9	13
Total	59	(80)	29	(15)

⁵ In accordance with the sale and purchase agreement of 17 February 2015 for the proposed sale of NOL's logistics business to KWE, certain companies in the logistics segment have been carved out from the proposed sale. With effect from Q1 2015 and pursuant to FRS 105 (Non-current Assets Held for Sale and Discontinued Operations), the logistics segment excludes the carved-out companies and the results of these carved-out companies are included in the liner segment. Accordingly, the comparative figures in YTD 2014 and Q2 2014 have been restated.

⁶ Earnings before Net Finance, Tax and Exceptional (Non-Recurring) Items.

(c) **Analysis by Business Units**

(i) **Liner**

YTD 2015 vs YTD 2014

Liner achieved YTD 2015 revenue of US\$2.9 billion, a year-on-year (YoY) decrease of 19% mainly due to lower volume and Revenue/FEU.

Volume decreased by 14%YoY mainly due to:

- (i) planned capacity reduction and void sailings; and
- (ii) US West Coast port congestion.

Weaker freight rates across all trade lanes except for Transatlantic trade lane, lowered average revenue per FEU to US\$2,003 or 12% lower YoY.

Liner maintained high utilisation rate of >90% through strict capacity management.

Cost of sales per FEU decreased by 12% YoY mainly due to operational cost efficiencies and lower bunker costs.

As a result of cost & operational efficiencies, Liner recorded a Core EBIT of US\$33 million in YTD 2015.

Q2 2015 vs Q2 2014

Liner achieved Q2 2015 revenue of US\$1.3 billion, a year-on-year (YoY) decrease of 22% mainly due to lower volume and Revenue/FEU.

Volume decreased by 12%YoY mainly due to planned capacity reduction and void sailings.

Weaker freight rates across all trade lanes except for Transatlantic trade lane, lowered average revenue per FEU to US\$1,933 or 17% lower YoY.

Liner maintained high utilisation rate of >90% through strict capacity management.

Cost of sales per FEU decreased by 15% YoY mainly due to operational cost efficiencies and lower bunker costs.

As a result of cost & operational efficiencies, Liner recorded a Core EBIT of US\$20 million in Q2 2015.

LINER Q2 RESULTS 2015 and 2014

Unaudited

	YTD 2015	YTD 2014	Q2 2015	Q2 2014
Load Factors %				
Transpacific and Asia-Latin America/Mexico Eastbound	91%	92%	87%	91%
Intra-Asia Westbound	99%	98%	100%	100%
Asia-Europe Westbound	89%	97%	91%	94%
Transatlantic Westbound	86%	91%	79%	90%
Headhaul	93%	95%	92%	95%
Volume ('000 FEU)				
Transpacific	347	418	167	194
Intra-Asia	590	636	273	292
Asia-Europe	206	220	94	101
Latin America	81	96	37	43
Transatlantic	25	77	11	32
Total Volume ⁷	1,249	1,447	582	662
Average Revenue/FEU (US\$/FEU)				
Transpacific	3,116	3,324	3,075	3,361
Intra-Asia	1,223	1,340	1,178	1,430
Asia-Europe	1,910	2,421	1,671	2,433
Latin America	2,912	3,190	2,744	3,089
Transatlantic	2,788	2,723	2,884	2,771
Total	2,003	2,273	1,933	2,320

⁷ Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

(ii) **Logistics (Discontinued operations)**

YTD 2015 vs YTD 2014

Logistics achieved YTD 2015 revenue of US\$643 million, decreasing 16% YoY.

Logistics achieved Core EBIT of US\$26 million for YTD 2015, a 13% decrease YoY.

Q2 2015 vs Q2 2014

Logistics achieved Q2 2015 revenue of US\$237 million, decreasing 35% YoY.

Logistics achieved Core EBIT of US\$9 million for Q2 2015, a 31% decrease YoY.

LOGISTICS Q2 RESULTS 2015 and 2014

Unaudited

US\$ millions

	YTD 2015	YTD 2014	Q2 2015	Q2 2014
BY REGION				
Revenue				
Americas ⁸	422	503	157	241
Europe ⁸	65	80	23	36
Asia/Middle East ⁸	156	184	57	85
Total Revenue	643	767	237	362

⁸ Logistics YTD and Q2 2014 Revenue have been restated. Refer to explanatory footnote 5 on page 8.

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

Not applicable as no forecast or prospect statement has been previously made.

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.**

The Group's continuous focus on cost and yield management has helped to mitigate the effects of steep freight rate decline in the second quarter. Global economic prospects and freight rate increases remain uncertain. Freight rates will continue to face downward pressure due to persistent overcapacity and weak trade growth. The Group will continue its focus on managing costs, increasing yields and adjusting its liner network capacity to improve profitability.

14. Dividend

(a) Any dividend recommended for the current financial year 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.

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 2015 US\$'000**

Transactions for the Purchase of Goods and Services

PSA Corporation Limited and its associates

84,674

Singapore Telecommunications Limited and its associates

129

Transactions for the Sale of Goods and Services

Olam International Limited

1,683

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual **Q2 2015 US\$'000**

Transactions for the Purchase of Goods and Services

PSA Corporation Limited and its associates

38,137

Transactions for the Sale of Goods and Services

Olam International Limited

798

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 30 July 2015