



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)  
Unaudited Quarterly Financial Information  
For the 2nd Quarter Ended 28 June 2013

## 1.(a)(i) Consolidated Income Statement

	Group			Group		
	YTD 2013 US\$'000	YTD 2012 US\$'000	% Increase/ (Decrease)	Q2 2013 US\$'000	Q2 2012 US\$'000	% Increase/ (Decrease)
Revenue	4,434,613	4,710,649	(6)	2,063,561	2,332,853	(12)
Cost of sales	(4,170,964)	(4,551,905)	(8)	(1,915,237)	(2,137,546)	(10)
Gross profit	263,649	158,744	66	148,324	195,307	(24)
Other gains (net)						
- Miscellaneous	215,863	5,239	4,020	14,690	1,612	811
- Finance and investment income	2,619	2,535	3	1,277	1,102	16
Expenses						
- Administrative	(355,963)	(351,692)	1	(172,607)	(166,313)	4
- Restructuring costs	-	(29,147)	(100)	-	(29,147)	(100)
- Finance	(24,811)	(33,000)	(25)	603	(15,270)	N/M
- Other operating	(32,568)	(100,091)	(67)	(13,717)	(93,915)	(85)
Share of results of associated companies	4,976	1,966	153	2,562	1,607	59
Share of results of joint ventures	(72)	(336)	(79)	88	137	(36)
Profit/(Loss) before income tax	73,693	(345,782)	N/M	(18,780)	(104,880)	(82)
Income tax expense	(30,845)	(23,001)	34	(14,900)	(11,356)	31
Net profit/(loss) for the financial period	42,848	(368,783)	N/M	(33,680)	(116,236)	(71)
Net profit/(loss) attributable to:						
Owners of the Company	40,893	(371,423)	N/M	(34,616)	(117,851)	(71)
Non-controlling interest	1,955	2,640	(26)	936	1,615	(42)
	42,848	(368,783)	N/M	(33,680)	(116,236)	(71)

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

	Group			Group		
	YTD 2013 US\$'000	YTD 2012 US\$'000	% Increase/ (Decrease)	Q2 2013 US\$'000	Q2 2012 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	4,075	4,289	(5)	1,642	1,488	10
(B) Net Interest on Borrowings <sup>1</sup>	(9,898)	(20,116)	(51)	5,954	(10,175)	N/M
(C) Depreciation and Amortisation	(155,132)	(157,200)	(1)	(71,720)	(74,740)	(4)
(D) (Allowance for)/Write-back of Doubtful Debts and Bad Debts Written Off	(5,117)	1,139	N/M	(2,115)	1,752	N/M
(E) Net Write-back of Impairment in Value of Investments	11	-	N/M	-	-	0
(F) Foreign Exchange (Loss)/Gain	(2,272)	(3,067)	(26)	71	(8,289)	N/M
(G) Adjustment for Over/(Under) Provision for Tax in Prior Years	5,417	(1,026)	N/M	4,609	(1,119)	N/M
(H) Profit/(Loss) on Sale of Investments, Property, Plant and Equipment and Other Assets	208,025	1,034	20,018	11,392	(304)	N/M
(I) Impairment Loss on Assets classified as held-for-sale	(5,303)	(81,624)	(94)	(1,603)	(81,624)	(98)
(J) Net Write-back/(Write-off) of Inventories	14	(102)	N/M	25	(12)	N/M

<sup>1</sup> Includes realised gains from financial hedging instruments.

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

	Group		Group	
	YTD 2013 US\$'000	YTD 2012 US\$'000	Q2 2013 US\$'000	Q2 2012 US\$'000
Net profit/(loss) for the financial period	42,848	(368,783)	(33,680)	(116,236)
Other comprehensive income:				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Fair value loss on cash flow hedges	(32,736)	(9,028)	(21,083)	(47,525)
Fair value loss/(gain) on cash flow hedges transferred to the income statement	24,425	(5,341)	16,613	12,935
Fair value gain/(loss) on available-for-sale financial asset	26	1	15	(10)
Share of other comprehensive income of associated company	1,826	-	1,738	-
Currency translation differences	(8,843)	(3,329)	(6,303)	(10,042)
Tax on fair value gain and loss	(30)	(1)	(392)	3
Other comprehensive income for the financial period, net of tax	(15,332)	(17,698)	(9,412)	(44,639)
Total comprehensive income for the financial period	27,516	(386,481)	(43,092)	(160,875)
Total comprehensive income attributable to:				
Owners of the Company	26,150	(388,239)	(43,348)	(161,783)
Non-controlling interest	1,366	1,758	256	908
	27,516	(386,481)	(43,092)	(160,875)

N/M: Not meaningful

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

	Group					Company		
	28 Jun 2013 US\$'000	28 Dec 2012 US\$'000 (Restated) <sup>2</sup>	% Increase/ (Decrease)	30 Dec 2011 US\$'000 (Restated) <sup>2</sup>	% Increase/ (Decrease)	28 Jun 2013 US\$'000	28 Dec 2012 US\$'000	% Increase/ (Decrease)
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	1,222,832	896,978	36	227,562	294	734,311	540,332	36
Trade and other receivables <sup>3</sup>	1,087,010	1,091,573	(0)	1,045,671	4	2,422,442	3,029,651	(20)
Inventories at cost	253,666	267,309	(5)	326,993	(18)	-	-	0
Derivative financial instruments	7,568	5,847	29	3,853	52	6,060	125	4,748
Assets classified as held-for-sale	39,299	142,501	(72)	50,225	184	-	-	0
Other current assets	172,432	119,918	44	111,403	8	5,664	4,924	15
<b>Total current assets</b>	<b>2,782,807</b>	<b>2,524,126</b>	<b>10</b>	<b>1,765,707</b>	<b>43</b>	<b>3,168,477</b>	<b>3,575,032</b>	<b>(11)</b>
<b>Non-current Assets</b>								
Investments in subsidiaries	-	-	0	-	0	1,000,605	1,000,974	(0)
Investments in associated companies	123,625	111,831	11	98,191	14	-	-	0
Investments in joint ventures	20,874	26,588	(21)	28,992	(8)	-	-	0
Available-for-sale financial asset	63	37	70	53	(30)	-	-	0
Property, plant and equipment	5,746,060	5,229,062	10	4,789,588	9	1,145,385	1,357,365	(16)
Investment property	-	-	0	15,862	(100)	-	-	0
Deferred charges	8,141	10,909	(25)	14,283	(24)	6,687	7,955	(16)
Intangible assets	33,854	35,947	(6)	26,676	35	1,528	1,039	47
Goodwill arising on consolidation	158,477	157,047	1	129,095	22	-	-	0
Deferred income tax assets	42,367	44,224	(4)	33,477	32	-	-	0
Derivative financial instruments	2,544	29,859	(91)	7,344	307	2,544	29,859	(91)
Other non-current assets	46,946	49,463	(5)	49,338	0	178	137	30
<b>Total non-current assets</b>	<b>6,182,951</b>	<b>5,694,967</b>	<b>9</b>	<b>5,192,899</b>	<b>10</b>	<b>2,156,927</b>	<b>2,397,329</b>	<b>(10)</b>
<b>TOTAL ASSETS</b>	<b>8,965,758</b>	<b>8,219,093</b>	<b>9</b>	<b>6,958,606</b>	<b>18</b>	<b>5,325,404</b>	<b>5,972,361</b>	<b>(11)</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Trade and other payables	1,271,501	1,247,627	2	1,274,431	(2)	68,422	1,056,283	(94)
Current income tax liabilities	160,523	160,795	(0)	114,627	40	3,018	2,365	28
Borrowings	780,333	429,246	82	422,095	2	-	-	0
Provisions	34,992	38,619	(9)	38,436	0	2,194	2,551	(14)
Deferred income	10,611	12,585	(16)	848	1,384	-	-	0
Derivative financial instruments	14,431	10,123	43	18,443	(45)	-	1,470	(100)
Other current liabilities <sup>4</sup>	251,515	252,480	(0)	251,812	0	-	-	0
<b>Total current liabilities</b>	<b>2,523,906</b>	<b>2,151,475</b>	<b>17</b>	<b>2,120,692</b>	<b>1</b>	<b>73,634</b>	<b>1,062,669</b>	<b>(93)</b>
<b>Non-current Liabilities</b>								
Borrowings	3,855,958	3,546,621	9	1,931,746	84	2,170,687	2,025,120	7
Provisions	225,586	225,835	(0)	208,777	8	-	-	0
Deferred income	11,142	15,370	(28)	3,904	294	-	-	0
Deferred income tax liabilities	5,384	5,446	(1)	8,900	(39)	552	552	0
Derivative financial instruments	50,689	15,938	218	36,694	(57)	45,088	15,384	193
Other non-current liabilities	72,613	65,300	11	70,925	(8)	-	-	0
<b>Total non-current liabilities</b>	<b>4,221,372</b>	<b>3,874,510</b>	<b>9</b>	<b>2,260,946</b>	<b>71</b>	<b>2,216,327</b>	<b>2,041,056</b>	<b>9</b>
<b>TOTAL LIABILITIES</b>	<b>6,745,278</b>	<b>6,025,985</b>	<b>12</b>	<b>4,381,638</b>	<b>38</b>	<b>2,289,961</b>	<b>3,103,725</b>	<b>(26)</b>
<b>NET ASSETS</b>	<b>2,220,480</b>	<b>2,193,108</b>	<b>1</b>	<b>2,576,968</b>	<b>(15)</b>	<b>3,035,443</b>	<b>2,868,636</b>	<b>6</b>
<b>EQUITY</b>								
Share capital	1,829,864	1,826,723	0	1,822,117	0	1,829,864	1,826,723	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	0	(5,216)	(5,216)	0
	1,824,648	1,821,507	0	1,816,901	0	1,824,648	1,821,507	0
Shares held by employee benefit trust	(5,716)	(5,320)	7	(4,716)	13	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	410,624	373,033	10	785,530	(53)	1,184,681	1,019,738	16
Statutory and other reserves	(61,541)	(48,606)	27	(70,756)	(31)	27,309	28,586	(4)
Capital and reserves attributable to owners of the Company	2,166,820	2,139,419	1	2,525,764	(15)	3,035,443	2,868,636	6
Non-controlling interest	53,660	53,689	(0)	51,204	5	-	-	0
<b>TOTAL EQUITY</b>	<b>2,220,480</b>	<b>2,193,108</b>	<b>1</b>	<b>2,576,968</b>	<b>(15)</b>	<b>3,035,443</b>	<b>2,868,636</b>	<b>6</b>
<b>Net current assets/(liabilities) <sup>5</sup></b>	<b>258,901</b>	<b>372,651</b>	<b>(31)</b>	<b>(354,985)</b>	<b>N/M</b>	<b>3,094,843</b>	<b>2,512,363</b>	<b>23</b>

<sup>2</sup> Restated for comparative purpose due to retrospective application of Amendments to FRS 19: Employee Benefits (Revised), which is effective from financial year 2013.

Details of the restatement is provided in 8(a).

<sup>3</sup> 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.

<sup>4</sup> Other current liabilities relates to deferred revenue arising from the percentage-of-completion method for revenue recognition.

<sup>5</sup> As at 30 December 2011, 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.

N/M: Not meaningful

1.(b)(ii) Borrowings

The Group As at 28 June 2013	Secured loans US\$'000	Unsecured loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable on or before 27 June 2014, or on demand	118,000	654,072	8,261	780,333
Amount repayable on or before:				
26 June 2015	122,422	100,000	8,811	231,233
24 June 2016	122,901	831,457	9,506	963,864
30 June 2017	133,342	558,645	10,076	702,063
29 June 2018	113,879	-	10,772	124,651
Thereafter	824,298	778,838	231,011	1,834,147
	<b>1,434,842</b>	<b>2,923,012</b>	<b>278,437</b>	<b>4,636,291</b>

As at 28 December 2012	Secured loans US\$'000	Unsecured loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable in FY 2013, or on demand	66,528	354,366	8,352	429,246
Amount repayable in:				
FY 2014	74,472	700,000	8,522	782,994
FY 2015	74,941	245,318	9,111	329,370
FY 2016	81,097	334,570	9,817	425,484
FY 2017	73,132	328,115	10,419	411,666
Thereafter	545,881	814,839	236,387	1,597,107
	<b>916,051</b>	<b>2,777,208</b>	<b>282,608</b>	<b>3,975,867</b>

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 28 June 2013	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others <sup>6</sup> US\$'000	Total US\$'000
Amount repayable for the remainder of FY 2013	302,771	32,748	33,744	5,818	34,698	409,779
Amount repayable in:						
FY 2014	429,526	63,101	84,421	8,543	55,337	640,928
FY 2015	257,955	52,742	81,468	2,671	38,415	433,251
FY 2016	161,898	15,256	77,091	-	24,810	279,055
FY 2017	122,818	6,813	70,912	-	13,932	214,475
Thereafter	439,749	14,372	597,579	-	17,975	1,069,675
	<b>1,714,717</b>	<b>185,032</b>	<b>945,215</b>	<b>17,032</b>	<b>185,167</b>	<b>3,047,163</b>

As at 28 December 2012	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others <sup>6</sup> US\$'000	Total US\$'000
Amount repayable in FY 2013	584,378	62,760	96,764	12,663	59,747	816,312
Amount repayable in:						
FY 2014	414,019	57,979	85,123	9,045	44,265	610,431
FY 2015	253,805	47,605	81,815	2,785	30,877	416,887
FY 2016	157,669	14,372	77,444	-	21,284	270,769
FY 2017	118,733	6,813	71,272	-	12,327	209,145
Thereafter	408,751	14,372	597,579	-	17,041	1,037,743
	<b>1,937,355</b>	<b>203,901</b>	<b>1,009,997</b>	<b>24,493</b>	<b>185,541</b>	<b>3,361,287</b>

<sup>6</sup> 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 2013 US\$'000	YTD 2012 US\$'000	Q2 2013 US\$'000	Q2 2012 US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit/(Loss) before income tax	73,693	(345,782)	(18,780)	(104,880)
Adjustments for :				
Depreciation and amortisation	155,132	157,200	71,720	74,740
Fair value loss/(gain) on financial instruments	720	(180)	642	170
Net interest expense	9,898	20,116	(5,954)	10,175
Interest income	(2,619)	(2,535)	(1,277)	(1,102)
Share-based compensation costs	1,635	2,026	(147)	277
Net (write-back)/ write-off of inventories	(14)	102	(25)	12
Fair value gain on shares held by employee benefit trust	(284)	(13)	(338)	(1,039)
Net (profit)/loss on disposal of property, plant and equipment	(8,919)	(1,034)	(10,723)	304
Net loss/(profit) on disposal of other assets	37	-	(3)	-
Net profit on disposal of assets classified as held-for-sale	(198,685)	-	(649)	-
Net profit on disposal of joint venture	(441)	-	-	-
Net profit on disposal of subsidiaries	(17)	-	(17)	-
Impairment loss on assets classified as held-for-sale	5,303	81,624	1,603	81,624
Net write-back of impairment of assets	(11)	(567)	-	(557)
Net provision for liabilities	9,272	32,813	4,098	25,261
Share of results of associated companies	(4,976)	(1,966)	(2,562)	(1,607)
Share of results of joint ventures	72	336	(88)	(137)
Unrealised currency translation gain	(8,028)	(3,513)	(7,491)	(8,255)
Operating cash flow before working capital changes	31,768	(61,373)	30,009	74,986
<b>Changes in operating assets and liabilities</b>				
Receivables and other assets	(25,832)	(179,860)	39,871	(129,199)
Inventories	13,783	(8,304)	18,347	8,304
Payables	6,586	(3,519)	(118,985)	(104,846)
Provisions	(11,688)	(15,435)	(1,124)	(6,065)
Cash generated from/(used in) operations	14,617	(268,491)	(31,882)	(156,820)
Net interest (paid)/received	(5,678)	(16,691)	10,458	(4,880)
Net income tax paid	(28,696)	(16,818)	(12,846)	(8,599)
Net cash outflow from operating activities	(19,757)	(302,000)	(34,270)	(170,299)
<b>Cash Flows from Investing Activities</b>				
Investment in joint venture	-	(98)	-	(98)
Acquisition of subsidiaries, net of cash acquired	(2,630)	-	-	-
Investment in associated company	(4,711)	(2,466)	-	(499)
Proceeds from loans receivables	21	479	26	505
Dividends received from joint venture	-	630	-	-
Purchase of property, plant and equipment	(762,994)	(486,077)	(378,443)	(384,068)
Purchase of intangible assets	(1,093)	(3,161)	(258)	(977)
Proceeds from disposal of joint venture	4,969	-	-	-
Proceeds from disposal of subsidiaries, net of cash disposed of	4	-	4	-
Proceeds from disposal of assets classified as held-for-sale	331,834	61,625	8,409	-
Proceeds from disposal of property, plant and equipment	65,225	15,101	48,867	7,224
Proceeds from disposal of other assets	193	167	164	-
Net cash outflow from investing activities	(369,182)	(413,800)	(321,231)	(377,913)
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	1,782,969	1,228,073	341,599	651,053
Net cash outflow contributed by employee benefit trust	(242)	(11)	(264)	(193)
Dividends paid to non-controlling interest	(2,439)	(2,250)	(61)	(2,250)
Return of capital to non-controlling interest	-	(100)	-	-
Proceeds from issue of new ordinary shares	280	643	104	238
Repayment of borrowings	(1,064,763)	(494,961)	(72,611)	(109,667)
Payment of costs incurred in connection with long term financing	(1,012)	(5,296)	-	(1,968)
Net cash inflow from financing activities	714,793	726,098	268,767	537,213
Net increase/(decrease) in cash and cash equivalents	325,854	10,298	(86,734)	(10,999)
Cash and cash equivalents at beginning of financial period	896,978	227,562	1,309,566	248,859
Cash and cash equivalents at end of financial period	1,222,832	237,860	1,222,832	237,860

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

GROUP	Capital and reserves attributable to owners of the Company							
	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 (Restated) <sup>7</sup>	US\$'000 (Restated) <sup>7</sup>	US\$'000	US\$'000
Balance at 29 December 2012								
As previously reported	1,826,723	(5,216)	(5,320)	(1,195)	345,857	50,722	53,689	2,265,260
Effect of Amendments to FRS19	-	-	-	-	27,176	(99,328)	-	(72,152)
As restated	1,826,723	(5,216)	(5,320)	(1,195)	373,033	(48,606)	53,689	2,193,108
Dividends to non-controlling interest	-	-	-	-	-	-	(2,378)	(2,378)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,782	-	1,782
- new shares issued	3,003	-	-	-	-	(2,827)	-	176
Sale of shares by employee benefit trust	-	-	70	-	-	-	-	70
Acquisition of subsidiary	-	-	-	-	-	-	1,041	1,041
Share of other changes in equity of associated company	-	-	-	-	-	(274)	-	(274)
Total comprehensive income for the financial period	-	-	-	-	75,509	(6,011)	1,110	70,608
Transfer from retained earnings to statutory reserves	-	-	-	-	(3,135)	3,135	-	-
Balance at 5 April 2013	1,829,726	(5,216)	(5,250)	(1,195)	445,407	(52,801)	53,462	2,264,133
Dividends to non-controlling interest	-	-	-	-	-	-	(61)	(61)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	(147)	-	(147)
- new shares issued	138	-	-	-	-	(34)	-	104
Purchase of shares by employee benefit trust	-	-	(466)	-	-	-	-	(466)
Disposal of subsidiaries	-	-	-	-	-	-	3	3
Total comprehensive income for the financial period	-	-	-	-	(34,616)	(8,732)	256	(43,092)
Share of statutory reserves of associated company	-	-	-	-	-	6	-	6
Transfer from retained earnings to statutory reserves	-	-	-	-	(167)	167	-	-
Balance at 28 June 2013	1,829,864	(5,216)	(5,716)	(1,195)	410,624	(61,541)	53,660	2,220,480

<sup>7</sup> Restated for comparative purpose due to retrospective application of Amendments to FRS 19: Employee Benefits (Revised), which is effective from financial year 2013. Details of the restatement is provided in 8(a).

## Capital and reserves attributable to owners 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 (Restated) <sup>8</sup>	US\$'000 (Restated) <sup>8</sup>	US\$'000	US\$'000
Balance at 31 December 2011								
As previously reported	1,822,117	(5,216)	(4,716)	(1,195)	765,302	24,688	51,204	2,652,184
Effect of Amendments to FRS19	-	-	-	-	20,228	(95,444)	-	(75,216)
As restated	1,822,117	(5,216)	(4,716)	(1,195)	785,530	(70,756)	51,204	2,576,968
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,749	-	1,749
- new shares issued	2,926	-	-	-	-	(2,521)	-	405
Purchase of shares by employee benefit trust	-	-	(73)	-	-	-	-	(73)
Return of capital to non-controlling interest	-	-	-	-	-	-	(100)	(100)
Total comprehensive income for the financial period	-	-	-	-	(253,572)	27,116	850	(225,606)
Balance at 6 April 2012	1,825,043	(5,216)	(4,789)	(1,195)	531,958	(44,412)	51,954	2,353,343
Dividends to non-controlling interest	-	-	-	-	-	-	(2,250)	(2,250)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	277	-	277
- new shares issued	301	-	-	-	-	(63)	-	238
Purchase of shares by employee benefit trust	-	-	(355)	-	-	-	-	(355)
Total comprehensive income for the financial period	-	-	-	-	(117,851)	(43,932)	908	(160,875)
Balance at 29 June 2012	1,825,344	(5,216)	(5,144)	(1,195)	414,107	(88,130)	50,612	2,190,378

<sup>8</sup> Restated for comparative purpose due to retrospective application of Amendments to FRS 19: Employee Benefits (Revised), which is effective from financial year 2013.

Details of the restatement is provided in 8(a).

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 29 December 2012	1,826,723	(5,216)	(1,195)	1,019,738	28,586	2,868,636
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,782	1,782
- new shares issued	3,003	-	-	-	(2,827)	176
Total comprehensive income for the financial period	-	-	-	(8,063)	3,207	(4,856)
Balance at 5 April 2013	1,829,726	(5,216)	(1,195)	1,011,675	30,748	2,865,738
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	(147)	(147)
- new shares issued	138	-	-	-	(34)	104
Total comprehensive income for the financial period	-	-	-	173,006	(3,258)	169,748
Balance at 28 June 2013	1,829,864	(5,216)	(1,195)	1,184,681	27,309	3,035,443

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 31 December 2011	1,822,117	(5,216)	(1,195)	1,042,122	25,983	2,883,811
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,749	1,749
- new shares issued	2,926	-	-	-	(2,521)	405
Total comprehensive income for the financial period	-	-	-	6,580	6,455	13,035
Balance at 6 April 2012	1,825,043	(5,216)	(1,195)	1,048,702	31,666	2,899,000
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	277	277
- new shares issued	301	-	-	-	(63)	238
Total comprehensive income for the financial period	-	-	-	(6,316)	(3,544)	(9,860)
Balance at 29 June 2012	1,825,344	(5,216)	(1,195)	1,042,386	28,336	2,889,655

**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 corresponding period of the immediately preceding financial year.**

Issued and paid up capital

As at 5 April 2013, the Company's issued and paid-up capital (including treasury shares) comprised 2,590,390,433 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,588,663,716 ordinary shares.

During the 3 months ended 28 June 2013, the Company issued and allotted 124,731 ordinary shares upon the exercise of share options granted under the NOL Share Option Plan ("NOL SOP"). In addition, 833,328 restricted shares under the NOL Restricted Share Plan 2010 ("NOL RSP 2010") were allotted during the period, of which 5,667 restricted shares were vested during the period and 827,661 restricted shares were vested but not allotted as at 5 April 2013.

As at 28 June 2013, the Company's issued and paid-up capital (including treasury shares) comprised 2,591,348,492 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,589,621,775 (28 December 2012: 2,587,069,636) ordinary shares.

Share options

As at 5 April 2013, there were 37,465,728 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 28 June 2013, 124,731 share options were exercised to take up unissued shares of the Company at the subscription price of S\$1.05 per share and 484,413 share options were cancelled.

As at 28 June 2013, share options to subscribe for 36,856,584 (29 June 2012: 42,937,079) ordinary shares remain outstanding under the NOL SOP.

Restricted shares

As at 5 April 2013, there were 6,498,432 outstanding restricted shares under the NOL RSP 2010.

During the 3 months ended 28 June 2013, 5,667 restricted shares were vested and 69,003 restricted shares were cancelled.

As at 28 June 2013, 6,423,762 (29 June 2012: 4,270,105) restricted shares remain outstanding under the NOL RSP 2010.

Performance shares

As at 5 April 2013, there were 8,068,350 outstanding performance shares under the NOL Performance Share Plan 2010 ("NOL PSP 2010").

During the 3 months ended 28 June 2013, 1,820,654 performance shares were cancelled.

As at 28 June 2013, 6,247,696 (29 June 2012: 5,192,021) performance shares remain outstanding under the NOL PSP 2010.

Treasury shares

As at 5 April 2013, 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 28 June 2013, 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 28 June 2013, there were 1,726,717 (29 June 2012: 1,726,717) treasury shares remaining that have not been re-issued.

**2. Basis of Preparation**

The preparation of the second quarter 2013 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 28 June 2013 and the reported amounts of revenue and expenses during the financial period from 29 December 2012 to 28 June 2013. 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 28 June 2013 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 7 August 2013

**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 2005 and 2006 US federal tax returns of APL Limited, a subsidiary company within the NOL Group ("the Group") and proposed certain adjustments. APL Limited filed a protest letter with IRS on 20 September 2010 and requested for the case to be reviewed and assigned to appeals. As of 26 June 2013, APL Limited and the IRS had come to a mutual settlement of the 2005 and 2006 US federal tax returns.

In June 2011, the IRS commenced the examination of APL Limited's 2007, 2008 and 2009 US federal income tax.

### Litigation and Claims

Other than those for which provisions were made in the consolidated financial statements, the Group may be liable for vessel damages, litigation and other claims initiated by third parties and/or government authorities in various jurisdictions in which the Group carries out its business operations.

Based upon information presently available and advice by the Group's legal counsel, management believes that the Group is not liable under such claims, and/or that it is not possible to estimate the amount of additional losses, if any, that might result from adverse judgments against the Group.

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. The Group 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 the Group is cooperating with the EC. The Group 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 28 December 2012.

### 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 29 December 2012, 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 29 December 2012.

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

Amendments to FRS 1	: Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after 1 July 2012)
Amendments to FRS 19	: Employee Benefits (Revised) (Effective for annual periods beginning on or after 1 January 2013)
FRS 107	: Disclosures - Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2013)
FRS 113	: Fair Value Measurements (Effective for annual periods beginning on or after 1 January 2013)

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, except as discussed below:

#### Amendments to FRS 19 : Employee Benefits (Revised)

The Amendments to FRS 19 removes the corridor mechanism for defined benefit plans and no longer allows actuarial gains and losses to be recognised in profit or loss. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than employee entitlement.

This change in accounting policy has been applied retrospectively from 29 December 2012. Accordingly, the comparatives have been restated. However, there is no impact on the Q2 2012 results, as pension remeasurement was performed only in Q4 2012. The financial effects on the comparatives arising from the adoption of the Amendments to FRS 19 are as follows:

#### Consolidated Income Statement

	<b>Group</b>
	<b>FY2012</b>
	<b>US\$'000</b>
Decrease in administrative expenses	(9,637)
Increase in income tax expense	2,689
Decrease in loss attributable to owners of the Company	<u>(6,948)</u>
Decrease in basic loss per share	(0.27 US cts)
Decrease in diluted loss per share	(0.27 US cts)

#### Consolidated Statement of Financial Position

	<b>Group</b>	
	<b>28 Dec 2012</b>	<b>30 Dec 2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<u>Increase/(decrease) in:</u>		
Deferred income tax asset	27,494	28,862
Provisions	(6,118)	(5,023)
Pension liabilities, net of pension assets	105,764	109,101
Retained earnings	27,176	20,228
Other reserves	<u>(99,328)</u>	<u>(95,444)</u>

### 8.(b) Comparatives

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

9.

	YTD 2013	YTD 2012	Q2 2013	Q2 2012
<b>GROUP</b>				
<b>Earnings/(Loss) per ordinary share after deducting any provision for preference dividends (adjusted to exclude shares held by employee benefit trust and treasury shares)</b>				
a) Based on the weighted average number of ordinary shares on issue	1.58 US cts	(14.40 US cts)	(1.34 US cts)	(4.57 US cts)
b) On a fully diluted basis (detailing any adjustments made to the earnings)	1.58 US cts	(14.40 US cts)	(1.34 US cts)	(4.57 US cts)

## 10. Net Asset Value

	Group			Company		
	28 Jun 2013 US\$	28 Dec 2012 US\$ (Restated) <sup>9</sup>	Inc / (Dec) %	28 Jun 2013 US\$	28 Dec 2012 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	0.84	0.83	1.20	1.17	1.11	5.41

<sup>9</sup> Restated for comparative purpose due to retrospective application of Amendments to FRS 19: Employee Benefits (Revised), which is effective from financial year 2013. Details of the restatement is provided in 8(a).

## 11. Review of the Performance of the Group

Income Statement:YTD 2013 vs YTD 2012

NOL Group achieved revenue of US\$4.43 billion (YTD 2012: US\$4.71 billion), a decrease of US\$0.28 billion. This was mainly due to decrease in Liner revenue from lower freight rates and volume.

The Group's cost of sales decreased by US\$0.38 billion or 8% YoY to US\$4.17 billion mainly due to operational cost efficiencies and lower bunker prices.

Other miscellaneous gains increased by US\$211 million or 4,020% YoY to US\$216 million mainly due to disposal of NOL building and property, plant and equipment.

Finance expenses decreased by US\$8 million or 25% YoY to US\$25 million mainly due to realised gains from financial hedging instruments, partially offset by higher interest expenses from higher average loan balances and interest rates.

Other operating expenses decreased by US\$68 million or 67% YoY to US\$33 million mainly due to decrease in impairment loss on obsolete vessels classified as held-for-sale, partially offset by increase in provision for doubtful debts and write-back of provision for litigation in YTD 2012.

Despite the Group making losses (before any capital gains), 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 profit attributable to owners of the Company of US\$41 million in YTD 2013 compared to net loss of US\$371 million in YTD 2012, mainly due to one time gain from disposal of NOL building. Despite weak global economic conditions, the Group narrowed its net operating losses due to continued efficiency and cost mitigation efforts.

Q2 2013 vs Q2 2012

NOL Group achieved revenue of US\$2.06 billion (Q2 2012: US\$2.33 billion), a decrease of US\$0.27 billion. This was mainly due to decrease in Liner revenue from lower freight rates and volume.

The Group's cost of sales decreased by US\$0.22 billion or 10% YoY to US\$1.92 billion mainly due to operational cost efficiencies and lower bunker prices.

Other miscellaneous gains increased by US\$13 million or 811% YoY to US\$15 million mainly due to disposal of property, plant and equipment.

Finance expenses decreased by US\$16 million mainly due to realised gains from financial hedging instruments, partially offset by higher interest expenses from higher average loan balances and interest rates.

Other operating expenses decreased by US\$80 million or 85% YoY to US\$14 million mainly due to decrease in impairment loss on obsolete vessels classified as held-for-sale.

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.

Net loss attributable to owners of the Company decreased by US\$83 million or 71% to US\$35 million in Q2 2013 mainly due to decrease in impairment loss on obsolete vessels classified as held-for-sale.

Balance Sheet:

NOL Group's total assets increased by US\$747 million from US\$8.22 billion as at 28 December 2012 to US\$8.97 billion as at 28 June 2013. The increase in total assets was mainly due to increase in property, plant and equipment and cash and cash equivalents. 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 increase in cash and cash equivalents.

The Group's total liabilities increased by US\$719 million from US\$6.03 billion as at 28 December 2012 to US\$6.75 billion as at 28 June 2013. The increase in total liabilities was mainly due to increase in borrowings [see Note 1(b)(ii)] during YTD 2013.

The Group's total equity increased by US\$27 million from US\$2.19 billion as at 28 December 2012 to US\$2.22 billion as at 28 June 2013 mainly due to net profit generated during YTD 2013.

Cashflow:

NOL Group's cash and cash equivalents increased by US\$326 million from US\$0.90 billion as at 28 December 2012 to US\$1.22 billion as at 28 June 2013 mainly due to net cash inflow from financing activities of US\$715 million, partially offset by net cash outflow from investing activities of US\$369 million and net cash outflow from operating activities of US\$20 million. Net cash inflow from financing activities was mainly due to net proceeds from borrowings. Net cash outflow from investing activities was mainly due to progressive payments made for the new vessels that the Group had ordered, partially offset by proceeds from disposal of assets.

	YTD 2013 US\$m	YTD 2012 US\$m	Q2 2013 US\$m	Q2 2012 US\$m
<b>(a) Revenue</b>				
Liner	3,695	4,004	1,728	1,994
Logistics	781	755	354	361
Elimination	(41)	(48)	(18)	(22)
<b>Total</b>	<b>4,435</b>	<b>4,711</b>	<b>2,064</b>	<b>2,333</b>
<b>(b) Core EBIT<sup>10</sup></b>				
Liner	(146)	(239)	(45)	7
Logistics	26	22	10	9
<b>Total</b>	<b>(120)</b>	<b>(217)</b>	<b>(35)</b>	<b>16</b>

<sup>10</sup> Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.



(c) **Analysis by Business Units**

(i) **Liner**

YTD 2013 vs YTD 2012

Liner achieved YTD 2013 revenue of US\$3.7 billion, a year-on-year (YoY) decrease of 8% mainly due to lower freight rates and volume.

Volume decreased by 2%YoY mainly due to lower volume in the Asia-Europe trade.

Cost of sales per FEU decreased by 8% YoY mainly due to operational cost efficiencies and lower bunker prices.

Soft macro conditions, weak off-peak season and industry oversupply dampened average revenue per FEU to US\$2,347 or 7% lower YoY.

As a result, Liner recorded a Core EBIT loss of US\$146 million in YTD 2013.

Q2 2013 vs Q2 2012

Liner achieved Q2 2013 revenue of US\$1.7 billion, a year-on-year (YoY) decrease of 13% mainly due to lower freight rates and volume.

Volume decreased by 2%YoY mainly due to lower volume in the Asia-Europe and Transpacific trades.

Cost of sales per FEU decreased by 10% YoY mainly due to operational cost efficiencies and lower bunker prices.

Continued soft macro conditions and industry oversupply reduced average revenue per FEU to US\$2,315 or 11% lower YoY.

As a result, Liner recorded a Core EBIT loss of US\$45 million in Q2 2013.

**LINER Q2 RESULTS 2013 and 2012**

*Unaudited*

	YTD 2013	YTD 2012	Q2 2013	Q2 2012
<b>Load Factors %</b>				
Transpacific and Asia-Latin America/Mexico Eastbound	88%	92%	86%	95%
Intra-Asia Westbound	96%	95%	99%	95%
Asia-Europe Westbound	91%	97%	90%	95%
Transatlantic Westbound	82%	87%	85%	86%
<b>Headhaul</b>	<b>90%</b>	<b>94%</b>	<b>90%</b>	<b>94%</b>
<b>Volume ('000 FEU)</b>				
Transpacific	419	418	195	202
Intra-Asia	660	668	320	319
Asia-Europe	210	242	101	110
Latin America	100	103	48	49
Transatlantic	88	80	41	40
<b>Total Volume <sup>11</sup></b>	<b>1,477</b>	<b>1,511</b>	<b>705</b>	<b>720</b>
<b>Average Revenue/FEU (US\$/FEU)</b>				
Transpacific	3,465	3,741	3,458	3,651
Intra-Asia	1,439	1,579	1,454	1,732
Asia-Europe	2,284	2,422	2,144	2,750
Latin America	3,522	3,497	3,448	3,596
Transatlantic	2,650	2,894	2,675	2,815
<b>Total</b>	<b>2,347</b>	<b>2,513</b>	<b>2,315</b>	<b>2,615</b>

<sup>11</sup> Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

(ii) **Logistics**

YTD 2013 vs YTD 2012

Logistics achieved YTD 2013 revenue of US\$781 million, increasing 4% YoY from revenue growth led by emerging markets.

Contract Logistics achieved revenue of US\$498 million, a 2% decrease YoY.

International Services achieved revenue of US\$283 million, a 15% increase YoY.

Core EBIT of US\$26 million for YTD 2013, a 18% increase YoY due to business growth and strict cost discipline.

Q2 2013 vs Q2 2012

Logistics achieved Q2 2013 revenue of US\$354 million, a 2% decrease YoY.

Contract Logistics achieved revenue of US\$224 million, a 6% decrease YoY.

International Services achieved revenue of US\$130 million, a 7% increase YoY.

Core EBIT of US\$10 million for Q2 2013, a 11% increase YoY due to strict cost discipline.

**LOGISTICS Q2 RESULTS 2013 and 2012**

*Unaudited*

*US\$ millions*

	YTD 2013	YTD 2012	Q2 2013	Q2 2012
<b>BY REGION</b>				
<b>Revenue</b>				
Americas	493	511	222	248
Europe	73	69	34	35
Asia/Middle East	215	175	98	78
<b>Total Revenue</b>	<b>781</b>	<b>755</b>	<b>354</b>	<b>361</b>
<b>BY BUSINESS SEGMENT</b>				
<b>Revenue</b>				
Contract Logistics Services	498	508	224	239
International Services	283	247	130	122
<b>Total Revenue</b>	<b>781</b>	<b>755</b>	<b>354</b>	<b>361</b>
<b>Operating Expenses</b>				
Contract Logistics Services	486	496	220	232
International Services	269	237	124	120
<b>Total Operating Expenses</b>	<b>755</b>	<b>733</b>	<b>344</b>	<b>352</b>
<b>Core EBIT <sup>12</sup></b>				
Contract Logistics Services	12	12	4	7
International Services	14	10	6	2
<b>Total Core EBIT</b>	<b>26</b>	<b>22</b>	<b>10</b>	<b>9</b>

<sup>12</sup> Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.

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

The Company announced in its results announcement for the first quarter ended 5 April 2013 that "The Group's cost base will continue to improve as it takes delivery of newer and more efficient ships while extracting further operational efficiencies. However, the container shipping industry remains saddled with overcapacity. The Group will continue its focus on cost efficiency, yield and capacity management. Barring unforeseen circumstances and if freight rates do not deteriorate, the Group remains on track to deliver a better performance than in 2012."

Notwithstanding the recent deterioration in freight rates, the current results are broadly in line with the prospect statement made in the results announcement for the first quarter ended 5 April 2013.

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.**

General market conditions and freight rates continued to deteriorate in the second quarter of 2013, with few signs of a quick recovery. Along with poor market demand, the container shipping industry remains burdened with over-capacity and weak freight rates. NOL's cost base will continue to improve through operating efficiencies, aided by lower vessel slot costs with the delivery of its larger and more fuel-efficient ships. Barring unforeseen circumstances, the Group remains on track to deliver a better performance than in 2012.

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.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENT**

15. **Interested Person Transactions**

<b>Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual</b>	<b>YTD 2013 US\$'000</b>	<b>YTD 2012 US\$'000</b>	<b>Q2 2013 US\$'000</b>	<b>Q2 2012 US\$'000</b>
<b>Transactions for the Purchase of Goods and Services</b>				
PSA Corporation Limited and its associates	103,751	111,942	50,970	51,603
Singapore Telecommunications Limited and its associates	139	104	94	64
<b>Transactions for the Purchase of Assets</b>				
Singapore Telecommunications Limited and its associates	-	103	-	103
<b>Transactions for the Leasing-in of Assets</b>				
Sembcorp Marine Ltd and its associates	-	1,739	-	806

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 7 August 2013