



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 1st Quarter Ended 6 April 2012

1.(a)(i) Consolidated Income Statement

	Group		
	Q1 2012 US\$'000	Q1 2011 US\$'000	% Increase/ (Decrease)
Revenue	2,377,796	2,443,077	(3)
Cost of sales	(2,414,359)	(2,251,277)	7
Gross (loss)/profit	(36,563)	191,800	N/M
Other gains (net)			
- Miscellaneous	3,627	2,700	34
- Finance and investment income	1,433	1,949	(26)
Expenses			
- Administrative	(185,379)	(176,616)	5
- Finance	(17,730)	(10,728)	65
- Other operating	(6,176)	(7,274)	(15)
Share of results of associated companies	359	2,740	(87)
Share of results of joint ventures	(473)	211	N/M
(Loss)/Profit before income tax	(240,902)	4,782	N/M
Income tax expense	(11,645)	(13,295)	(12)
Net loss for the financial period	(252,547)	(8,513)	2,867
Net (loss)/profit attributable to:			
Equity holders of the Company	(253,572)	(9,679)	2,520
Non-controlling interest	1,025	1,166	(12)
	(252,547)	(8,513)	2,867

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

	Group		
	Q1 2012 US\$'000	Q1 2011 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	2,801	3,655	(23)
(B) Interest on Borrowings	(9,941)	(8,666)	15
(C) Depreciation and Amortisation	(82,460)	(75,919)	9
(D) Allowance for Doubtful Debts and Bad Debts Written Off	(613)	(5,045)	(88)
(E) Foreign Exchange Gain	5,222	10,210	(49)
(F) Adjustment for Over/(Under) Provision for Tax in Prior Years	93	(203)	N/M
(G) Profit on Sale of Investments, Property, Plant and Equipment and other Assets	1,338	840	59
(H) (Write-off)/Write-back of Inventories	(90)	103	N/M

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

	Group	
	Q1 2012 US\$'000	Q1 2011 US\$'000
Net loss for the financial period	(252,547)	(8,513)
Other comprehensive income/(loss):		
Fair value gains on cash flow hedges	38,497	39,317
Fair value gains on cash flow hedges transferred to the income statement	(18,276)	(20,227)
Fair value gains/(losses) on available-for-sale financial asset	11	(20)
Currency translation differences	6,713	5,749
Tax on fair value gains and losses	(4)	704
Other comprehensive income for the financial period, net of tax	26,941	25,523
Total comprehensive (loss)/income for the financial period	(225,606)	17,010
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(226,456)	15,603
Non-controlling interest	850	1,407
	(225,606)	17,010

N/M: Not meaningful

1.(b)(i) Balance Sheets

	Group			Company		
	6 Apr 2012 US\$'000	30 Dec 2011 US\$'000	% Increase/ (Decrease)	6 Apr 2012 US\$'000	30 Dec 2011 US\$'000	% Increase/ (Decrease)
ASSETS						
Current Assets						
Cash and cash equivalents	248,859	227,562	9	9,728	4,811	102
Trade and other receivables ¹	1,095,582	1,045,671	5	1,500,841	1,402,164	7
Inventories at cost	343,511	326,993	5	-	-	0
Derivative financial instruments	8,564	3,853	122	-	-	0
Assets classified as held-for-sale	3,999	50,225	(92)	-	-	0
Other current assets	111,173	111,403	(0)	1,589	2,587	(39)
Total current assets	1,811,688	1,765,707	3	1,512,158	1,409,562	7
Non-current Assets						
Investments in subsidiaries	-	-	0	1,000,924	1,000,894	0
Investments in associated companies	100,999	98,191	3	-	-	0
Investments in joint ventures	26,447	28,992	(9)	-	-	0
Available-for-sale financial asset	64	53	21	-	-	0
Property, plant and equipment	4,815,931	4,789,588	1	1,763,208	1,712,260	3
Investment property	9,497	15,862	(40)	-	-	0
Deferred charges	15,457	14,283	8	8,543	5,505	55
Intangible assets	27,000	26,676	1	364	586	(38)
Goodwill arising on consolidation	129,095	129,095	0	-	-	0
Deferred income tax assets	4,683	4,615	1	-	-	0
Derivative financial instruments	18,212	7,344	148	18,212	7,344	148
Other non-current assets	83,056	81,442	2	394	402	(2)
Total non-current assets	5,230,441	5,196,141	1	2,791,645	2,726,991	2
TOTAL ASSETS	7,042,129	6,961,848	1	4,303,803	4,136,553	4
LIABILITIES						
Current Liabilities						
Trade and other payables	1,348,710	1,274,431	6	44,781	87,302	(49)
Current income tax liabilities	120,855	114,627	5	2,408	5,195	(54)
Borrowings	81,227	422,095	(81)	40,000	381,000	(90)
Provisions	45,487	43,459	5	-	-	0
Deferred income	6,462	848	662	-	-	0
Derivative financial instruments	10,010	18,443	(46)	309	-	N/M
Other current liabilities ²	281,260	251,812	12	-	-	0
Total current liabilities	1,894,011	2,125,715	(11)	87,498	473,497	(82)
Non-current Liabilities						
Borrowings	2,481,198	1,931,746	28	1,300,179	747,640	74
Provisions	128,099	131,780	(3)	-	-	0
Deferred income	8,779	3,904	125	-	-	0
Deferred income tax liabilities	6,010	8,900	(32)	552	3,615	(85)
Derivative financial instruments	24,925	36,694	(32)	16,574	27,990	(41)
Other non-current liabilities	70,548	70,925	(1)	-	-	0
Total non-current liabilities	2,719,559	2,183,949	25	1,317,305	779,245	69
TOTAL LIABILITIES	4,613,570	4,309,664	7	1,404,803	1,252,742	12
NET ASSETS	2,428,559	2,652,184	(8)	2,899,000	2,883,811	1
EQUITY						
Share capital	1,825,043	1,822,117	0	1,825,043	1,822,117	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	(5,216)	0
	1,819,827	1,816,901	0	1,819,827	1,816,901	0
Shares held by employee benefit trust	(4,789)	(4,716)	2	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	511,730	765,302	(33)	1,048,702	1,042,122	1
Other reserves	51,032	24,688	107	31,666	25,983	22
Capital and reserves attributable to equity holders of the Company	2,376,605	2,600,980	(9)	2,899,000	2,883,811	1
Non-controlling interest	51,954	51,204	1	-	-	0
TOTAL EQUITY	2,428,559	2,652,184	(8)	2,899,000	2,883,811	1
Net current (liabilities)/assets ³	(82,323)	(360,008)	(77)	1,424,660	936,065	52

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.

³ As at the balance sheet date, 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 6 April 2012	Secured loans US\$'000	Unsecured loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable on or before 5 April 2013, or on demand	27,767	44,349	9,111	81,227
Amount repayable on or before:				
4 April 2014	177,747	1,100,000	8,137	1,285,884
3 April 2015	13,197	100,000	8,665	121,862
1 April 2016	13,672	159,020	9,338	182,030
7 April 2017	18,560	50,000	9,909	78,469
Thereafter	10,440	558,154	244,359	812,953
	261,383	2,011,523	289,519	2,562,425

As at 30 December 2011	Secured loans US\$'000	Unsecured loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable in FY 2012, or on demand	108,500	304,280	9,315	422,095
Amount repayable in:				
FY 2013	166,454	500,000	8,362	674,816
FY 2014	12,898	383,000	8,524	404,422
FY 2015	13,368	-	9,111	22,479
FY 2016	19,524	-	9,817	29,341
Thereafter	11,502	542,381	246,805	800,688
	332,246	1,729,661	291,934	2,353,841

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 6 April 2012	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 FY 2012	500,683	49,603	70,928	12,836	44,568	678,618
Amount repayable in :						
FY 2013	530,933	63,701	95,220	13,301	41,645	744,800
FY 2014	397,038	58,897	84,977	9,447	28,590	578,949
FY 2015	240,851	48,498	81,681	2,881	20,267	394,178
FY 2016	157,669	14,531	77,309	-	12,595	262,104
Thereafter	524,657	21,217	668,712	-	6,735	1,221,321
	2,351,831	256,447	1,078,827	38,465	154,400	3,879,970

As at 30 December 2011	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁴ US\$'000	Total US\$'000
Amount repayable in FY 2012	716,328	60,977	100,214	18,141	56,917	952,577
Amount repayable in :						
FY 2013	511,824	56,667	95,756	13,307	37,744	715,298
FY 2014	394,216	51,859	84,924	9,448	25,532	565,979
FY 2015	240,851	41,451	81,456	2,882	18,717	385,357
FY 2016	157,669	7,321	77,080	-	10,787	252,857
Thereafter	524,657	19,686	668,479	-	4,755	1,217,577
	2,545,545	237,961	1,107,909	43,778	154,452	4,089,645

⁴ Others relate mainly to warehouse space, warehouse equipment, office space and land.

1.(c) Consolidated Cash Flow Statement

	Group	
	Q1 2012 US\$'000	Q1 2011 US\$'000
Cash Flows from Operating Activities		
(Loss)/Profit before income tax	(240,902)	4,782
Adjustments for :		
Depreciation and amortisation	82,460	75,919
Fair value gains on hedges	(350)	(1,868)
Fair value gains on forward foreign exchange contracts: not qualifying as hedges	-	(1,474)
Interest expense	9,941	8,666
Interest income	(1,433)	(1,949)
Share-based compensation costs	1,749	233
Net write-off/(write-back) of inventories	90	(103)
Fair value losses/(gains) on shares held by employee benefit trust	1,026	(483)
Net profit on disposal of property, plant and equipment	(1,338)	(840)
Net (write-back of)/provision for impairment of assets	(10)	16
Net provision for liabilities	7,552	7,286
Share of results of associated companies	(359)	(2,740)
Share of results of joint ventures	473	(211)
Unrealised currency translation losses	4,742	877
Operating cash flow before working capital changes	<u>(136,359)</u>	<u>88,111</u>
Changes in operating assets and liabilities		
Receivables and other assets	(50,661)	2,043
Inventories	(16,608)	(3,989)
Payables	91,957	(3,169)
Cash (used in)/ generated from operations	<u>(111,671)</u>	<u>82,996</u>
Interest paid	(12,529)	(13,046)
Interest received	718	1,831
Net income tax paid	(8,219)	(4,056)
Net cash (outflow)/inflow from operating activities	<u>(131,701)</u>	<u>67,725</u>
Cash Flows from Investing Activities		
Investment in associated company	(1,967)	-
(Additions in)/ net proceeds from loans receivable	(26)	11
Dividends received from joint ventures	630	32
Additions in other non-current investments	-	(364)
Purchase of property, plant and equipment	(102,009)	(376,250)
Purchase of intangible assets	(2,184)	(592)
Proceeds from disposal of assets-held-for-sale	61,625	-
Proceeds from disposal of property, plant and equipment	7,877	3,576
Proceeds from disposal of other assets	167	-
Net cash outflow from investing activities	<u>(35,887)</u>	<u>(373,587)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	577,020	-
Net cash inflow contributed by employee benefit trust	182	202
Return of capital to non-controlling interest	(100)	-
Proceeds from issue of new ordinary shares	405	389
Repayment of borrowings	(385,294)	(4,012)
Payment of costs incurred in connection with long term financing	(3,328)	(4,749)
Net cash inflow/(outflow) from financing activities	<u>188,885</u>	<u>(8,170)</u>
Net increase/(decrease) in cash and cash equivalents	<u>21,297</u>	<u>(314,032)</u>
Cash and cash equivalents at beginning of financial period	<u>227,562</u>	<u>977,212</u>
Cash and cash equivalents at end of financial period	<u>248,859</u>	<u>663,180</u>

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

GROUP	Capital and reserves attributable to equity holders of the Company							Total equity US\$'000
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Other reserves	Non-controlling interest	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 31 December 2011	1,822,117	(5,216)	(4,716)	(1,195)	765,302	24,688	51,204	2,652,184
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 (loss)/income for the financial period	-	-	-	-	(253,572)	27,116	850	(225,606)
Balance at 6 April 2012	<u>1,825,043</u>	<u>(5,216)</u>	<u>(4,789)</u>	<u>(1,195)</u>	<u>511,730</u>	<u>51,032</u>	<u>51,954</u>	<u>2,428,559</u>

GROUP	Capital and reserves attributable to equity holders of the Company							Total equity US\$'000
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Other reserves	Non-controlling interest	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 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	<u>1,821,558</u>	<u>(5,216)</u>	<u>(3,607)</u>	<u>(1,195)</u>	<u>1,329,064</u>	<u>98,179</u>	<u>44,814</u>	<u>3,283,597</u>

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

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

COMPANY	Share capital US\$'000	Treasury shares US\$'000	Treasury shares reserves US\$'000	Retained earnings US\$'000	Other reserves US\$'000	Total equity US\$'000
Balance at 1 January 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

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 6 April 2012, the Company's issued and paid-up capital (including treasury shares) comprised 2,587,097,977 (30 December 2011: 2,585,013,700) ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,585,371,260 (30 December 2011: 2,583,286,983) ordinary shares.

Share options

As at 30 December 2011, there were 44,442,351 outstanding share 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 3 months ended 6 April 2012, 486,049 share options were exercised to take up unissued shares of the Company at the subscription price of S\$1.05 per share, 427,398 share options had expired and 271,640 share options were cancelled.

As at 6 April 2012, share options to subscribe for 43,257,264 (8 April 2011: 45,373,623) ordinary shares remain outstanding under the NOL SOP.

Restricted shares

As at 30 December 2011, there were 5,980,000 outstanding restricted shares under the NOL Restricted Share Plan 2010 ("NOL RSP 2010").

During the 3 months ended 6 April 2012, 1,598,228 restricted shares were vested on 1 April 2012 and 71,333 restricted shares were cancelled.

As at 6 April 2012, 4,310,439 (8 April 2011: 5,134,000) restricted shares remain outstanding under the NOL RSP 2010.

Performance shares

As at 30 December 2011, there were 2,342,333 outstanding performance shares under the NOL Performance Share Plan 2010 ("NOL PSP 2010").

During the 3 months ended 6 April 2012, the Company awarded 3,908,000 new performance shares under the NOL PSP 2010 and 220,667 performance shares were cancelled.

As at 6 April 2012, 6,029,666 (8 April 2011: 2,656,000) performance shares remain outstanding under the NOL PSP 2010.

Treasury shares

As at 30 December 2011, 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 6 April 2012, 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 6 April 2012, there were 1,726,717 (8 April 2011: 1,726,717) treasury shares remaining that have not been re-issued.

2. Basis of Preparation

The preparation of the first quarter 2012 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 6 April 2012 and the reported amounts of revenue and expenses during the financial period from 31 December 2011 to 6 April 2012. 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 first quarter ended 6 April 2012 to be false or misleading in any material aspect.

On behalf of the board of directors

CHRISTOPHER LAU
Director

NG YAT CHUNG
Director

Dated this 9 May 2012

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 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 filed its protest letter with the IRS on 20 September 2010 and 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 commenced on 31 August 2011. 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 1, 2012, based on available facts and information, the Group believes it has provided adequate provisions for all the open matters referred to in the RAR. In June 2011, the IRS 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 30 December 2011.

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 31 December 2011, 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 31 December 2011.

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

Amendments to FRS 107 Disclosures -Transfers of Financial Assets (Effective for annual periods beginning on or after 1 July 2011)
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets (Effective for annual periods beginning on or after 1 January 2012)

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

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

9.

GROUP

Loss per ordinary share after deducting any provision for preference dividends (adjusted to exclude shares held by employee benefit trust and treasury shares)

	Q1 2012	Q1 2011
a) Based on the weighted average number of ordinary shares on issue	(9.83 US cts)	(0.38 US cts)
b) On a fully diluted basis (detailing any adjustments made to the earnings)	(9.83 US cts)	(0.38 US cts)

10. Net Asset Value

	Group			Company		
	6 Apr 2012 US\$	30 Dec 2011 US\$	Inc / (Dec) %	6 Apr 2012 US\$	30 Dec 2011 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	0.92	1.01	(8.91)	1.12	1.12	-

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

Income Statement:

NOL Group achieved revenue of US\$2.38 billion (Q1 2011: US\$2.44 billion), a decrease of US\$0.06 billion or 3% year-on-year (YoY). This was mainly due to decrease in Liner revenue from lower freight rates.

The Group's cost of sales increased by US\$0.16 billion or 7% YoY to US\$2.41 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\$9 million or 5% YoY to US\$185 million mainly due to higher general overhead expenses.

Finance expenses increased by US\$7 million or 65% YoY to US\$18 million mainly due to higher finance costs and lower foreign exchange gains.

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\$254 million in Q1 2012 compared to net loss of US\$10 million in Q1 2011, mainly due to lower freight rates and higher bunker costs.

Balance Sheet:

NOL Group's total assets increased by US\$80 million from US\$6.96 billion as at 30 December 2011 to US\$7.04 billion as at 6 April 2012. The increase in total assets was mainly due to increase in trade and other receivables and property, plant and equipment. The increase in property, plant and equipment was mainly due to progressive payments made for the new vessels that the Group had ordered and the increase in trade and other receivables was mainly due to increasing average daily sales since the beginning of FY 2012.

The Group's total liabilities increased by US\$304 million from US\$4.31 billion as at 30 December 2011 to US\$4.61 billion as at 6 April 2012. The increase in total liabilities was mainly due to increase in borrowings [see Note 1(b)(ii)] during the quarter.

The Group's total equity decreased by US\$224 million from US\$2.65 billion as at 30 December 2011 to US\$2.43 billion as at 6 April 2012 mainly due to net losses incurred during the quarter.

The Group's net current liabilities decreased by US\$278 million from US\$360 million as at 30 December 2011 to US\$82 million as at 6 April 2012, mainly due to refinancing of short-term financing facilities using long-term financing facilities. The Group was in a net current liabilities position as at 6 April 2012 mainly due to progressive payments made for the new vessels that the Group had ordered. As at 6 April 2012, 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 increased by US\$21 million from US\$228 million as at 30 December 2011 to US\$249 million as at 6 April 2012 mainly due to net cash inflow from financing activities of US\$189 million, partially offset by net cash outflow from operating activities of US\$132 million and net cash outflow from investing activities of US\$36 million. Net cash inflow from financing activities was mainly due to net proceeds from borrowings. Net cash outflow from operations was mainly due to losses incurred during the quarter. 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.

	Q1 2012 US\$m	Q1 2011 US\$m
(a) Revenue		
Liner	2,010	2,103
Logistics	394	368
Elimination	(26)	(28)
Total	2,378	2,443
(b) Core EBIT⁵		
Liner	(246)	(8)
Logistics	13	21
Total	(233)	13

⁵ Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.

(c) **Analysis by Business Units**

(i) **Liner**

Liner achieved Q1 2012 revenue of US\$2.0 billion, a year-on-year (YoY) decrease of 4% mainly due to lower freight rates despite higher volumes and improved unit cost efficiencies.

Volume rose by 4%YoY mainly due to higher volumes in the Intra-Asia and Latin-America trade.

Cost of sales per FEU increased by 3% mainly due to 31% rise in bunker prices. Excluding the bunker price rise, cost of sales per FEU were 3% lower due to stricter fuel consumption, operational cost efficiencies and slow steaming.

Average revenue per FEU was US\$2,420 or 7% lower YoY mainly due to lower freight rates.

Liner recorded a Core EBIT loss of US\$246 million mainly due to lower freight rates and higher bunker prices in Q1 2012.

LINER Q1 RESULTS 2012 and 2011

Unaudited

	Q1 2012	Q1 2011
Load Factors %		
Transpacific and Asia-Latin America/Mexico Eastbound ⁶	90%	84%
Asia-Europe Westbound	99%	96%
Transatlantic Westbound	88%	100%
Intra-Asia Westbound	96%	100%
Headhaul	93%	92%
Volume ('000 FEU)		
Transpacific	216	227
Latin America	54	48
Asia-Europe	132	130
Transatlantic	40	39
Intra-Asia	349	320
Total Volume ⁷	791	764
Average Revenue/FEU (US\$/FEU)		
Transpacific	3,825	3,865
Latin America	3,405	3,468
Asia-Europe	2,149	2,678
Transatlantic	2,974	3,160
Intra-Asia	1,439	1,470
Total	2,420	2,598

⁶ With effect from Q1 2012, load factors for the Transpacific Eastbound and Asia-Latin America/Mexico Eastbound markets have been combined as cargoes in these markets are using the same trade lanes.

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

(ii) **Logistics**

Logistics achieved Q1 2012 revenue of US\$394 million, growing 7% YoY while facing unsettled economic conditions in developed markets.

Contract Logistics achieved revenue of US\$269 million, a 15% YoY increase due to strong demand for rail and land-based logistics services from automotive customers.

International Services achieved revenue of US\$125 million, a 7% decrease YoY due to lower ocean freight rates and softer demand in Q1 2012.

Core EBIT of US\$13 million for Q1 2012, a 38% decrease YoY due to increased investments to improve our technology products and commercial infrastructure.

LOGISTICS Q1 RESULTS 2012 and 2011

Unaudited

US\$ millions

	Q1 2012	Q1 2011
BY REGION		
Revenue		
Americas	263	233
Europe	34	44
Asia/Middle East	97	91
Total Revenue	394	368
BY BUSINESS SEGMENT		
Revenue		
Contract Logistics Services	269	233
International Services	125	135
Total Revenue	394	368
Operating Expenses		
Contract Logistics Services	264	224
International Services	117	123
Total Operating Expenses	381	347
Core EBIT ⁸		
Contract Logistics Services	5	9
International Services	8	12
Total Core EBIT	13	21

⁸ 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 financial year ended 30 December 2011 that "the global economy remains uncertain and the container shipping industry continues to face high fuel costs and overcapacity. If these conditions continue, financial performance will remain weak".

The current results are broadly in line with the prospect statement made in the results announcement for the financial year ended 30 December 2011.

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.**

Recent General Rate Increases have resulted in improved freight rates since March. However, the global economic outlook remains uncertain and the container shipping industry continues to face high fuel costs and overcapacity. If conditions for rates and fuel costs do not improve, the Group's financial performance will remain weak.

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**

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	Q1 2012 US\$'000	Q1 2011 US\$'000
Transactions for the Purchase of Goods and Services		
PSA Corporation Limited and its associates	60,339	59,794
Transactions for the Leasing-in of Assets		
Sembcorp Marine Ltd and its associates	933	930

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 9 May 2012