



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 1st Quarter Ended 5 April 2013

1.(a)(i) Consolidated Income Statement

	Group		
	Q1 2013 US\$'000	Q1 2012 US\$'000	% Increase/ (Decrease)
Revenue	2,371,052	2,377,796	(0)
Cost of sales	(2,255,727)	(2,414,359)	(7)
Gross profit/(loss)	115,325	(36,563)	N/M
Other gains (net)			
- Miscellaneous	201,173	3,627	5,447
- Finance and investment income	1,342	1,433	(6)
Expenses			
- Administrative	(183,356)	(185,379)	(1)
- Finance	(25,414)	(17,730)	43
- Other operating	(18,851)	(6,176)	205
Share of results of associated companies	2,414	359	572
Share of results of joint ventures	(160)	(473)	(66)
Profit/(Loss) before income tax	92,473	(240,902)	N/M
Income tax expense	(15,945)	(11,645)	37
Net profit/(loss) for the financial period	76,528	(252,547)	N/M
Net profit/(loss) attributable to:			
Owners of the Company	75,509	(253,572)	N/M
Non-controlling interest	1,019	1,025	(1)
	76,528	(252,547)	N/M

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

	Group		
	Q1 2013 US\$'000	Q1 2012 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	2,433	2,801	(13)
(B) Interest on Borrowings	(15,852)	(9,941)	59
(C) Depreciation and Amortisation	(83,412)	(82,460)	1
(D) Allowance for Doubtful Debts and Bad Debts Written Off	(3,002)	(613)	390
(E) Write-back of Provision for Impairment in Value of Investments	11	10	10
(F) Foreign Exchange (Loss)/Gain	(2,343)	5,222	N/M
(G) Adjustment for Over Provision for Tax in Prior Years	808	93	769
(H) Profit on Sale of Investments, Property, Plant and Equipment and Other Assets	196,633	1,338	14,596
(I) Impairment Loss on Assets classified as held-for-sale	(3,700)	-	N/M
(J) Net Write-off of Inventories	(11)	(90)	(88)

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

	Group	
	Q1 2013 US\$'000	Q1 2012 US\$'000
Net profit/(loss) for the financial period	76,528	(252,547)
Other comprehensive income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Fair value (loss)/gain on cash flow hedges	(11,653)	38,497
Fair value loss/(gain) on cash flow hedges transferred to the income statement	7,812	(18,276)
Fair value gain on available-for-sale financial asset	11	11
Share of other comprehensive income of associated company	88	-
Currency translation differences	(2,540)	6,713
Tax on fair value gain and loss	362	(4)
Other comprehensive income for the financial period, net of tax	(5,920)	26,941
Total comprehensive income for the financial period	70,608	(225,606)
Total comprehensive income attributable to:		
Owners of the Company	69,498	(226,456)
Non-controlling interest	1,110	850
	70,608	(225,606)

N/M: Not meaningful

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

	Group					Company		
	5 Apr 2013 US\$'000	28 Dec 2012 US\$'000 (Restated) ¹	% Increase/ (Decrease)	30 Dec 2011 US\$'000 (Restated) ¹	% Increase/ (Decrease)	5 Apr 2013 US\$'000	28 Dec 2012 US\$'000	% Increase/ (Decrease)
ASSETS								
Current Assets								
Cash and cash equivalents	1,309,566	896,978	46	227,562	294	981,270	540,332	82
Trade and other receivables ²	1,158,330	1,091,573	6	1,045,671	4	2,863,633	3,029,651	(5)
Inventories at cost	271,988	267,309	2	326,993	(18)	-	-	0
Derivative financial instruments	4,497	5,847	(23)	3,853	52	1,797	125	1,338
Assets classified as held-for-sale	12,299	142,501	(91)	50,225	184	-	-	0
Other current assets	148,676	119,918	24	111,403	8	4,794	4,924	(3)
Total current assets	2,905,356	2,524,126	15	1,765,707	43	3,851,494	3,575,032	8
Non-current Assets								
Investments in subsidiaries	-	-	0	-	0	1,000,974	1,000,974	0
Investments in associated companies	117,981	111,831	5	98,191	14	-	-	0
Investments in joint ventures	20,876	26,588	(21)	28,992	(8)	-	-	0
Available-for-sale financial asset	48	37	30	53	(30)	-	-	0
Property, plant and equipment	5,525,579	5,229,062	6	4,789,588	9	1,463,363	1,357,365	8
Investment property	-	-	0	15,862	(100)	-	-	0
Deferred charges	9,868	10,909	(10)	14,283	(24)	7,765	7,955	(2)
Intangible assets	35,294	35,947	(2)	26,676	35	1,229	1,039	18
Goodwill arising on consolidation	158,377	157,047	1	129,095	22	-	-	0
Deferred income tax assets	45,515	44,224	3	33,477	32	-	-	0
Derivative financial instruments	27,904	29,859	(7)	7,344	307	24,649	29,859	(17)
Other non-current assets	45,921	49,463	(7)	49,338	0	180	137	31
Total non-current assets	5,987,363	5,694,967	5	5,192,899	10	2,498,160	2,397,329	4
TOTAL ASSETS	8,892,719	8,219,093	8	6,958,606	18	6,349,654	5,972,361	6
LIABILITIES								
Current Liabilities								
Trade and other payables	1,401,812	1,247,627	12	1,274,431	(2)	1,153,852	1,056,283	9
Current income tax liabilities	161,272	160,795	0	114,627	40	5,926	2,365	151
Borrowings	746,343	429,246	74	422,095	2	-	-	0
Provisions	37,539	38,619	(3)	38,436	0	2,310	2,551	(9)
Deferred income	11,952	12,585	(5)	848	1,384	-	-	0
Derivative financial instruments	14,005	10,123	38	18,443	(45)	77	1,470	(95)
Other current liabilities ³	248,358	252,480	(2)	251,812	0	-	-	0
Total current liabilities	2,621,281	2,151,475	22	2,120,692	1	1,162,165	1,062,669	9
Non-current Liabilities								
Borrowings	3,673,484	3,546,621	4	1,931,746	84	2,302,274	2,025,120	14
Provisions	220,518	225,835	(2)	208,777	8	-	-	0
Deferred income	12,723	15,370	(17)	3,904	294	-	-	0
Deferred income tax liabilities	5,428	5,446	(0)	8,900	(39)	552	552	0
Derivative financial instruments	18,925	15,938	19	36,694	(57)	18,925	15,384	23
Other non-current liabilities	76,227	65,300	17	70,925	(8)	-	-	0
Total non-current liabilities	4,007,305	3,874,510	3	2,260,946	71	2,321,751	2,041,056	14
TOTAL LIABILITIES	6,628,586	6,025,985	10	4,381,638	38	3,483,916	3,103,725	12
NET ASSETS	2,264,133	2,193,108	3	2,576,968	(15)	2,865,738	2,868,636	(0)
EQUITY								
Share capital	1,829,726	1,826,723	0	1,822,117	0	1,829,726	1,826,723	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	0	(5,216)	(5,216)	0
	1,824,510	1,821,507	0	1,816,901	0	1,824,510	1,821,507	0
Shares held by employee benefit trust	(5,250)	(5,320)	(1)	(4,716)	13	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	445,407	373,033	19	785,530	(53)	1,011,675	1,019,738	(1)
Statutory and other reserves	(52,801)	(48,606)	9	(70,756)	(31)	30,748	28,586	8
Capital and reserves attributable to owners of the Company	2,210,671	2,139,419	3	2,525,764	(15)	2,865,738	2,868,636	(0)
Non-controlling interest	53,462	53,689	(0)	51,204	5	-	-	0
TOTAL EQUITY	2,264,133	2,193,108	3	2,576,968	(15)	2,865,738	2,868,636	(0)
Net current assets/(liabilities) ⁴	284,075	372,651	(24)	(354,985)	N/M	2,689,329	2,512,363	7

¹ 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).

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 relates to deferred revenue arising from the percentage-of-completion method for revenue recognition.

⁴ 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 5 April 2013	Secured loans US\$'000	Unsecured loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable on or before 4 April 2014, or on demand	83,893	654,316	8,134	746,343
Amount repayable on or before:				
3 April 2015	91,289	100,000	8,665	199,954
1 April 2016	90,679	847,943	9,338	947,960
7 April 2017	94,293	321,056	9,910	425,259
6 April 2018	87,526	324,493	10,594	422,613
Thereafter	637,149	806,786	233,763	1,677,698
	1,084,829	3,054,594	280,404	4,419,827

The Group 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
	916,051	2,777,208	282,608	3,975,867

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 5 April 2013	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁵ US\$'000	Total US\$'000
Amount repayable for the remainder of FY 2013	432,821	45,691	63,569	8,500	50,953	601,534
Amount repayable in :						
FY 2014	415,475	58,676	84,547	8,543	51,612	618,853
FY 2015	253,805	48,308	81,492	2,670	36,281	422,556
FY 2016	157,669	14,424	77,116	-	24,063	273,272
FY 2017	118,733	6,813	70,937	-	13,893	210,376
Thereafter	408,751	14,372	597,579	-	18,547	1,039,249
	1,787,254	188,284	975,240	19,713	195,349	3,165,840

The Group As at 28 December 2012	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁵ 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
	1,937,355	203,901	1,009,997	24,493	185,541	3,361,287

⁵ 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	
	Q1 2013 US\$'000	Q1 2012 US\$'000
Cash Flows from Operating Activities		
Profit/(Loss) before income tax	92,473	(240,902)
Adjustments for :		
Depreciation and amortisation	83,412	82,460
Fair value loss/(gain) on hedges	78	(350)
Interest expense	15,852	9,941
Interest income	(1,342)	(1,433)
Share-based compensation costs	1,782	1,749
Net write-off of inventories	11	90
Fair value loss on shares held by employee benefit trust	54	1,026
Net loss/(profit) on disposal of property, plant and equipment	1,804	(1,338)
Net loss on disposal of other assets	40	-
Net profit on disposal of assets classified as held-for-sale	(198,036)	-
Net profit on disposal of joint venture	(441)	-
Impairment loss on assets classified as held-for-sale	3,700	-
Net write-back of impairment of assets	(11)	(10)
Net provision for liabilities	5,174	7,552
Share of results of associated companies	(2,414)	(359)
Share of results of joint ventures	160	473
Unrealised currency translation (gain)/loss	(537)	4,742
Operating cash flow before working capital changes	1,759	(136,359)
Changes in operating assets and liabilities		
Receivables and other assets	(65,703)	(50,661)
Inventories	(4,564)	(16,608)
Payables	125,571	101,327
Provisions	(10,564)	(9,370)
Cash generated from/(used in) operations	46,499	(111,671)
Interest paid	(17,659)	(12,529)
Interest received	1,523	718
Net income tax paid	(15,849)	(8,219)
Net cash inflow/(outflow) from operating activities	14,514	(131,701)
Cash Flows from Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(2,630)	-
Investment in associated company	(4,711)	(1,967)
Additions in loans receivables	(5)	(26)
Dividends received from joint venture	-	630
Purchase of property, plant and equipment	(384,551)	(102,009)
Purchase of intangible assets	(835)	(2,184)
Proceeds from disposal of joint venture	4,969	-
Proceeds from disposal of assets classified as held-for-sale	323,425	61,625
Proceeds from disposal of property, plant and equipment	16,358	7,877
Proceeds from disposal of other assets	29	167
Net cash outflow from investing activities	(47,951)	(35,887)
Cash Flows from Financing Activities		
Proceeds from borrowings	1,441,369	577,020
Net cash inflow contributed by employee benefit trust	22	182
Dividends paid to non-controlling interest	(2,378)	-
Return of capital to non-controlling interest	-	(100)
Proceeds from issue of new ordinary shares	176	405
Repayment of borrowings	(992,152)	(385,294)
Payment of costs incurred in connection with long term financing	(1,012)	(3,328)
Net cash inflow from financing activities	446,025	188,885
Net increase in cash and cash equivalents	412,588	21,297
Cash and cash equivalents at beginning of financial period	896,978	227,562
Cash and cash equivalents at end of financial period	1,309,566	248,859

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

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	US\$'000	US\$'000	US\$'000
Balance at 29 December 2012					(Restated) ⁶	(Restated) ⁶		
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

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	US\$'000	US\$'000	US\$'000
Balance at 31 December 2011					(Restated) ⁶	(Restated) ⁶		
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

⁶ 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).

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 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

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

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 28 December 2012, the Company's issued and paid-up capital (including treasury shares) comprised 2,588,796,353 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,587,069,636 ordinary shares.

During the 3 months ended 5 April 2013, the Company issued and allotted 207,656 ordinary shares upon the exercise of share options granted under the NOL Share Option Plan ("NOL SOP"). In addition, 2,214,085 restricted shares under the NOL Restricted Share Plan 2010 ("NOL RSP 2010") were vested during the period, of which 827,661 shares were not allotted as at 5 April 2013.

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.

Share options

As at 28 December 2012, there were 38,161,892 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 5 April 2013, 207,656 share options were exercised to take up unissued shares of the Company at the subscription price of S\$1.05 per share and 488,508 share options were cancelled.

As at 5 April 2013, share options to subscribe for 37,465,728 (6 April 2012: 43,257,264) ordinary shares remain outstanding under the NOL SOP.

Restricted shares

As at 28 December 2012, there were 3,587,426 outstanding restricted shares under the NOL RSP 2010.

During the 3 months ended 5 April 2013, 5,266,000 new restricted shares were awarded under the NOL RSP 2010, 2,214,085 restricted shares were vested and 140,909 restricted shares were cancelled.

As at 5 April 2013, 6,498,432 (6 April 2012: 4,310,439) restricted shares remain outstanding under the NOL RSP 2010.

Performance shares

As at 28 December 2012, there were 4,430,684 outstanding performance shares under the NOL Performance Share Plan 2010 ("NOL PSP 2010").

During the 3 months ended 5 April 2013, 3,732,000 new performance shares were awarded under the NOL PSP 2010 and 94,334 performance shares were cancelled.

As at 5 April 2013, 8,068,350 (6 April 2012: 6,029,666) performance shares remain outstanding under the NOL PSP 2010.

Treasury shares

As at 28 December 2012, 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 5 April 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 5 April 2013, there were 1,726,717 (6 April 2012: 1,726,717) treasury shares remaining that have not been re-issued.

2. Basis of Preparation

The preparation of the first 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 5 April 2013 and the reported amounts of revenue and expenses during the financial period from 29 December 2012 to 5 April 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 first quarter ended 5 April 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 14 May 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 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, 2013, 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.

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 Q1 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

	Group
	FY2012
	US\$'000
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

	Group	
	28 Dec 2012	30 Dec 2011
	US\$'000	US\$'000
<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.

	Q1 2013	Q1 2012
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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	2.92 US cts	(9.83 US cts)
b) On a fully diluted basis (detailing any adjustments made to the earnings)	2.91 US cts	(9.83 US cts)

10. **Net Asset Value**

	Group			Company		
	5 Apr 2013 US\$	28 Dec 2012 US\$ (Restated) ⁷	Inc / (Dec) %	5 Apr 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	0.85	0.83	2.41	1.11	1.11	-

⁷ 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:

NOL Group achieved revenue of US\$2.37 billion (Q1 2012: US\$2.38 billion), a decrease of US\$0.01 billion. This was mainly due to decrease in Liner revenue from lower volume and freight rates.

The Group's cost of sales decreased by US\$0.16 billion or 7% YoY to US\$2.26 billion mainly due to continued efficiency and cost mitigation efforts.

Other miscellaneous gains increased by US\$198 million or 5,447% YoY to US\$201 million mainly due to disposal of NOL building.

Finance expenses increased by US\$8 million or 43% YoY to US\$25 million mainly due to higher interest expenses from higher average loan balances and higher average interest rates.

Other operating expenses increased by US\$13 million or 205% YoY to US\$19 million mainly due to higher foreign exchange gains in Q1 2012 and impairment loss in Q1 2013 on obsolete vessel classified as held-for-sale.

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\$76 million in Q1 2013 compared to net loss of US\$254 million in Q1 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.

Balance Sheet:

NOL Group's total assets increased by US\$674 million from US\$8.22 billion as at 28 December 2012 to US\$8.89 billion as at 5 April 2013. The increase in total assets was mainly due to increase in cash and cash equivalents 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. Please refer to the explanation below for the increase in cash and cash equivalents.

The Group's total liabilities increased by US\$603 million from US\$6.03 billion as at 28 December 2012 to US\$6.63 billion as at 5 April 2013. 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 increased by US\$71 million from US\$2.19 billion as at 28 December 2012 to US\$2.26 billion as at 5 April 2013 mainly due to net profit generated during the quarter.

Cashflow:

NOL Group's cash and cash equivalents increased by US\$413 million from US\$0.90 billion as at 28 December 2012 to US\$1.31 billion as at 5 April 2013 mainly due to net cash inflow from financing activities of US\$446 million and net cash inflow from operating activities of US\$15 million, partially offset by net cash outflow from investing activities of US\$48 million. Net cash inflow from financing activities was mainly due to net proceeds from borrowings. Net cash inflow from operations was mainly due to improvements in working capital. 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 2013 US\$m	Q1 2012 US\$m
(a) Revenue		
Liner	1,967	2,010
Logistics	427	394
Elimination	(23)	(26)
Total	2,371	2,378
(b) Core EBIT⁸		
Liner	(101)	(246)
Logistics	16	13
Total	(85)	(233)

⁸ Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.

(c) **Analysis by Business Units**

(i) **Liner**

Liner achieved Q1 2013 revenue of US\$2.0 billion, a year-on-year (YoY) decrease of 2% 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 7% YoY mainly due to operational cost efficiencies and lower bunker prices.

Soft macro conditions, weak off-peak season and industry oversupply dampen average revenue per FEU to US\$2,376 or 2% lower YoY.

As a result, Liner recorded a Core EBIT loss of US\$101 million in Q1 2013.

LINER Q1 RESULTS 2013 and 2012

Unaudited

	Q1 2013	Q1 2012
Load Factors %		
Transpacific and Asia-Latin America/Mexico Eastbound	91%	90%
Intra-Asia Westbound	93%	96%
Asia-Europe Westbound	92%	99%
Transatlantic Westbound	78%	88%
Headhaul	91%	93%
Volume ('000 FEU)		
Transpacific	224	216
Intra-Asia	340	349
Asia-Europe	109	132
Latin America	52	54
Transatlantic	47	40
Total Volume ⁹	772	791
Average Revenue/FEU (US\$/FEU)		
Transpacific	3,471	3,825
Intra-Asia	1,425	1,439
Asia-Europe	2,413	2,149
Latin America	3,591	3,405
Transatlantic	2,628	2,974
Total	2,376	2,420

⁹ Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

(ii) **Logistics**

Logistics achieved Q1 2013 revenue of US\$427 million, growing 8% YoY from broad-based growth, led by emerging markets in Asia/Middle East.

Contract Logistics achieved revenue of US\$274 million, a 2% increase YoY.

International Services achieved revenue of US\$153 million, a 22% increase YoY.

Core EBIT of US\$16 million for Q1 2013, a 27% increase YoY due to business growth and strict cost discipline.

LOGISTICS Q1 RESULTS 2013 and 2012

Unaudited

US\$ millions

	Q1 2013	Q1 2012
BY REGION		
Revenue		
Americas	271	263
Europe	39	34
Asia/Middle East	117	97
Total Revenue	427	394
BY BUSINESS SEGMENT		
Revenue		
Contract Logistics Services	274	269
International Services	153	125
Total Revenue	427	394
Operating Expenses		
Contract Logistics Services	266	264
International Services	145	117
Total Operating Expenses	411	381
Core EBIT ¹⁰		
Contract Logistics Services	8	5
International Services	8	8
Total Core EBIT	16	13

¹⁰ 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 28 December 2012 that "The global economy has shown some signs of improvement. However, the container shipping industry continues to face severe oversupply, causing considerable container freight rate uncertainty. Notwithstanding these challenges, the Group will start 2013 with a better cost base as a result of a modern fleet and more efficient processes. Barring unforeseen circumstances, the Group expects a better performance than in 2012."

The current results are broadly in line with the prospect statement made in the results announcement for the financial year ended 28 December 2012.

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 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.

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 2013 US\$'000	Q1 2012 US\$'000
Transactions for the Purchase of Goods and Services		
PSA Corporation Limited and its associates	52,781	60,339
Transactions for the Leasing-in of Assets		
Sembcorp Marine Ltd and its associates	-	933

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 14 May 2013