



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 1st Quarter Ended 1 April 2016

1.(a)(i) Consolidated Income Statement

	Group		
	Q1 2016 US\$'000	Q1 2015 US\$'000	% Increase/ (Decrease)
Continuing operations¹			
Revenue	1,138,009	1,580,637	(28)
Cost of sales	(1,133,474)	(1,445,272)	(22)
Gross profit	4,535	135,365	(97)
Other gains (net)			
- Miscellaneous	8,678	2,336	271
- Finance and investment income	1,035	1,378	(25)
Expenses			
- Administrative: IT	(20,293)	(22,130)	(8)
- Administrative: non-IT	(53,961)	(92,497)	(42)
- Finance	(32,594)	(42,201)	(23)
- Other operating	(16,673)	(26,650)	(37)
Share of results of associated companies	(3,998)	(127)	3,048
Share of results of joint venture	417	700	(40)
Loss before tax from continuing operations	(112,854)	(43,826)	158
Tax credit	8,139	8,044	1
Loss from continuing operations, net of tax	(104,715)	(35,782)	193
Discontinued operations¹			
Profit from discontinued operations, net of tax	-	26,939	(100)
Net loss for the financial period	(104,715)	(8,843)	1,084
Net profit/(loss) attributable to:			
Equity holders of the Company			
- From continuing operations	(105,104)	(36,177)	191
- From discontinued operations	-	25,398	(100)
	(105,104)	(10,779)	875
Non-controlling interest			
- From continuing operations	389	395	(2)
- From discontinued operations	-	1,541	(100)
	389	1,936	(80)
	(104,715)	(8,843)	1,084

¹ "Continuing operations" refers to Liner business while Logistics business, as a result of the sale, was classified as "Discontinued operations". Amounts under "Continuing operations" and "Discontinued operations" do not include trade transactions between Liner and Logistics business. Details of the reclassification are provided in 1.(a)(ii).

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

	Group		
	Q1 2016 US\$'000	Q1 2015 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	7,210	2,012	258
(B) Interest on Borrowings	(29,470)	(36,765)	(20)
(C) Depreciation and Amortisation	(101,997)	(103,367)	(1)
(D) Allowance for Doubtful Debts and Bad Debts Written Off	(5,659)	(14,812)	(62)
(E) Foreign Exchange Loss	(3,365)	(9,697)	(65)
(F) Adjustment for Over Provision for Tax in Prior Years	21,394	13,745	56
(G) Profit on Sale of Subsidiaries, Investments, Property, Plant and Equipment and Other Assets	2,448	364	573
(H) Impairment Loss on Assets	(74)	-	N/M
(I) Net Write-off of Inventories	(17)	(34)	(50)

Discontinued operations

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

On 29 May 2015, the Company completed the sale of the Logistics business to KWE for an aggregate purchase price of US\$1.2 billion, subject to adjustments for the net cash and net working capital of APL Logistics and its subsidiaries as at the completion date. These adjustments were finalised and the Group recorded a gain on disposal of the Logistics business of US\$888 million.

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

The results of the Logistics business for Q1 2015 were as follows:

	Group
	Q1 2015 US\$'000
Revenue	404,356
Expenses	(372,674)
Other gains (net)	1,429
Profit before tax from discontinued operations	33,111
Tax expense	(6,172)
Profit from discontinued operations, net of tax	26,939

N/M: Not meaningful

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

	Group	
	Q1 2016 US\$'000	Q1 2015 US\$'000
Net loss for the financial period	(104,715)	(8,843)
Other comprehensive income/(loss):		
<u>Continuing operations</u>		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Fair value gain/(loss) on cash flow hedges	15,097	(35,793)
Fair value (gain)/loss on cash flow hedges transferred to the income statement	(6,621)	34,377
Share of other comprehensive income of associated company	-	267
Currency translation differences	2,555	(9,563)
Reclassification of foreign currency translation reserve on disposal/ liquidation of subsidiaries and an associated company	19,761	-
	30,792	(10,712)
<u>Discontinued operations</u>		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Fair value gain on cash flow hedges	-	193
Fair value gain on cash flow hedges transferred to the income statement	-	(314)
Fair value gain on available-for-sale financial assets	-	10
Currency translation differences	-	1,523
	-	1,412
Other comprehensive income/(loss) for the financial period, net of tax	30,792	(9,300)
Total comprehensive loss for the financial period	(73,923)	(18,143)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company		
- From continuing operations	(74,391)	(46,851)
- From discontinued operations	-	26,858
	(74,391)	(19,993)
Non-controlling interest		
- From continuing operations	468	357
- From discontinued operations	-	1,493
	468	1,850
	(73,923)	(18,143)

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

	Group			Company		
	1 Apr 2016 US\$'000	25 Dec 2015 US\$'000	% Increase/ (Decrease)	1 Apr 2016 US\$'000	25 Dec 2015 US\$'000	% Increase/ (Decrease)
ASSETS						
<u>Current Assets</u>						
Cash and cash equivalents	174,014	229,907	(24)	10,230	46,433	(78)
Trade and other receivables ²	502,221	520,458	(4)	4,510,305	4,415,043	2
Inventories at cost	80,855	91,720	(12)	-	-	0
Derivative financial instruments	1,102	435	153	-	-	0
Assets of group companies classified as held-for-sale	-	41,073	(100)	-	-	0
Other current assets	56,656	81,606	(31)	6,287	4,664	35
Total current assets	814,848	965,199	(16)	4,526,822	4,466,140	1
<u>Non-current Assets</u>						
Investments in subsidiaries	-	-	0	775,212	775,212	0
Investments in associated companies	106,119	107,462	(1)	-	-	0
Investment in joint venture	22,705	21,970	3	-	-	0
Property, plant and equipment	5,511,375	5,590,142	(1)	8,551	8,870	(4)
Deferred charges	3,065	3,509	(13)	3,065	3,509	(13)
Intangible assets	11,264	12,277	(8)	1,974	2,172	(9)
Goodwill arising on consolidation	121,036	121,036	0	-	-	0
Deferred tax assets	32,502	39,773	(18)	-	-	0
Other non-current assets	51,838	47,368	9	127,377	125,256	2
Total non-current assets	5,859,904	5,943,537	(1)	916,179	915,019	0
TOTAL ASSETS	6,674,752	6,908,736	(3)	5,443,001	5,381,159	1
LIABILITIES						
<u>Current Liabilities</u>						
Trade and other payables	766,112	854,661	(10)	116,482	100,410	16
Current tax liabilities	57,677	78,509	(27)	2,572	2,794	(8)
Borrowings	635,757	572,551	11	410,000	350,000	17
Provisions	26,362	29,983	(12)	-	605	(100)
Deferred income	209	205	2	-	-	0
Derivative financial instruments	3,237	11,034	(71)	-	-	0
Liabilities of group companies classified as held-for-sale	-	15,988	(100)	-	-	0
Other current liabilities ³	129,139	140,532	(8)	-	-	0
Total current liabilities	1,618,493	1,703,463	(5)	529,054	453,809	17
<u>Non-current Liabilities</u>						
Borrowings	2,346,688	2,309,811	2	1,010,231	960,421	5
Provisions	110,819	147,838	(25)	-	-	0
Deferred income	522	581	(10)	-	-	0
Deferred tax liabilities	3,348	2,717	23	706	686	3
Derivative financial instruments	158,406	233,267	(32)	95,786	150,397	(36)
Other non-current liabilities	17,908	18,503	(3)	-	-	0
Total non-current liabilities	2,637,691	2,712,717	(3)	1,106,723	1,111,504	(0)
TOTAL LIABILITIES	4,256,184	4,416,180	(4)	1,635,777	1,565,313	5
NET ASSETS	2,418,568	2,492,556	(3)	3,807,224	3,815,846	(0)
EQUITY						
Share capital	1,842,031	1,840,260	0	1,842,031	1,840,260	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	(5,216)	0
	1,836,815	1,835,044	0	1,836,815	1,835,044	0
Shares held by employee benefit trust	(4,425)	(4,326)	2	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	616,163	741,348	(17)	1,943,094	1,956,477	(1)
Statutory and other reserves	(47,472)	(96,529)	(51)	28,510	25,520	12
Capital and reserves attributable to equity holders of the Company	2,399,886	2,474,342	(3)	3,807,224	3,815,846	(0)
Non-controlling interest	18,682	18,214	3	-	-	0
TOTAL EQUITY	2,418,568	2,492,556	(3)	3,807,224	3,815,846	(0)
Net current (liabilities)/assets	(803,645)	(738,264)	9	3,997,768	4,012,331	(0)

² Trade receivables include the full freight revenue for voyages, which corresponds to the contractual rights stipulated in the standard Bill of Lading and is inclusive of the freight charges collectable at destination for Free on Board shipments.

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

1.(b)(ii) Borrowings

The Group As at 1 April 2016	Secured borrowings US\$'000	Unsecured borrowings US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable on or before 7 Apr 2017, or on demand	115,503	508,921	11,333	635,757
Amount repayable on or before:				
6 Apr 2018	100,463	365,733	12,034	478,230
5 Apr 2019	92,290	-	12,665	104,955
3 Apr 2020	150,851	214,871	13,005	378,727
2 Apr 2021	88,788	207,398	13,740	309,926
Thereafter	549,153	323,980	201,717	1,074,850
	1,097,048	1,620,903	264,494	2,982,445

As at 25 December 2015	Secured borrowings US\$'000	Unsecured borrowings US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable in FY2016, or on demand	112,708	460,669	11,139	584,516
Amount repayable in:				
FY 2017	105,716	347,473	11,751	464,940
FY 2018	96,386	-	12,498	108,884
FY 2019	155,460	199,875	12,715	368,050
FY 2020	92,884	199,407	13,539	305,830
Thereafter	542,250	315,037	204,820	1,062,107
	1,105,404	1,522,461	266,462	2,894,327
Reclassification to liabilities of group companies classified as held-for-sale	-	(11,965)	-	(11,965)
	1,105,404	1,510,496	266,462	2,882,362

The secured borrowings and finance lease liabilities are secured mainly on vessels.

1.(b)(iii) Operating Lease Commitments

The future aggregate minimum lease payable under non-cancellable operating leases of the Group are as follows:

The Group As at 1 April 2016	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 FY2016	124,265	9,193	50,930	155	19,328	203,871
Amount repayable in:						
FY 2017	123,442	6,800	56,743	-	15,566	202,551
FY 2018	116,626	5,272	49,056	-	9,756	180,710
FY 2019	113,003	2,531	49,056	-	7,955	172,545
FY 2020	69,455	2,531	49,056	-	4,569	125,611
Thereafter	142,909	4,011	267,337	-	1,054	415,311
	689,700	30,338	522,178	155	58,228	1,300,599

As at 25 December 2015	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁴ US\$'000	Total US\$'000
Amount repayable in FY2016	172,157	15,004	65,789	679	25,228	278,857
Amount repayable in:						
FY 2017	123,442	6,804	56,837	-	15,312	202,395
FY 2018	116,626	5,274	49,056	-	9,688	180,644
FY 2019	113,003	2,533	49,056	-	8,244	172,836
FY 2020	69,455	2,533	49,056	-	5,020	126,064
Thereafter	142,909	4,014	267,337	-	3,167	417,427
	737,592	36,162	537,131	679	66,659	1,378,223

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

1.(c) Consolidated Statement of Cash Flows

	Group	
	Q1 2016 US\$'000	Q1 2015 US\$'000
Cash Flows from Operating Activities		
Loss before tax from continuing operations	(112,854)	(43,826)
Profit before tax from discontinued operations	-	33,111
Adjustments for :		
Depreciation and amortisation	101,997	103,367
Fair value loss/(gain) on financial instruments	350	(1,096)
Deferred charge expense	446	498
Interest expense	29,470	36,765
Interest income	(1,035)	(1,623)
Share-based compensation costs	2,047	1,734
Net write-off of inventories	17	34
Fair value loss on shares held by employee benefit trust	69	886
Net loss/(profit) on disposal of property, plant and equipment	192	(273)
Net loss/(profit) on disposal of other assets	27	(91)
Net profit on disposal/liquidation of subsidiaries	(2,196)	-
Net profit on disposal of an associated company	(471)	-
Net provision for impairment of assets	74	-
Net (write-back)/provision for liabilities	(32,634)	15,927
Share of results of associated companies	3,998	(797)
Share of results of joint venture	(417)	(700)
Unrealised currency translation gain	(233)	(438)
Operating cash flow before working capital changes	(11,153)	143,478
Changes in operating assets and liabilities		
Receivables and other assets	48,163	153,395
Inventories	10,848	41,322
Payables	(69,741)	(154,243)
Provisions	(7,644)	(19,831)
Cash (used in)/generated from operations	(29,527)	164,121
Interest paid	(23,429)	(32,587)
Interest received	956	1,827
Net taxes paid	(4,530)	(9,976)
Net cash (outflow)/inflow from operating activities	(56,530)	123,385
Cash Flows from Investing Activities		
Acquisition of additional interest in a subsidiary, net of cash acquired	-	(9,985)
Investment in an associated company	(339)	(3,866)
Proceeds from loans receivables	7	1
Loan to an associated company	(1,792)	-
Purchase of property, plant and equipment	(23,022)	(32,217)
Purchase of available-for-sale financial assets	-	(7,372)
Purchase of intangible assets	(3)	(471)
Cash disposed arising from disposal of a subsidiary	(2,414)	-
Proceeds from disposal of property, plant and equipment	666	1,020
Proceeds from disposal of other assets	20	4,854
Net cash outflow from investing activities	(26,877)	(48,036)
Cash Flows from Financing Activities		
Proceeds from borrowings	60,000	530,124
Net cash (outflow)/inflow contributed by employee benefit trust	(53)	130
Proceeds from issue of new ordinary shares	1,430	-
Repayment of borrowings	(36,277)	(1,135,698)
Payment of costs incurred in connection with long term financing	-	(49)
Net cash inflow/(outflow) from financing activities	25,100	(605,493)
Net decrease in cash and cash equivalents	(58,307)	(530,144)
Cash and cash equivalents at beginning of financial period	232,321	1,225,771
Cash and cash equivalents at end of financial period	174,014	695,627

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial period:

	Group	
	Q1 2016 US\$'000	Q1 2015 US\$'000
Continuing operations	174,014	616,879
Discontinued operations	-	78,748
Cash and cash equivalents	174,014	695,627

In the consolidated statement of cash flows, the operating cash flows of the Logistics business (discontinued operations) has been aggregated with those of the continuing operations of the Liner business. The impact of the Logistics business on the cash flows of the Group for Q1 2015 was as follows:

	Group	
	Q1 2015 US\$'000	
Operating cash outflows	(3,400)	
Investing cash outflows	(10,294)	
Financing cash outflows	(128)	
Total cash outflows	(13,822)	

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

GROUP	Capital and reserves attributable to equity holders of the Company							
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	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 26 December 2015	1,840,260	(5,216)	(4,326)	(1,195)	741,348	(96,529)	18,214	2,492,556
(Loss)/Profit for the financial period	-	-	-	-	(105,104)	-	389	(104,715)
Other comprehensive income for the financial period	-	-	-	-	-	30,713	79	30,792
Total comprehensive (loss)/income for the financial period	-	-	-	-	(105,104)	30,713	468	(73,923)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	2,047	-	2,047
- new shares issued	1,771	-	-	-	-	(3,819)	-	(2,048)
Sale of shares by employee benefit trust	-	-	(99)	-	-	-	-	(99)
Disposal of a subsidiary	-	-	-	-	(5,672)	5,672	-	-
Share of statutory reserves of associated company	-	-	-	-	-	35	-	35
Actuarial losses on post-retirement benefits transferred to retained earnings upon termination of post-retirement benefits plan, net of tax	-	-	-	-	(14,409)	14,409	-	-
Balance at 1 April 2016	1,842,031	(5,216)	(4,425)	(1,195)	616,163	(47,472)	18,682	2,418,568

GROUP	Capital and reserves attributable to equity holders of the Company							
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Statutory and other reserves	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 27 December 2014	1,834,341	(5,216)	(5,719)	(1,195)	28,756	(100,854)	57,764	1,807,877
(Loss)/Profit for the financial period	-	-	-	-	(10,779)	-	1,936	(8,843)
Other comprehensive loss for the financial period	-	-	-	-	-	(9,214)	(86)	(9,300)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(10,779)	(9,214)	1,850	(18,143)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,734	-	1,734
- new shares issued	2,685	-	-	-	-	(2,685)	-	-
Sale of shares by employee benefit trust	-	-	259	-	-	-	-	259
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	(5,672)	(4,313)	(9,985)
Share of statutory reserves of associated company	-	-	-	-	-	26	-	26
Balance at 3 April 2015	1,837,026	(5,216)	(5,460)	(1,195)	17,977	(116,665)	55,301	1,781,768

COMPANY	Share capital	Treasury shares	Treasury shares reserves	Retained earnings	Other reserves	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	Balance at 26 December 2015	1,840,260	(5,216)	(1,195)	1,956,477	25,520
Loss for the financial period	-	-	-	(13,383)	-	(13,383)
Other comprehensive income for the financial period	-	-	-	-	4,762	4,762
Total comprehensive (loss)/income for the financial period	-	-	-	(13,383)	4,762	(8,621)
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	2,047	2,047
- new shares issued	1,771	-	-	-	(3,819)	(2,048)
Balance at 1 April 2016	1,842,031	(5,216)	(1,195)	1,943,094	28,510	3,807,224

COMPANY	Share capital	Treasury shares	Treasury shares reserves	Retained earnings	Other reserves	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	Balance at 27 December 2014	1,834,341	(5,216)	(1,195)	1,120,724	17,382
Loss for the financial period	-	-	-	(22,438)	-	(22,438)
Other comprehensive loss for the financial period	-	-	-	-	(6,737)	(6,737)
Total comprehensive loss for the financial period	-	-	-	(22,438)	(6,737)	(29,175)
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,734	1,734
- new shares issued	2,685	-	-	-	(2,685)	-
Balance at 3 April 2015	1,837,026	(5,216)	(1,195)	1,098,286	9,694	2,938,595

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 25 December 2015, the Company's issued and paid-up capital (including treasury shares) comprised 2,603,127,242 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,601,400,525 ordinary shares.

During the first quarter ended 1 April 2016, the Company issued and allotted 1,793,459 ordinary shares upon the exercise of share options under the NOL Share Option Plan ("NOL SOP"). There were 41,119 share options exercised but for which shares have yet to be allotted.

As at 1 April 2016, the Company's issued and paid-up capital (including treasury shares) comprised 2,604,920,701 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,603,193,984 ordinary shares.

Share options

As at 25 December 2015, there were 23,645,532 outstanding share options to subscribe for unissued ordinary shares exercisable at any time during the exercise periods under the NOL SOP.

During the first quarter ended 1 April 2016, 1,834,578 share options were exercised, 8,162,433 share options were expired and 586,321 share options were cancelled.

As at 1 April 2016, share options to subscribe for 13,062,200 (3 April 2015: 30,664,224) ordinary shares remain outstanding under the NOL SOP.

Restricted shares

As at 25 December 2015, there were 8,362,149 outstanding restricted shares under the NOL Restricted Share Plan 2010 ("NOL RSP 2010").

During the first quarter ended 1 April 2016, 4,931,000 restricted shares were awarded, 3,480,466 restricted shares were vested and 400,340 restricted shares were cancelled. The said 3,480,466 restricted share awards that were vested will be settled in the form of cash at S\$1.30 per share award, instead of shares.

As at 1 April 2016, 9,412,343 (3 April 2015: 12,190,846) restricted shares remain outstanding under the NOL RSP 2010.

Performance shares

As at 25 December 2015, there were 7,446,747 outstanding performance shares under the NOL Performance Share Plan 2010 ("NOL PSP 2010").

During the first quarter ended 1 April 2016, 3,392,000 performance shares were awarded and 179,001 performance shares were cancelled.

As at 1 April 2016, 10,659,746 (3 April 2015: 13,066,139) performance shares remain outstanding under the NOL PSP 2010.

Treasury shares

As at 25 December 2015, there were 1,726,717 treasury shares that may be re-issued upon the exercise of options under the NOL SOP and the vesting of restricted shares and performance shares under the NOL RSP 2010 and NOL PSP 2010 respectively.

During the first quarter ended 1 April 2016, 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 1 April 2016, there were 1,726,717 (3 April 2015: 1,726,717) treasury shares remaining that have not been re-issued.

2. Basis of Preparation

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the interim financial information and the reported amounts of revenues and expenses during the financial period. 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 financial information for the first quarter ended 1 April 2016 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 6 May 2016

4. Audit or Review of Figures

The financial information of the Group set out in sections 1(a)(i), 1(a)(iii), 1(b)(i) to 1(b)(iii), 1(c) to 1(d)(ii), 2, 6 and 9 of this announcement has been extracted from the interim financial report prepared in accordance with Singapore Financial Reporting Standard 34, Interim Financial Reporting, and reviewed in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

5. Auditors' Report (including any qualifications or emphasis of matter)

Please refer to the independent auditors' review report dated 6 May 2016 appended to this announcement.

6. Contingent Liability

Tax Exposures

The U.S. Internal Revenue Service ("the IRS") audited the 2007, 2008 and 2009 US federal tax returns of APL Limited, a subsidiary company within the NOL Group ("the Group"). In May 2014, the IRS issued a Revenue Agent Report ("RAR") with certain adjustments. APL Limited disagrees with the IRS's adjustments and consequently filed its protest letter on 12 June 2014, requesting the matter be referred to the IRS Office of Appeals. The IRS has audited the 2010, 2011 and 2012 US federal tax returns of APL Limited and has issued a Notice of Proposed Adjustments ("NOPA") in July 2015, raising the same issues that were raised in the 2007 to 2009 cycle. APL Limited has requested for these issues to be considered and resolved in connection with the appeals proceedings for 2007 to 2009 cycle. The Group is not able to determine with certainty the ultimate outcome of the IRS eventual assessment. As of end of Quarter 1, 2016, based on available facts and information, the Group believes that it has provided adequate provisions for the open matters referred to in the RAR and NOPA.

7. Accounting Policies

Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under Note 8, 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 25 December 2015.

8. 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 26 December 2015, 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 26 December 2015.

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

Amendments to FRS 1	: Disclosure Initiative (Effective for annual periods beginning on or after 1 January 2016)
Amendments to FRS 16 and FRS 38	: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective for annual periods beginning on or after 1 January 2016)
Amendments to FRS 110, FRS 112 and FRS 28	: Investment Entities: Applying the Consolidation Exception (Effective for the annual periods beginning on or after 1 January 2016)
Amendments to FRS 19	: Employee Benefits (Effective for the annual periods beginning on or after 1 January 2016)

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.

9.

GROUP	Q1 2016	Q1 2015
(Loss)/Earnings per ordinary share after deducting any provision for preference dividends (adjusted to exclude shares held by employee benefit trust and treasury shares)		
a) Based on the weighted average number of ordinary shares on issue		
- From continuing operations	(4.05 US cts)	(1.40 US cts)
- From discontinued operations	-	0.98 US cts
b) On a fully diluted basis (detailing any adjustments made to the earnings)		
- From continuing operations	(4.05 US cts)	(1.40 US cts)
- From discontinued operations	-	0.98 US cts

10. Net Asset Value

	Group			Company		
	1 Apr 2016 US\$	25 Dec 2015 US\$	Inc / (Dec) %	1 Apr 2016 US\$	25 Dec 2015 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	0.92	0.95	(3.16)	1.46	1.47	(0.68)

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

Income Statement:

Continuing operations:

NOL Group achieved revenue of US\$1.14 billion (Q1 2015: US\$1.58 billion), a decrease of US\$0.44 billion. This was mainly due to decrease in Liner revenue from weak container trade demand and challenging freight rate environment.

The Group's cost of sales decreased by US\$0.31 billion or 22% YoY to US\$1.13 billion mainly due to operational cost efficiencies and lower bunker costs.

Other miscellaneous gains increased by US\$6 million mainly due to income from provision of shared services support function rendered to APL Logistics Group since June 2015.

Administrative expenses decreased by US\$40 million or 35% YoY to US\$74 million mainly due to write-back of provision of defined benefit plans pursuant to termination of a post-retirement benefits plan.

Finance expenses decreased by US\$10 million or 23% YoY to US\$33 million mainly due to lower interest expense from lower average loan balances in Q1 2016 compared to Q1 2015.

Other operating expenses decreased by US\$10 million or 37% YoY to US\$17 million mainly due to decrease in provision of doubtful debts.

Net loss attributable to equity holders of the Company increased by US\$69 million or 191% to US\$105 million mainly due to decrease in Liner revenue from weak container trade demand and challenging freight rate environment.

Balance Sheet:

NOL Group's total assets decreased by US\$0.23 billion from US\$6.91 billion as at 25 December 2015 to US\$6.67 billion as at 1 April 2016. The decrease in total assets was mainly due to decrease in cash and cash equivalents and property, plant and equipment. Please refer to the explanation below for the decrease in cash and cash equivalents. Decrease in property, plant and equipment was mainly due to depreciation during Q1 2016.

The Group's total liabilities decreased by US\$0.16 billion from US\$4.42 billion as at 25 December 2015 to US\$4.26 billion as at 1 April 2016. The decrease in total liabilities was mainly due to decrease in trade and other payables and derivative financial liabilities. The decrease in trade and other payables was mainly due to the set-off of consideration of sale of a subsidiary and an associated company against amount owing to APL Logistics. The decrease in derivative financial liabilities was due to the reduction in fair value losses of the derivative financial instruments as a result of appreciation of SGD against USD in Q1 2016.

The Group's total equity decreased by US\$74 million from US\$2.49 billion as at 25 December 2015 to US\$2.42 billion as at 1 April 2016 mainly due to net loss for Q1 2016.

As at 1 April 2016, the Group was in a net current liabilities position mainly due to decrease in cash and cash equivalents. As at 1 April 2016, the Group had sufficient undrawn financing facilities committed from large reputable financial institutions to meet its commitments as well as to repay any debts as and when they fall due.

Cashflow:

NOL Group's cash and cash equivalents decreased by US\$58 million from US\$232 million as at 25 December 2015 to US\$174 million as at 1 April 2016 mainly due to net cash outflow from operating activities of US\$56 million and net cash outflow from investing activities of US\$27 million, partially offset by net cash inflow from financing activities of US\$25 million. Net cash outflow from operating activities was mainly due to cash loss incurred in Q1 2016. Net cash outflow from investing activities was mainly due to purchase of property, plant and equipment. Net cash inflow from financing activities was mainly due to net proceeds from borrowings.

	Q1 2016 US\$m	Q1 2015 US\$m
(a) Revenue		
Liner	1,138	1,601
Logistics (Discontinued operations)	-	406
Elimination	-	(22)
Total	1,138	1,985
(b) Core EBIT⁵		
Liner	(84)	13
Logistics (Discontinued operations)	-	17
Total	(84)	30

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

(c) Liner Analysis

Liner achieved Q1 2016 revenue of US\$1.14 billion, a year-on-year (YoY) decrease of 29% mainly due to lower volume and Revenue/FEU.

Volume decreased by 6%YoY mainly due to weak container trade demand.

Weaker freight rates across all trade lanes lowered average revenue per FEU to US\$1,594 or 23% lower YoY.

Liner maintained high headhaul utilisation rate of more than 90% through active capacity management.

Cost of sales per FEU decreased by 16% YoY mainly due to operational cost efficiencies and lower bunker costs.

As a result, Liner recorded a Core EBIT loss of US\$84 million in Q1 2016.

LINER Q1 RESULTS 2016 and 2015

Unaudited

	Q1 2016	Q1 2015
Load Factors %		
Transpacific and Asia-Latin America/Mexico Eastbound	88%	95%
Intra-Asia Westbound	96%	99%
Asia-Europe Westbound	93%	87%
Transatlantic Westbound	88%	92%
Headhaul	92%	94%
Volume ('000 FEU)		
Transpacific	173	180
Intra-Asia	299	317
Asia-Europe	103	112
Latin America	38	44
Transatlantic	11	14
Total Volume⁶	624	667
Average Revenue/FEU (US\$/FEU)		
Transpacific	2,629	3,153
Intra-Asia	952	1,262
Asia-Europe	1,333	2,111
Latin America	2,417	3,052
Transatlantic	2,320	2,717
Total	1,594	2,063

⁶ Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

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

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

13. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Industry overcapacity worsened in the second half of 2015. Freight rates across major trade lanes continued declining to hit historic lows in Q1 2016. Freight rates are expected to remain under pressure. The Group will continue its focus on cost and operational efficiencies, as well as yield and network capacity management.

14. **Dividend**

(a) **Any dividend recommended for the current financial year reported on?**

Nil

(b) **Any dividend declared for the corresponding period of the immediately preceding financial year?**

Nil

(c) **Date payable**

N.A.

(d) **Books closure date**

N.A.

(e) **If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the current financial period.

15. **Interested Person Transactions**

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	Q1 2016 US\$'000
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Transactions for the Purchase of Goods and Services

PSA Corporation Limited and its associates	37,563
Singapore Telecommunications Limited and its associates	123

Transactions for the Sale of Goods and Services

Olam International Limited	580
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The above relates to cumulative value of transactions (inclusive of GST) more than S\$100,000 (approximately US\$71,331).

16. **Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

LOOI LEE HWA AND WONG KIM WAH
Company Secretaries

Dated this 6 May 2016

The Singapore Code on Take-overs and Mergers

The unaudited consolidated financial information of the Group for the first quarter ended 1 April 2016 have been reported on in accordance with the Singapore Code on Take-overs and Mergers.

Auditors' Consent

PricewaterhouseCoopers LLP has given and has not withdrawn its consent to the reproduction in its entirety of their report on the review of the unaudited consolidated financial information of the Group for the first quarter ended 1 April 2016 ("Interim Results") in this announcement of Interim Results.

APPENDIX A: Report on review of interim financial information

The extract of the review report dated 6 May 2016, on the condensed interim financial information of the Company and its subsidiaries for the first quarter ended 1 April 2016 which has been prepared in accordance with Singapore Financial Reporting Standards 34 Interim Financial Reporting, is as follows:

To the Members of Neptune Orient Lines Limited

Report on review of interim financial information for the first quarter ended 1 April 2016

Introduction

We have reviewed the accompanying condensed interim financial information of Neptune Orient Lines Limited (the "Company") and its subsidiaries (the "Group") as at 1 April 2016, which comprise the condensed consolidated interim statement of financial position of the Group as at 1 April 2016, and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows of the Group for the first quarter ended 1 April 2016, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Financial Reporting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Financial Reporting Standard 34 Interim Financial Reporting.

Other matter

The comparative information for the condensed consolidated interim statement of financial position is based on the audited financial statements as at 25 December 2015, which were audited by another firm of auditors whose report, dated 3 March 2016, expressed an unmodified opinion on those statements. The comparative information for the condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated interim statement of cash flows of the Group, and related explanatory notes, for the first quarter ended 3 April 2015 has not been audited or reviewed.

Restriction of Use

Our work was undertaken solely to assist the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited – ST Listing Manual and for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and is not to be used for any other purpose.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 6 May 2016