



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 3rd Quarter Ended 17 September 2010

1.(a)(i) Consolidated Income Statement

	Group			Group		
	YTD 2010 US\$'000	YTD 2009 US\$'000	% Increase/ (Decrease)	Q3 2010 US\$'000	Q3 2009 US\$'000	% Increase/ (Decrease)
Revenue	6,647,805	4,495,630	48	2,429,151	1,564,421	55
Cost of sales	(5,778,341)	(4,516,343)	28	(1,930,038)	(1,538,167)	25
Gross profit/(loss)	869,464	(20,713)	N/M	499,113	26,254	1801
Other gains (net)						
- Miscellaneous	6,280	11,211	(44)	2,094	2,550	(18)
- Finance and investment income	2,767	4,958	(44)	1,210	2,376	(49)
Expenses						
- Administrative	(486,301)	(430,051)	13	(178,879)	(143,201)	25
- Finance	(44,891)	(45,577)	(2)	(13,205)	(12,950)	2
- Other operating	(14,114)	(23,731)	(41)	156	(4,146)	N/M
Share of results of associated companies	2,937	1,821	61	1,140	1,381	(17)
Share of results of joint ventures	877	(15)	N/M	147	(179)	N/M
Profit/(loss) before income tax	337,019	(502,097)	N/M	311,776	(127,915)	N/M
Income tax expense	(51,177)	(26,962)	90	(29,145)	(10,687)	173
Net profit/(loss) for the financial period	285,842	(529,059)	N/M	282,631	(138,602)	N/M
Net profit/(loss) attributable to:						
Equity holders of the Company	283,463	(529,718)	N/M	282,260	(138,882)	N/M
Non-controlling interest	2,379	659	261	371	280	33
	285,842	(529,059)	N/M	282,631	(138,602)	N/M

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

	Group			Group		
	YTD 2010 US\$'000	YTD 2009 US\$'000	% Increase/ (Decrease)	Q3 2010 US\$'000	Q3 2009 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	7,237	11,680	(38)	2,695	5,296	(49)
(B) Interest on Borrowings	(24,774)	(34,466)	(28)	(7,526)	(10,276)	(27)
(C) Depreciation and Amortisation	(207,885)	(209,528)	(1)	(65,910)	(66,565)	(1)
(D) Write-back of/ (Allowance for) Doubtful Debts and Bad Debts Written Off	1,052	(4,897)	N/M	2,542	1,666	53
(E) (Write-off)/ Write-back of Provision for Impairment in Value of Investments	(4)	10	N/M	-	-	0
(F) Foreign Exchange Gain	985	2,246	(56)	7,591	1,019	645
(G) Adjustment for Under Provision for Tax in Prior Years	(16,243)	(3,524)	361	(17,018)	(3,599)	373
(H) Profit/ (Loss) on Sale of Investments, Property, Plant and Equipment and Investment Properties	1,451	4,217	(66)	479	(363)	N/M
(I) Write-off of Inventories	(424)	(118)	259	(8)	(159)	(95)

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

	Group		Group	
	YTD 2010 US\$'000	YTD 2009 US\$'000	Q3 2010 US\$'000	Q3 2009 US\$'000
Net profit/(loss) for the financial period	285,842	(529,059)	282,631	(138,602)
Other comprehensive income:				
Fair value (losses)/gains on cash flow hedges	(36,085)	216,156	2,210	43,649
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(38,032)	(33,662)	7,036	(69,822)
Fair value gains/(losses) on available-for-sale financial asset	29	(54)	(12)	20
Currency translation differences	4,499	3,973	5,407	4,349
Tax on fair value losses and gains	(777)	975	(461)	82
Other comprehensive (loss)/income for the financial period, net of tax	(70,366)	187,388	14,180	(21,722)
Total comprehensive income/(loss) for the financial period	215,476	(341,671)	296,811	(160,324)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	213,004	(342,529)	296,406	(160,652)
Non-controlling interest	2,472	858	405	328
	215,476	(341,671)	296,811	(160,324)

N/M: Not meaningful

1.(b)(i) Balance Sheets

	Group			Company		
	17 Sept 2010 US\$'000	25 Dec 2009 US\$'000	% Increase/ (Decrease)	17 Sept 2010 US\$'000	25 Dec 2009 US\$'000	% Increase/ (Decrease)
ASSETS						
Current Assets						
Cash and cash equivalents	670,941	333,048	101	151,524	17,044	789
Trade and other receivables ¹	1,196,360	814,718	47	1,565,681	1,620,619	(3)
Inventories at cost	235,821	197,208	20	-	-	0
Derivative financial instruments	11,304	88,681	(87)	-	2,603	(100)
Other current assets	98,609	70,468	40	4,026	2,191	84
Total current assets	2,213,035	1,504,123	47	1,721,231	1,642,457	5
Non-current Assets						
Investments in subsidiaries	-	-	0	1,000,585	994,695	1
Investments in associated companies	44,866	40,216	12	-	1	(100)
Investments in joint ventures	27,944	27,107	3	-	-	0
Available-for-sale financial asset	60	31	94	-	-	0
Property, plant and equipment	3,686,467	3,509,266	5	749,529	455,066	65
Investment properties	13,608	9,230	47	-	-	0
Deferred charges	9,958	9,268	7	28	35	(20)
Intangible assets	25,292	29,142	(13)	57	78	(27)
Goodwill arising on consolidation	129,095	129,095	0	-	-	0
Deferred income tax assets	4,857	5,177	(6)	-	-	0
Derivative financial instruments	-	670	(100)	-	-	0
Other non-current assets	93,829	77,225	22	2,785	1,719	62
Total non-current assets	4,035,976	3,836,427	5	1,752,984	1,451,594	21
TOTAL ASSETS	6,249,011	5,340,550	17	3,474,215	3,094,051	12
LIABILITIES						
Current Liabilities						
Trade and other payables	1,159,994	1,009,918	15	298,459	129,833	130
Current income tax liabilities	79,154	42,498	86	17,358	17,088	2
Borrowings	21,604	20,975	3	748	710	5
Provisions	55,946	76,354	(27)	-	9	(100)
Deferred income	429	333	29	-	-	0
Derivative financial instruments	14,303	9,744	47	911	2,603	(65)
Other current liabilities ²	294,263	198,368	48	-	-	0
Total current liabilities	1,625,693	1,358,190	20	317,476	150,243	111
Non-current Liabilities						
Borrowings	1,335,606	918,831	45	209,205	-	N/M
Provisions	126,893	126,047	1	-	-	0
Deferred income	735	659	12	-	-	0
Deferred income tax liabilities	20,920	25,155	(17)	10,699	10,939	(2)
Derivative financial instruments	12,258	-	N/M	-	-	0
Other non-current liabilities	71,154	71,478	(0)	-	-	0
Total non-current liabilities	1,567,566	1,142,170	37	219,904	10,939	1910
TOTAL LIABILITIES	3,193,259	2,500,360	28	537,380	161,182	233
NET ASSETS	3,055,752	2,840,190	8	2,936,835	2,932,869	0
EQUITY						
Share capital	1,819,320	1,815,479	0	1,819,320	1,815,479	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	(5,216)	0
	1,814,104	1,810,263	0	1,814,104	1,810,263	0
Shares held by employee benefit trust	(3,253)	(2,989)	9	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	1,161,270	877,807	32	1,089,595	1,085,061	0
Other reserves	41,339	112,733	(63)	34,331	38,740	(11)
Capital and reserves attributable to equity holders of the Company	3,012,265	2,796,619	8	2,936,835	2,932,869	0
Non-controlling interest	43,487	43,571	(0)	-	-	0
TOTAL EQUITY	3,055,752	2,840,190	8	2,936,835	2,932,869	0
Net current assets	587,342	145,933	302	1,403,755	1,492,214	(6)

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.

N/M: Not meaningful

1.(b)(ii) Borrowings

The Group as at 17 September 2010	Secured	Unsecured	Secured	Total
	loans	loans	finance lease	
	US\$'000	US\$'000	liabilities	US\$'000
Amount repayable on or before 23 September 2011, or on demand	11,847	1,163	8,594	21,604
Amount repayable on or before:				
21 September 2012	10,430	-	7,800	18,230
20 September 2013	12,960	350,000	7,898	370,858
19 September 2014	13,397	300,000	8,389	321,786
18 September 2015	13,857	-	8,952	22,809
Thereafter	37,921	304,830	259,172	601,923
	100,412	955,993	300,805	1,357,210

As at 25 December 2009	Secured	Unsecured	Secured	Total
	loans	loans	finance lease	
	US\$'000	US\$'000	liabilities	US\$'000
Amount repayable in FY 2010, or on demand	11,485	1,176	8,314	20,975
Amount repayable in :				
FY 2011	11,044	-	8,260	19,304
FY 2012	12,031	-	7,559	19,590
FY 2013	13,058	400,000	8,006	421,064
FY 2014	12,422	30,000	8,514	50,936
Thereafter	46,986	95,064	265,887	407,937
	107,026	526,240	306,540	939,806

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 17 September 2010	Vessels	Containers	Terminals	Chassis	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Amount repayable for the remainder of FY 2010	222,572	6,864	14,169	6,795	14,988	265,388
Amount repayable in :						
FY 2011	669,133	22,937	99,977	21,872	54,056	867,975
FY 2012	583,584	22,937	96,502	18,046	45,987	767,056
FY 2013	493,505	22,936	92,033	13,390	30,721	652,585
FY 2014	388,271	22,937	83,511	9,456	19,598	523,773
Thereafter	905,060	37,219	823,866	2,885	26,473	1,795,503
	3,262,125	135,830	1,210,058	72,444	191,823	4,872,280

As at 25 December 2009	Vessels	Containers	Terminals	Chassis	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Amount repayable in FY 2010	760,057	410	87,531	27,064	56,500	931,562
Amount repayable in :						
FY 2011	648,647	-	87,714	21,698	43,559	801,618
FY 2012	583,427	-	84,504	17,992	35,924	721,847
FY 2013	493,348	-	80,352	13,324	26,697	613,721
FY 2014	388,270	-	80,199	9,471	17,434	495,374
Thereafter	892,023	-	815,612	2,938	23,671	1,734,244
	3,765,772	410	1,235,912	92,487	203,785	5,298,366

1.(c) Consolidated Cash Flow Statement

	Group			
	YTD 2010 US\$'000	YTD 2009 US\$'000	Q3 2010 US\$'000	Q3 2009 US\$'000
Cash Flows from Operating Activities				
Profit/(loss) before income tax	337,019	(502,097)	311,776	(127,915)
Adjustments for:				
Depreciation and amortisation	207,885	209,528	65,910	66,565
Fair value losses/ (gains) on hedges	521	(1,104)	29	(11,837)
Premium on bunker call options	17,489	60,222	3,675	14,910
Premium on interest rate collars	5,905	687	935	(1,020)
Interest expense	24,774	34,466	7,526	10,276
Interest income	(2,767)	(4,958)	(1,210)	(2,376)
Share-based compensation costs	2,039	4,822	504	1,418
Net write-off of inventories	424	118	8	159
Write-off of intangible assets	65	-	18	-
Fair value losses on shares held by employee benefit trust	914	947	78	496
Net (profit)/ loss on disposal of property, plant and equipment	(1,445)	(4,105)	(449)	365
Net profit on disposal of other assets	(6)	(112)	(30)	(2)
Net (write-back)/provision for impairment of assets	(261)	25	14	12
Net provision for liabilities	10,556	12,900	2,872	4,825
Share of results of associated companies	(2,937)	(1,821)	(1,140)	(1,381)
Share of results of joint ventures	(877)	15	(147)	179
Unrealised translation losses	2,865	885	989	189
Operating cash flow before working capital changes	602,163	(189,582)	391,358	(45,137)
Changes in operating assets and liabilities				
Receivables and other assets	(426,348)	(75,620)	(147,118)	(187,113)
Inventories	(39,037)	(32,216)	5,441	(35,737)
Payables	210,800	(93,374)	87,351	86,402
Cash generated from/(used in) operations	347,578	(390,792)	337,032	(181,585)
Interest paid	(25,694)	(42,016)	(9,398)	(15,014)
Interest received	2,581	4,993	958	2,602
Net income tax paid	(18,785)	(16,710)	(5,733)	(1,233)
Net cash inflow/(outflow) from operating activities	305,680	(444,525)	322,859	(195,230)
Cash Flows from Investing Activities				
Investment in an associated company	(3,177)	(3,663)	-	-
Net proceeds from loans receivable	358	463	(102)	(22)
Dividends received from joint ventures	-	100	-	100
Additions in other non-current investments	(223)	-	-	-
Purchase of property, plant and equipment	(385,392)	(39,026)	(299,214)	(12,859)
Purchase of intangible assets	(943)	(1,673)	(556)	(75)
Proceeds from disposal of property, plant and equipment	11,333	24,322	1,032	5,045
Proceeds from disposal of other assets	1,508	225	1,483	-
Net cash outflow from investing activities	(376,536)	(19,252)	(297,357)	(7,811)
Cash Flows from Financing Activities				
Proceeds from borrowings	506,650	483,418	206,650	-
Net cash inflow/(outflow) contributed by employee benefit trust	12	(510)	-	(229)
Dividends paid to equity holders	-	(39,246)	-	-
Dividends paid to non-controlling interest	(2,556)	(2,373)	(463)	-
Net proceeds from issue of new ordinary shares under the Rights Issue	-	965,694	-	965,694
Proceeds from issue of new ordinary shares	867	82	334	25
Repayment of borrowings	(92,849)	(633,003)	(3,522)	(613,400)
Payment of costs incurred in connection with long term financing	(3,375)	(5,550)	(1,500)	-
Net cash inflow from financing activities	408,749	768,512	201,499	352,090
Net increase in cash and cash equivalents	337,893	304,735	227,001	149,049
Cash and cash equivalents at beginning of financial period	333,048	429,219	443,940	584,905
Cash and cash equivalents at end of financial period	670,941	733,954	670,941	733,954

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 US\$'000	Treasury shares US\$'000	Shares held by employee benefit trust		Retained earnings US\$'000	Other reserves US\$'000	Non-controlling interest US\$'000	
			US\$'000	US\$'000				
Balance at 26 December 2009	1,815,479	(5,216)	(2,989)	(1,195)	877,807	112,733	43,571	2,840,190
Employee equity compensation schemes:								
Dividends to non-controlling interest	-	-	-	-	-	-	(2,093)	(2,093)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,535	-	1,535
- new shares issued	3,460	-	-	-	-	(2,927)	-	533
Purchase of shares by employee benefit trust	-	-	(231)	-	-	-	-	(231)
Total comprehensive income/(loss) for the financial period	-	-	-	-	1,203	(84,605)	2,067	(81,335)
Balance at 25 June 2010	1,818,939	(5,216)	(3,220)	(1,195)	879,010	26,736	43,545	2,758,599
Dividends to non-controlling interest							(463)	(463)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	504	-	504
- new shares issued	381	-	-	-	-	(47)	-	334
Purchase of shares by employee benefit trust	-	-	(33)	-	-	-	-	(33)
Total comprehensive income for the financial period	-	-	-	-	282,260	14,146	405	296,811
Balance at 17 September 2010	1,819,320	(5,216)	(3,253)	(1,195)	1,161,270	41,339	43,487	3,055,752
GROUP	Capital and reserves attributable to equity holders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Shares held by employee benefit trust		Retained earnings US\$'000	Other reserves US\$'000	Non-controlling interest US\$'000	
			US\$'000	US\$'000				
Balance at 27 December 2008	845,379	(5,216)	(1,413)	(1,195)	1,657,862	(34,873)	44,047	2,504,591
Dividends to equity holders					(39,246)			(39,246)
Dividends to non-controlling interest							(2,373)	(2,373)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	3,404	-	3,404
- new shares issued	4,623	-	-	-	-	(4,566)	-	57
Purchase of shares by employee benefit trust	-	-	(1,011)	-	-	-	-	(1,011)
Sale of nil-paid rights by employee benefit trust	-	-	225	-	-	-	-	225
Total comprehensive (loss)/income for the financial period	-	-	-	-	(390,836)	208,959	530	(181,347)
Balance at 26 June 2009	850,002	(5,216)	(2,199)	(1,195)	1,227,780	172,924	42,204	2,284,300
Issue of shares	988,241	-	-	-	-	-	-	988,241
Share issues expenses	(22,547)	-	-	-	-	-	-	(22,547)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,418	-	1,418
- new shares issued	31	-	-	-	-	(6)	-	25
Purchase of shares by employee benefit trust	-	-	(157)	-	-	-	-	(157)
Purchase of Rights Shares by employee benefit trust	-	-	(235)	-	-	-	-	(235)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(138,882)	(21,770)	328	(160,324)
Balance at 18 September 2009	1,815,727	(5,216)	(2,591)	(1,195)	1,088,898	152,566	42,532	3,090,721

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

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 2009	1,815,479	(5,216)	(1,195)	1,085,061	38,740	2,932,869
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,535	1,535
- new shares issued	3,460	-	-	-	(2,927)	533
Total comprehensive income for the financial period	-	-	-	408	-	408
Balance at 25 June 2010	1,818,939	(5,216)	(1,195)	1,085,469	37,348	2,935,345
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	504	504
- new shares issued	381	-	-	-	(47)	334
Total comprehensive income/(loss) for the financial period	-	-	-	4,126	(3,474)	652
Balance at 17 September 2010	1,819,320	(5,216)	(1,195)	1,089,595	34,331	2,936,835

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 2008	845,379	(5,216)	(1,195)	935,304	37,020	1,811,292
Dividends to equity holders	-	-	-	(39,246)	-	(39,246)
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	3,404	3,404
- new shares issued	4,623	-	-	-	(4,566)	57
Total comprehensive income for the financial period	-	-	-	191,098	-	191,098
Balance at 26 June 2009	850,002	(5,216)	(1,195)	1,087,156	35,858	1,966,605
Issue of shares	988,241	-	-	-	-	988,241
Share issues expenses	(22,547)	-	-	-	-	(22,547)
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,418	1,418
- new shares issued	31	-	-	-	(6)	25
Total comprehensive loss for the financial period	-	-	-	(241)	-	(241)
Balance at 18 September 2009	1,815,727	(5,216)	(1,195)	1,086,915	37,270	2,933,501

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 previous period of the immediately preceding financial year

Issued and paid up capital

As at 17 September 2010, the Company's issued and paid-up capital (including treasury shares) comprised 2,582,874,418 (25 December 2009: 2,580,624,970) ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,581,147,701 (25 December 2009: 2,578,898,253) ordinary shares.

Share options

As at 25 December 2009, there were 50,448,472 outstanding 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 9 months ended 17 September 2010, 981,828 share options were exercised to take up unissued shares of the Company at the subscription price of between S\$1.05 and S\$2.10 per share, 498,390 options had expired and 1,220,179 options were cancelled.

As at 17 September 2010, options to subscribe for 47,748,075 ordinary shares remain outstanding under the NOL SOP.

Performance shares

As at 25 December 2009, there were 1,955,651 outstanding performance shares under the NOL Performance Share Plan ("NOL PSP").

During the 9 months ended 17 September 2010, 1,267,620 performance shares were vested on 2 January 2010 and 6,777 were cancelled.

As at 17 September 2010, 681,254 performance shares remain outstanding under the NOL PSP.

Treasury shares

As at 25 December 2009, 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 performance shares under the NOL PSP.

During the 9 months ended 17 September 2010, no treasury shares were re-issued by the Company pursuant to the NOL SOP and NOL PSP.

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

As at 17 September 2010, there were 1,726,717 treasury shares remaining that have not been re-issued.

2. **Basis of Preparation**

The preparation of the third quarter 2010 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 17 September 2010 and the reported amounts of revenue and expenses during the financial period from 26 December 2009 to 17 September 2010. 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 third quarter ended 17 September 2010 to be false or misleading in any material aspect.

On behalf of the board of directors

CHRISTOPHER LAU RONALD WIDDOWS
Director Director

Dated this 19 October 2010

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**

The U.S. Internal Revenue Service ("the IRS") had 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 has filed its protest letter with the IRS on 20 September 2010 and has requested for the case to be reviewed under the appeal process. The appeal process is expected to take an extended period of time to resolve the issues. 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 3, 2010, based on available facts and information, the Group believes that it has provided adequate provisions for all the open matters referred to in the RAR.

The IRS has also notified APL Limited that it will commence the examination of APL Limited's 2007 and 2008 U.S. federal income tax returns.

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 25 December 2009.

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 26 December 2009, the Group and the Company adopted/early adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS"), which are effective for the financial period beginning on or after 1 July 2009 or 1 January 2010.

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

FRS 27 (revised)	: Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)
FRS 103 (revised)	: Business Combinations (effective for annual periods beginning on or after 1 July 2009)
Amendments to FRS 39	: Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009)
Amendments to FRS 102	: Share-based Payment: Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010)
INT FRS 117	: Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
INT FRS 118	: Transfer of Assets to Customers (effective for annual periods beginning on or after 1 July 2009)

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies and did not have any significant impact on the Group and the Company, except as discussed below:

1) FRS 27 (revised) Consolidated and Separate Financial Statements

The Group has adopted FRS 27 (revised) prospectively to transactions with non-controlling interest from 26 December 2009.

FRS 27 (revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement.

2) FRS 103 (revised) Business Combinations

The Group has adopted FRS 103 (revised) prospectively to all business combinations from 26 December 2009.

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

8.(b) **Comparatives**

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

9.

	YTD 2010	YTD 2009	Q3 2010	Q3 2009
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	11.00 US cts	(28.52 US cts)	10.95 US cts	(5.91 US cts)
b) On a fully diluted basis (detailing any adjustments made to the earnings)	10.96 US cts	(28.52 US cts)	10.91 US cts	(5.91 US cts)

10. **Net Asset Value**

	Group			Company		
	17 Sept 2010 US\$	25 Dec 2009 US\$	Inc / (Dec) %	17 Sept 2010 US\$	25 Dec 2009 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	1.17	1.08	8.33	1.14	1.14	-

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

Income Statement:

YTD 2010 vs YTD 2009

NOL Group achieved revenue of US\$6.65 billion (YTD 2009: US\$4.50 billion), an increase of US\$2.15 billion or 48% year-on-year (YoY). This is mainly due to increase in liner revenue from higher volumes and increasing freight rates.

The Group's cost of sales increased by US\$1.26 billion or 28% YoY to US\$5.78 billion mainly due to higher costs associated with higher volumes and higher bunker costs.

Miscellaneous income declined by US\$5 million or 44% YoY to US\$6 million mainly due to lower gains on disposal of property, plant and equipment.

Other operating expenses declined by US\$10 million or 41% YoY to US\$14 million mainly due to write-back of allowance of doubtful debts and write-back of provision for litigation.

The Group recorded net profit attributable to shareholders of US\$283 million in YTD 2010 compared to net loss of US\$530 million in YTD 2009, mainly due to higher volume and increasing freight rates under the improved container trade environment.

Q3 2010 vs Q3 2009

NOL Group achieved revenue of US\$2.43 billion (Q3 2009: US\$1.56 billion), an increase of US\$0.87 billion or 55% year-on-year (YoY). The increase in revenue is mainly due to the increase in liner revenue from higher volumes and increasing freight rates.

The Group's cost of sales increased by US\$0.39 billion or 25% YoY to US\$1.93 billion mainly due to higher costs associated with higher volumes and higher bunker costs.

The Group recorded net profit attributable to shareholders of US\$282 million in Q3 2010 compared to net loss of US\$139 million in Q3 2009, mainly due to higher volume and increasing freight rates under the improved container trade environment.

Balance Sheet:

NOL Group's total assets increased by US\$908 million from US\$5.34 billion as at 25 December 2009 to US\$6.25 billion as at 17 September 2010. The increase in total assets was mainly due to increase in trade and other receivables and cash and cash equivalents. The increase in trade and other receivables arose from higher revenue generated during YTD 2010. Please refer to below explanation for increase in cash and cash equivalents.

The Group's total liabilities increased by US\$693 million from US\$2.50 billion as at 25 December 2009 to US\$3.19 billion as at 17 September 2010. The increase in total liabilities was mainly due to increase in borrowings [see Note 1(b)(ii)] and deferred revenue as at YTD 2010. The increase in deferred revenue was due to higher revenue generated during YTD 2010.

The Group's total equity increased by US\$216 million from US\$2.84 billion as at 25 December 2009 to US\$3.06 billion as at 17 September 2010 mainly due to profits generated during YTD 2010, partially offset by decrease in other reserves arising from revaluation of derivative financial instruments.

Cashflow:

NOL Group's cash and cash equivalents increased by US\$338 million from US\$333 million as at 25 December 2009 to US\$671 million as at 17 September 2010 mainly due to net cash inflow from financing activities of US\$409 million and net cash inflow from operating activities of US\$306m, partially offset by net cash outflow from investing activities of US\$377 million. Net cash inflow from financing activities was mainly due to additional proceeds of US\$507 million from borrowings, partially offset by repayment of borrowings of US\$93 million. Net cash inflow from operating activities was mainly attributed to profits generated during YTD 2010. Net cash outflow from investing activities was mainly due to progressive payments made for the new vessels that the Group had ordered.

	YTD 2010 US\$m	YTD 2009 US\$m	Q3 2010 US\$m	Q3 2009 US\$m
(a) Revenue				
Liner	5,856	3,882	2,157	1,345
Logistics	880	670	302	234
Others	7	6	3	2
Elimination	(95)	(62)	(33)	(17)
Total	6,648	4,496	2,429	1,564
(b) EBIT				
Liner	315	(503)	301	(133)
Logistics	44	41	18	17
Others	-	(6)	-	(2)
Total	359	(468)	319	(118)

(c) **Analysis by Business Units**

(i) **Liner**

YTD 2010 vs YTD 2009

Liner achieved YTD 2010 revenue of US\$5.9 billion, a year-on-year (YoY) increase of 51% mainly due to higher volumes transported and improved freight rate in most of the major trade lanes.

Volume rose by 29% YoY due to an increase in volume across all major trade lanes, particularly Transpacific and Asia/Middle East routes.

Average revenue per FEU rose by 21% YoY to US\$2,799 mainly due to improved rates in most of the major trade lanes, particularly Asia-Europe.

Liner recorded a positive EBIT of US\$315 million in YTD 2010 as compared to a negative EBIT of US\$503 million in YTD 2009 mainly due to improved container trade environment and higher rates.

Q3 2010 vs Q3 2009

Liner achieved Q3 2010 revenue of US\$2.2 billion, a year-on-year (YoY) increase of 60% mainly due to higher volumes transported and improved freight rate in most of the major trade lanes.

Q3 2010 volume rose by 12% YoY mainly due to higher volumes lifted on the Transpacific and Asia-Europe routes.

Average revenue per FEU for Q3 2010 rose by 41% YoY to US\$3,120 mainly due to improved rates in most of the major trade lanes and implementation of peak season surcharges.

Liner recorded a positive EBIT of US\$301 million in Q3 2010 as compared to a negative EBIT of US\$133 million in Q3 2009 mainly due to improved container trade environment and higher rates.

LINER Q3 RESULTS 2010 and 2009

Unaudited

	YTD 2010	YTD 2009	Q3 2010	Q3 2009
Load Factors %				
Transpacific Eastbound	92%	81%	95%	87%
Asia-Europe Westbound	98%	98%	98%	100%
Transatlantic Westbound	96%	75%	99%	86%
Intra-Asia Westbound	96%	90%	99%	94%
Asia-Latin America/Mexico Eastbound	99%	94%	99%	100%
Headhaul	95%	87%	97%	93%
Volume ('000 FEU)				
<u>Americas</u>				
Transpacific	663	491	226	189
Latin America	138	122	44	45
	801	613	270	234
<u>Europe</u>				
Asia-Europe	317	256	109	88
Transatlantic	96	83	31	29
	413	339	140	117
<u>Asia/Middle East</u>				
Intra-Asia	788	604	245	235
Total Volume ³	2,002	1,556	655	586
Operating Expenses (US\$m)				
<u>Americas</u>				
Transpacific	2,566	1,968	888	683
Latin America	498	410	155	135
	3,064	2,378	1,043	818
<u>Europe</u>				
Asia-Europe	924	733	315	221
Transatlantic	312	282	106	91
	1,236	1,015	421	312
<u>Asia/Middle East</u>				
Intra-Asia	1,241	992	392	348
Total Operating Expenses	5,541	4,385	1,856	1,478
Analysis of Expenses (US\$m)				
Operating Cost	4,979	3,864	1,657	1,309
General and Administrative	365	324	137	107
Depreciation and Amortisation	198	197	62	62
Others ⁴	(1)	-	-	-
Total Operating Expenses	5,541	4,385	1,856	1,478

³ Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

⁴ Others consists of non-controlling interest and share of results of associated companies and joint ventures.

(c) **Analysis by Business Units (continued)**

(ii) **Logistics**

YTD 2010 vs YTD 2009

Logistics achieved YTD 2010 revenue of US\$880 million, a year-on-year (YoY) increase of 31% due to higher volumes across the various Logistics' services, coupled with improved freight rates in the forwarding business segment.

Contract Logistics achieved revenue of US\$523 million, a YoY increase of 27% due to higher volumes across the various business units, particularly in the rail and land transport business segment and business areas that service the automotive sector.

International Services achieved revenue of US\$357 million, a YoY increase of 39% due to improved volumes across the various business units and freight rates.

Logistics achieved an EBIT of US\$44 million for YTD 2010, an increase of US\$3 million or 7% YoY, mainly due to higher volumes and revenue, partially offset by higher procurement costs, investment in personnel, general and administrative expenses and reduction in average warehouse utilization in the Contract Logistics business unit.

Q3 2010 vs Q3 2009

Logistics achieved Q3 2010 revenue of US\$302 million, a year-on-year (YoY) increase of 30% due to higher volumes across the various Logistics' services, coupled with improved freight rates in the International Services division.

Contract Logistics achieved revenue of US\$164 million, a YoY increase of 15% mainly due to higher volumes across the rail and land transport business segments and business areas that service the automotive sector.

International Services achieved revenue of US\$138 million, a YoY increase of 50% due to a combination of higher shipment volume and freight rates.

Logistics achieved an EBIT of US\$18 million for Q3 2010. Improved revenue across the various divisions was partially offset by higher procurement costs, investment in personnel, general and administrative expense and reduction in average warehouse utilization in the Contract Logistics business unit.

LOGISTICS Q3 RESULTS 2010 and 2009

Unaudited
US\$ millions

	YTD 2010	YTD 2009	Q3 2010	Q3 2009
BY REGION				
Revenue				
Americas	539	436	178	149
Europe	108	64	41	23
Asia/Middle East	233	170	83	62
Total Revenue	880	670	302	234
BY BUSINESS SEGMENT				
Revenue				
Contract Logistics Services	523	413	164	142
International Services	357	257	138	92
Total Revenue	880	670	302	234
Operating Expenses				
Contract Logistics Services	514	399	162	136
International Services	322	230	122	81
Total Operating Expenses	836	629	284	217
EBIT				
Contract Logistics Services	9	14	2	6
International Services	35	27	16	11
Total EBIT	44	41	18	17
Analysis of Expenses				
Operating Cost	708	521	240	181
General and Administrative	121	101	42	34
Depreciation and Amortisation	8	8	3	3
Others ⁵	(1)	(1)	(1)	(1)
Total Operating Expenses	836	629	284	217

⁵ Others consists of non-controlling interest and share of results of associated companies and joint ventures.

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

N.A.

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.**

Following a strong third quarter performance, NOL Group is expected to remain profitable for the full year in 2010.

14. **Dividend**

(a) **Any dividend recommended for the current financial period 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	YTD 2010 US\$'000	YTD 2009 US\$'000	Q3 2010 US\$'000	Q3 2009 US\$'000
Transactions for the Purchase of Goods and Services				
PSA Corporation Limited and its associates	131,127	103,477	43,073	37,122
Sembcorp Marine Ltd and its associates	502	112	256	-
Singapore Petroleum Company Limited and its associates	-	6,709	-	-
Transactions for the Purchase of Assets				
Singapore Telecommunications Limited and its associates	821	-	774	-
Transactions for the Leasing-in of Assets				
Sembcorp Marine Ltd and its associates	2,325	2,199	757	714
Transactions for the Sale of Goods and Services				
Sembcorp Marine Ltd and its associates	-	355	-	109

The above relates to cumulative value of transactions (inclusive of GST) more than S\$100K

BY ORDER OF THE BOARD

LOOI LEE HWA AND WONG KIM WAH
Company Secretaries

Dated this 19 October 2010