



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Financial Information
For the Financial Year Ended 31 December 2010

1.(a)(i) Consolidated Income Statement

| | Group | | |
|---|------------------|------------------|---------------------------|
| | 2010 US\$'000 | 2009 US\$'000 | % Increase/ (Decrease) |
| Revenue | 9,422,092 | 6,515,578 | 45 |
| Cost of sales | (8,152,909) | (6,535,951) | 25 |
| Gross profit/(loss) | 1,269,183 | (20,373) | N/M |
| Other gains (net) | | | |
| - Miscellaneous | 14,628 | 10,614 | 38 |
| - Finance and investment income | 4,277 | 7,189 | (41) |
| Expenses | | | |
| - Administrative | (690,414) | (611,712) | 13 |
| - Expenses written back relating to restructuring | 5,232 | 4,730 | 11 |
| - Finance | (60,234) | (59,265) | 2 |
| - Other operating | (18,325) | (34,730) | (47) |
| Share of results of associated companies | 4,296 | 3,255 | 32 |
| Share of results of joint ventures | 1,179 | 165 | 615 |
| Profit/(loss) before income tax | 529,822 | (700,127) | N/M |
| Income tax expense | (65,799) | (38,977) | 69 |
| Net profit/(loss) for the financial year | 464,023 | (739,104) | N/M |
| Net profit/(loss) attributable to: | | | |
| Equity holders of the Company | 460,936 | (740,809) | N/M |
| Non-controlling interest | 3,087 | 1,705 | 81 |
| | 464,023 | (739,104) | N/M |

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

| | Group | | |
|--|------------------|------------------|---------------------------|
| | 2010 US\$'000 | 2009 US\$'000 | % Increase/ (Decrease) |
| (A) Other Income Including Interest Income | 13,136 | 16,831 | (22) |
| (B) Interest on Borrowings | (34,638) | (42,579) | (19) |
| (C) Depreciation and Amortisation | (285,229) | (286,216) | (0) |
| (D) Write-back of/(Allowance for) Doubtful Debts and Bad Debts Written Off | 743 | (7,515) | N/M |
| (E) (Write-off)/Write-back of Provision for Impairment in Value of Investments | (10) | 10 | N/M |
| (F) Foreign Exchange Gain | 8,418 | 8,121 | 4 |
| (G) Adjustment for Under Provision for Tax in Prior Years | (22,744) | (4,094) | 456 |
| (H) Profit on Sale of Investments, Property, Plant and Equipment and Investment Properties | 5,268 | 576 | 815 |
| (I) Write-off of Inventories | (588) | (971) | (39) |

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

| | Group | |
|--|------------------|------------------|
| | 2010 US\$'000 | 2009 US\$'000 |
| Net profit/(loss) for the financial year | 464,023 | (739,104) |
| Other comprehensive income: | | |
| Fair value gains on cash flow hedges | 8,716 | 259,111 |
| Fair value gains on cash flow hedges transferred to the income statement | (60,016) | (118,756) |
| Fair value gains/(losses) on available-for-sale financial asset | 37 | (61) |
| Currency translation differences | 13,314 | 4,536 |
| Tax on fair value losses and gains | (1,123) | 1,348 |
| Other comprehensive (loss)/income for the financial year, net of tax | (39,072) | 146,178 |
| Total comprehensive income/(loss) for the financial year | 424,951 | (592,926) |
| Total comprehensive income/(loss) attributable to: | | |
| Equity holders of the Company | 422,563 | (594,923) |
| Non-controlling interest | 2,388 | 1,997 |
| | 424,951 | (592,926) |

N/M: Not meaningful

1.(b)(i) Balance Sheets

| | Group | | | Company | | |
|--|-------------------------|-------------------------|---------------------------|-------------------------|-------------------------|---------------------------|
| | 31 Dec 2010 US\$'000 | 25 Dec 2009 US\$'000 | % Increase/ (Decrease) | 31 Dec 2010 US\$'000 | 25 Dec 2009 US\$'000 | % Increase/ (Decrease) |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 977,212 | 333,048 | 193 | 118,166 | 17,044 | 593 |
| Trade and other receivables ¹ | 1,082,005 | 814,718 | 33 | 1,393,866 | 1,620,619 | (14) |
| Inventories at cost | 243,626 | 197,208 | 24 | - | - | 0 |
| Derivative financial instruments | 14,117 | 88,681 | (84) | - | 2,603 | (100) |
| Other current assets | 85,493 | 70,468 | 21 | 3,582 | 2,191 | 63 |
| Total current assets | 2,402,453 | 1,504,123 | 60 | 1,515,614 | 1,642,457 | (8) |
| Non-current Assets | | | | | | |
| Investments in subsidiaries | - | - | 0 | 1,000,894 | 994,695 | 1 |
| Investments in associated companies | 48,861 | 40,216 | 21 | - | 1 | (100) |
| Investments in joint ventures | 28,248 | 27,107 | 4 | - | - | 0 |
| Available-for-sale financial asset | 68 | 31 | 119 | - | - | 0 |
| Property, plant and equipment | 3,691,444 | 3,509,266 | 5 | 782,327 | 455,066 | 72 |
| Investment properties | 14,071 | 9,230 | 52 | - | - | 0 |
| Deferred charges | 10,177 | 9,268 | 10 | 1,455 | 35 | 4057 |
| Intangible assets | 25,192 | 29,142 | (14) | 49 | 78 | (37) |
| Goodwill arising on consolidation | 129,095 | 129,095 | 0 | - | - | 0 |
| Deferred income tax assets | 3,854 | 5,177 | (26) | - | - | 0 |
| Derivative financial instruments | 14,015 | 670 | 1992 | 14,015 | - | N/M |
| Other non-current assets | 83,579 | 77,225 | 8 | 976 | 1,719 | (43) |
| Total non-current assets | 4,048,604 | 3,836,427 | 6 | 1,799,716 | 1,451,594 | 24 |
| TOTAL ASSETS | 6,451,057 | 5,340,550 | 21 | 3,315,330 | 3,094,051 | 7 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Trade and other payables | 1,174,158 | 1,009,918 | 16 | 127,474 | 129,833 | (2) |
| Current income tax liabilities | 83,072 | 42,498 | 95 | 10,328 | 17,088 | (40) |
| Borrowings | 21,023 | 20,975 | 0 | 775 | 710 | 9 |
| Provisions | 49,202 | 76,354 | (36) | - | 9 | (100) |
| Deferred income | 490 | 333 | 47 | - | - | 0 |
| Derivative financial instruments | 3,523 | 9,744 | (64) | - | 2,603 | (100) |
| Other current liabilities ² | 284,612 | 198,368 | 43 | - | - | 0 |
| Total current liabilities | 1,616,080 | 1,358,190 | 19 | 138,577 | 150,243 | (8) |
| Non-current Liabilities | | | | | | |
| Borrowings | 1,338,177 | 918,831 | 46 | 216,785 | - | N/M |
| Provisions | 129,989 | 126,047 | 3 | - | - | 0 |
| Deferred income | 569 | 659 | (14) | - | - | 0 |
| Deferred income tax liabilities | 18,157 | 25,155 | (28) | 10,699 | 10,939 | (2) |
| Derivative financial instruments | 10,059 | - | N/M | - | - | 0 |
| Other non-current liabilities | 72,215 | 71,478 | 1 | - | - | 0 |
| Total non-current liabilities | 1,569,166 | 1,142,170 | 37 | 227,484 | 10,939 | 1980 |
| TOTAL LIABILITIES | 3,185,246 | 2,500,360 | 27 | 366,061 | 161,182 | 127 |
| NET ASSETS | 3,265,811 | 2,840,190 | 15 | 2,949,269 | 2,932,869 | 1 |
| EQUITY | | | | | | |
| Share capital | 1,820,019 | 1,815,479 | 0 | 1,820,019 | 1,815,479 | 0 |
| Treasury shares | (5,216) | (5,216) | 0 | (5,216) | (5,216) | 0 |
| | 1,814,803 | 1,810,263 | 0 | 1,814,803 | 1,810,263 | 0 |
| Shares held by employee benefit trust | (3,761) | (2,989) | 26 | - | - | 0 |
| Treasury shares reserve | (1,195) | (1,195) | 0 | (1,195) | (1,195) | 0 |
| Retained earnings | 1,338,743 | 877,807 | 53 | 1,093,595 | 1,085,061 | 1 |
| Other reserves | 73,814 | 112,733 | (35) | 42,066 | 38,740 | 9 |
| Capital and reserves attributable to equity holders of the Company | 3,222,404 | 2,796,619 | 15 | 2,949,269 | 2,932,869 | 1 |
| Non-controlling interest | 43,407 | 43,571 | (0) | - | - | 0 |
| TOTAL EQUITY | 3,265,811 | 2,840,190 | 15 | 2,949,269 | 2,932,869 | 1 |
| Net current assets | 786,373 | 145,933 | 439 | 1,377,037 | 1,492,214 | (8) |

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 31 December 2010 | Secured loans US\$'000 | Unsecured loans US\$'000 | Secured finance lease liabilities US\$'000 | Total US\$'000 |
|---|------------------------------|--------------------------------|---|-------------------|
| Amount repayable in FY 2011, or on demand | 11,206 | 1,212 | 8,605 | 21,023 |
| Amount repayable in: | | | | |
| FY 2012 | 12,219 | - | 7,617 | 19,836 |
| FY 2013 | 13,272 | 350,000 | 8,015 | 371,287 |
| FY 2014 | 12,635 | 300,000 | 8,522 | 321,157 |
| FY 2015 | 14,125 | - | 9,111 | 23,236 |
| Thereafter | 33,395 | 312,643 | 256,623 | 602,661 |
| | 96,852 | 963,855 | 298,493 | 1,359,200 |

| As at 25 December 2009 | Secured loans US\$'000 | Unsecured loans US\$'000 | Secured finance lease liabilities US\$'000 | Total 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 31 December 2010 | Vessels US\$'000 | Containers US\$'000 | Terminals US\$'000 | Chassis US\$'000 | Others ³ US\$'000 | Total US\$'000 |
|-------------------------------------|---------------------|------------------------|-----------------------|---------------------|---------------------------------|-------------------|
| Amount repayable in FY 2011 | 706,456 | 22,937 | 101,620 | 29,799 | 57,397 | 918,209 |
| Amount repayable in: | | | | | | |
| FY 2012 | 590,535 | 22,937 | 97,982 | 17,966 | 48,196 | 777,616 |
| FY 2013 | 493,619 | 22,937 | 93,307 | 13,315 | 32,116 | 655,294 |
| FY 2014 | 388,271 | 22,936 | 84,398 | 9,453 | 20,710 | 525,768 |
| FY 2015 | 240,851 | 12,516 | 81,053 | 2,884 | 14,922 | 352,226 |
| Thereafter | 664,211 | 24,718 | 745,148 | - | 13,235 | 1,447,312 |
| | 3,083,943 | 128,981 | 1,203,508 | 73,417 | 186,576 | 4,676,425 |

| As at 25 December 2009 | Vessels US\$'000 | Containers US\$'000 | Terminals US\$'000 | Chassis US\$'000 | Others ³ US\$'000 | Total 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 |

³ Others relate mainly to warehouse space, warehouse equipment, office space and land.

1.(c) Consolidated Cash Flow Statement

| | Group | |
|---|------------------|------------------|
| | 2010 US\$'000 | 2009 US\$'000 |
| Cash Flows from Operating Activities | | |
| Profit/(loss) before income tax | 529,822 | (700,127) |
| Adjustments for : | | |
| Depreciation and amortisation | 285,229 | 286,216 |
| Fair value losses/(gains) on hedges | 461 | (870) |
| Premium on bunker call options | 18,337 | 82,667 |
| Premium on interest rate collars | 5,836 | 2,236 |
| Interest expense | 34,638 | 42,579 |
| Interest income | (4,277) | (7,189) |
| Share-based compensation costs | 2,604 | 6,335 |
| Fair value losses on shares held by employee benefit trust | 1,347 | 533 |
| Write-off of inventories | 588 | 971 |
| Write-off of intangible assets | 89 | - |
| Write-off of property, plant and equipment | 2,010 | - |
| Net profit on disposal of property, plant and equipment | (5,292) | (464) |
| Net loss/(profit) on disposal of other assets | 24 | (112) |
| Net (write-back)/provision for impairment of assets | (923) | 38 |
| Net provision for liabilities | 12,854 | 19,364 |
| Share of results of associated companies | (4,296) | (3,255) |
| Share of results of joint ventures | (1,179) | (165) |
| Unrealised translation losses | 5,855 | 1,909 |
| Operating cash flow before working capital changes | 883,727 | (269,334) |
| Changes in operating assets and liabilities | | |
| Receivables and other assets | (286,410) | (107,116) |
| Inventories | (47,006) | (39,164) |
| Payables | 203,344 | (74,956) |
| Cash generated from/(used in) operations | 753,655 | (490,570) |
| Interest paid | (30,042) | (50,222) |
| Interest received | 1,081 | 7,108 |
| Net income tax paid | (31,811) | (16,868) |
| Net cash inflow/(outflow) from operating activities | 692,883 | (550,552) |
| Cash Flows from Investing Activities | | |
| Investment in an associated company | (5,594) | (7,573) |
| Net proceeds from loans receivable | 1,481 | 434 |
| Dividends received from an associated company | 449 | 442 |
| Dividends received from joint ventures | - | 140 |
| Additions in other non-current investments | (651) | - |
| Purchase of property, plant and equipment | (471,046) | (89,051) |
| Purchase of intangible assets | (1,848) | (4,159) |
| Proceeds from disposal of property, plant and equipment | 26,074 | 26,755 |
| Proceeds from disposal of other assets | 1,520 | 17 |
| Net cash outflow from investing activities | (449,615) | (72,995) |
| Cash Flows from Financing Activities | | |
| Proceeds from borrowings | 506,670 | 563,400 |
| Net cash inflow/(outflow) contributed by employee benefit trust | 13 | (520) |
| Dividends paid to equity holders | - | (39,246) |
| Dividends paid to non-controlling interest | (2,556) | (2,473) |
| Capital contribution by non-controlling interest | 4 | - |
| Net proceeds from issue of new ordinary shares under the Rights Issue | - | 965,241 |
| Proceeds from issue of new ordinary shares | 1,390 | 244 |
| Repayment of borrowings | (99,779) | (951,290) |
| Payment of costs incurred in connection with long term financing | (4,846) | (7,980) |
| Net cash inflow from financing activities | 400,896 | 527,376 |
| Net increase/(decrease) in cash and cash equivalents | 644,164 | (96,171) |
| Cash and cash equivalents at beginning of financial year | 333,048 | 429,219 |
| Cash and cash equivalents at end of financial year | 977,212 | 333,048 |

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 | 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 2009 | 1,815,479 | (5,216) | (2,989) | (1,195) | 877,807 | 112,733 | 43,571 | 2,840,190 |
| Dividends to non-controlling interest | - | - | - | - | - | - | (2,556) | (2,556) |
| Employee equity compensation schemes: | | | | | | | | |
| - value of employee services | - | - | - | - | - | 2,604 | - | 2,604 |
| - new shares issued | 4,540 | - | - | - | - | (3,150) | - | 1,390 |
| Purchase of shares by employee benefit trust | - | - | (772) | - | - | - | - | (772) |
| Incorporation of subsidiary | - | - | - | - | - | - | 4 | 4 |
| Total comprehensive income/(loss) for the financial year | - | - | - | - | 460,936 | (38,373) | 2,388 | 424,951 |
| Balance at 31 December 2010 | 1,820,019 | (5,216) | (3,761) | (1,195) | 1,338,743 | 73,814 | 43,407 | 3,265,811 |

| 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 | 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 2008 | 845,379 | (5,216) | (1,413) | (1,195) | 1,657,862 | (34,873) | 44,047 | 2,504,591 |
| Issue of shares | 988,241 | - | - | - | - | - | - | 988,241 |
| Share issues expenses | (23,000) | - | - | - | - | - | - | (23,000) |
| Dividends to equity holders | - | - | - | - | (39,246) | - | - | (39,246) |
| Dividends to non-controlling interest | - | - | - | - | - | - | (2,473) | (2,473) |
| Employee equity compensation schemes: | | | | | | | | |
| - value of employee services | - | - | - | - | - | 6,335 | - | 6,335 |
| - new shares issued | 4,859 | - | - | - | - | (4,615) | - | 244 |
| Purchase of shares by employee benefit trust | - | - | (1,566) | - | - | - | - | (1,566) |
| Sale of nil-paid rights by employee benefit trust | - | - | 225 | - | - | - | - | 225 |
| Purchase of Rights Shares by employee benefit trust | - | - | (235) | - | - | - | - | (235) |
| Total comprehensive (loss)/income for the financial year | - | - | - | - | (740,809) | 145,886 | 1,997 | (592,926) |
| Balance at 25 December 2009 | 1,815,479 | (5,216) | (2,989) | (1,195) | 877,807 | 112,733 | 43,571 | 2,840,190 |

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 | - | - | - | - | 2,604 | 2,604 |
| - new shares issued | 4,540 | - | - | - | (3,150) | 1,390 |
| Total comprehensive income for the financial year | - | - | - | 8,534 | 3,872 | 12,406 |
| Balance at 31 December 2010 | 1,820,019 | (5,216) | (1,195) | 1,093,595 | 42,066 | 2,949,269 |

| 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 |
| Issue of shares | 988,241 | - | - | - | - | 988,241 |
| Share issues expenses | (23,000) | - | - | - | - | (23,000) |
| Dividends to equity holders | - | - | - | (39,246) | - | (39,246) |
| Employee equity compensation schemes: | | | | | | |
| - value of employee services | - | - | - | - | 6,335 | 6,335 |
| - new shares issued | 4,859 | - | - | - | (4,615) | 244 |
| Total comprehensive income for the financial year | - | - | - | 189,003 | - | 189,003 |
| Balance at 25 December 2009 | 1,815,479 | (5,216) | (1,195) | 1,085,061 | 38,740 | 2,932,869 |

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 year reported on and as at the end of the previous period of the immediately preceding financial year.

Issued and paid up capital

As at 31 December 2010, the Company's issued and paid-up capital (including treasury shares) comprised 2,583,364,922 (25 December 2009: 2,580,624,970) ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,581,638,205 (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 1999 ("NOL SOP 1999").

During the financial year, 1,472,332 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 1,795,332 options were cancelled.

As at 31 December 2010, options to subscribe for 46,682,418 ordinary shares remain outstanding under the NOL SOP 1999.

Performance shares

As at 25 December 2009, there were 1,955,651 outstanding performance shares under the NOL Performance Share Plan 2004 ("NOL PSP 2004").

During the financial year, 1,267,620 performance shares were vested on 2 January 2010 and 12,484 were cancelled.

As at 31 December 2010, 675,547 performance shares remain outstanding under the NOL PSP 2004.

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 1999 and the vesting of performance shares under the NOL PSP 2004.

During the financial year, no treasury shares were re-issued by the Company pursuant to the NOL SOP 1999 and NOL PSP 2004.

In addition, no shares were purchased for the purposes of fulfilling the Company's obligations under the NOL SOP 1999 and NOL PSP 2004.

As at 31 December 2010, there were 1,726,717 treasury shares remaining that have not been re-issued.

2. Basis of Preparation

The preparation of the FY 2010 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 31 December 2010 and the reported amounts of revenue and expenses during the financial year from 26 December 2009 to 31 December 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. Audit or Review of Figures

The figures have not been audited or reviewed by our auditors.

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

N.A.

5. 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 and assigned to appeals. Subsequently, the IRS filed a rebuttal to the protest letter with the IRS Office of Appeals. 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 4, 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.

6. 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 7(a), the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements as at 25 December 2009.

7.(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.

7.(b) Comparatives

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

8.

| | 2010 | 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 | 17.88 US cts | (36.12 US cts) |
| b) On a fully diluted basis (detailing any adjustments made to the earnings) | 17.83 US cts | (36.12 US cts) |

9. Net Asset Value

| | Group | | | Company | | |
|--|---------------------|---------------------|------------------|---------------------|---------------------|------------------|
| | 31 Dec 2010 US\$ | 25 Dec 2009 US\$ | Inc / (Dec) % | 31 Dec 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 | 1.25 | 1.08 | 15.74 | 1.14 | 1.14 | - |

10. Review of the Performance of the Group

Income Statement:

FY 2010 vs FY 2009

NOL Group achieved revenue of US\$9.42 billion (FY 2009: US\$6.52 billion), an increase of US\$2.90 billion or 45% 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\$1.62 billion or 25% YoY to US\$8.15 billion mainly due to higher costs associated with higher volumes and higher bunker costs.

Miscellaneous income increased by US\$4 million or 38% YoY to US\$15 million mainly due to higher gains on disposal of property, plant and equipment.

Other operating expenses declined by US\$16 million or 47% YoY to US\$18 million mainly due to write-back of provision for litigation in FY2010.

The Group recorded net profit attributable to shareholders of US\$461 million in FY 2010 compared to net loss of US\$741 million in FY 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\$1.11 billion from US\$5.34 billion as at 25 December 2009 to US\$6.45 billion as at 31 December 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 FY 2010. Please refer to below explanation for increase in cash and cash equivalents.

The Group's total liabilities increased by US\$685 million from US\$2.50 billion as at 25 December 2009 to US\$3.19 billion as at 31 December 2010. The increase in total liabilities was mainly due to increase in borrowings [see Note 1(b)(ii)] and trade and other payables.

The Group's total equity increased by US\$426 million from US\$2.84 billion as at 25 December 2009 to US\$3.27 billion as at 31 December 2010 mainly due to profits generated during FY 2010, partially offset by decrease in other reserves arising from revaluation and maturity of derivative financial instruments.

Cashflow:

NOL Group's cash and cash equivalents increased by US\$644 million from US\$333 million as at 25 December 2009 to US\$977 million as at 31 December 2010 mainly due to net cash inflow from operating activities of US\$693 million and net cash inflow from financing activities of US\$401 million, partially offset by net cash outflow from investing activities of US\$450 million. Net cash inflow from operating activities was mainly attributed to profits generated during FY 2010. 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\$100 million. Net cash outflow from investing activities was mainly due to progressive payments made for the new vessels that the Group had ordered.

| | FY 2010 US\$m | Q4 2010 US\$m | Q3 2010 US\$m | Q2 2010 US\$m | Q1 2010 US\$m |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| (a) Revenue | | | | | |
| Liner | 8,282 | 2,426 | 2,157 | 1,866 | 1,833 |
| Logistics | 1,260 | 380 | 302 | 282 | 296 |
| Others | 12 | 5 | 3 | 2 | 2 |
| Elimination | (132) | (37) | (33) | (29) | (33) |
| Total | 9,422 | 2,774 | 2,429 | 2,121 | 2,098 |
| (b) Core EBIT⁴ | | | | | |
| Liner | 490 | 176 | 301 | 101 | (88) |
| Logistics | 67 | 22 | 18 | 12 | 15 |
| Others | - | - | - | 1 | (1) |
| Total | 557 | 198 | 319 | 114 | (74) |

| | FY 2009 US\$m | Q4 2009 US\$m | Q3 2009 US\$m | Q2 2009 US\$m | Q1 2009 US\$m |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| (a) Revenue | | | | | |
| Liner | 5,618 | 1,736 | 1,345 | 1,211 | 1,326 |
| Logistics | 976 | 306 | 234 | 195 | 241 |
| Others | 8 | 2 | 2 | 2 | 2 |
| Elimination | (86) | (23) | (17) | (20) | (26) |
| Total | 6,516 | 2,021 | 1,564 | 1,388 | 1,543 |
| (b) Core EBIT⁴ | | | | | |
| Liner | (698) | (196) | (130) | (138) | (234) |
| Logistics | 54 | 13 | 17 | 10 | 14 |
| Others | (7) | - | (2) | (3) | (2) |
| Total | (651) | (183) | (115) | (131) | (222) |

⁴ Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.

(c) **Analysis by Business Units**

(i) **Liner**

FY 2010 vs FY 2009

Liner achieved FY2010 revenue of US\$8.3 billion, a year-on-year (YoY) increase of 47% mainly due to higher volumes of cargo transported and improved freight rate in most of the major trade lanes.

Volume rose by 24% YoY mainly due to higher volumes lifted across the various trade lanes, in particular the Transpacific, Asia-Europe and Intra-Asia trade.

Average revenue per FEU for FY2010 rose by 22% YoY to US\$2,787 mainly due to improved rates in most of the major trade lanes, particularly in the second half of the year where improved Transpacific contract rates and peak season surcharges took effect.

Liner recorded a positive Core EBIT of US\$490 million in FY2010 as compared to a negative Core EBIT of US\$698 million in FY2009 mainly due to improved container trade environment, higher rates and cost saving initiatives such as slow steaming and enhancing operational efficiencies.

Q4 2010 vs Q4 2009

Liner achieved Q4 2010 revenue of US\$2.4 billion, a year-on-year (YoY) increase of 40% mainly due to higher volumes of cargo transported and improved freight rate in most of the major trade lanes.

Volume rose by 13% YoY mainly due to higher volumes lifted on the Asia-Europe and Intra-Asia routes.

Average revenue per FEU for Q4 2010 rose by 24% YoY to US\$2,757 mainly due to higher rates in the Transpacific and Asia-Europe trade lanes.

Liner recorded a positive Core EBIT of US\$176 million in Q4 2010 as compared to a negative Core EBIT of US\$196 million in Q4 2009 mainly due to improved container trade environment, higher rates and cost saving initiatives such as slow steaming and enhancing operational efficiencies.

LINER FULL YEAR RESULTS 2010 and 2009

Unaudited

| | FY 2010 | Q4 2010 | Q3 2010 | Q2 2010 | Q1 2010 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Load Factors % | | | | | |
| Transpacific Eastbound | 91% | 87% | 95% | 90% | 91% |
| Asia-Europe Westbound | 97% | 95% | 98% | 97% | 98% |
| Transatlantic Westbound | 94% | 89% | 99% | 97% | 92% |
| Intra-Asia Westbound | 96% | 97% | 99% | 95% | 93% |
| Asia-Latin America/Mexico Eastbound | 95% | 84% | 99% | 100% | 94% |
| Headhaul | 94% | 91% | 97% | 94% | 93% |
| Volume ('000 FEU) | | | | | |
| <u>Americas</u> | | | | | |
| Transpacific | 919 | 256 | 226 | 210 | 227 |
| Latin America | 189 | 51 | 44 | 45 | 49 |
| | 1,108 | 307 | 270 | 255 | 276 |
| <u>Europe</u> | | | | | |
| Asia-Europe | 459 | 142 | 109 | 104 | 104 |
| Transatlantic | 133 | 37 | 31 | 30 | 35 |
| | 592 | 179 | 140 | 134 | 139 |
| <u>Asia/Middle East</u> | | | | | |
| Intra-Asia | 1,131 | 343 | 245 | 257 | 286 |
| Total Volume ⁵ | 2,831 | 829 | 655 | 646 | 701 |
| | FY 2009 | Q4 2009 | Q3 2009 | Q2 2009 | Q1 2009 |
| Load Factors % | | | | | |
| Transpacific Eastbound | 84% | 90% | 87% | 77% | 77% |
| Asia-Europe Westbound | 99% | 100% | 100% | 100% | 92% |
| Transatlantic Westbound | 81% | 96% | 86% | 73% | 67% |
| Intra-Asia Westbound | 91% | 93% | 94% | 94% | 83% |
| Asia-Latin America/Mexico Eastbound | 95% | 96% | 100% | 92% | 69% |
| Headhaul | 89% | 93% | 93% | 87% | 80% |
| Volume ('000 FEU) | | | | | |
| <u>Americas</u> | | | | | |
| Transpacific | 738 | 247 | 189 | 151 | 151 |
| Latin America | 177 | 55 | 45 | 38 | 39 |
| | 915 | 302 | 234 | 189 | 190 |
| <u>Europe</u> | | | | | |
| Asia-Europe | 357 | 101 | 88 | 84 | 84 |
| Transatlantic | 120 | 37 | 29 | 26 | 28 |
| | 477 | 138 | 117 | 110 | 112 |
| <u>Asia/Middle East</u> | | | | | |
| Intra-Asia | 897 | 293 | 235 | 190 | 179 |
| Total Volume ⁵ | 2,289 | 733 | 586 | 489 | 481 |

⁵ Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

(c) Analysis by Business Units (continued)

LINER FULL YEAR RESULTS 2010 and 2009 (continued)
Unaudited

| | FY 2010 | Q4 2010 | Q3 2010 | Q2 2010 | Q1 2010 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating Expenses (US\$m) | | | | | |
| Americas | | | | | |
| Transpacific | 3,627 | 1,060 | 888 | 791 | 888 |
| Latin America | 680 | 183 | 155 | 162 | 180 |
| | 4,307 | 1,243 | 1,043 | 953 | 1,068 |
| Europe | | | | | |
| Asia-Europe | 1,322 | 398 | 315 | 305 | 304 |
| Transatlantic | 438 | 126 | 106 | 99 | 107 |
| | 1,760 | 524 | 421 | 404 | 411 |
| Asia/Middle East | | | | | |
| Intra-Asia | 1,725 | 483 | 392 | 408 | 442 |
| Total Operating Expenses | 7,792 | 2,250 | 1,856 | 1,765 | 1,921 |
| Analysis of Expenses (US\$m) | | | | | |
| Operating Cost | 7,006 | 2,025 | 1,657 | 1,590 | 1,734 |
| General and Administrative | 515 | 151 | 137 | 112 | 115 |
| Depreciation and Amortisation | 272 | 74 | 62 | 64 | 72 |
| Others ⁶ | (1) | - | - | (1) | - |
| Total Operating Expenses | 7,792 | 2,250 | 1,856 | 1,765 | 1,921 |
| | FY 2009 | Q4 2009 | Q3 2009 | Q2 2009 | Q1 2009 |
| Operating Expenses (US\$m) | | | | | |
| Americas | | | | | |
| Transpacific | 2,840 | 872 | 682 | 582 | 704 |
| Latin America | 594 | 183 | 135 | 130 | 146 |
| | 3,434 | 1,055 | 817 | 712 | 850 |
| Europe | | | | | |
| Asia-Europe | 1,022 | 290 | 220 | 232 | 280 |
| Transatlantic | 397 | 116 | 90 | 86 | 105 |
| | 1,419 | 406 | 310 | 318 | 385 |
| Asia/Middle East | | | | | |
| Intra-Asia | 1,463 | 471 | 348 | 319 | 325 |
| Total Operating Expenses | 6,316 | 1,932 | 1,475 | 1,349 | 1,560 |
| Analysis of Expenses (US\$m) | | | | | |
| Operating Cost | 5,599 | 1,730 | 1,310 | 1,182 | 1,377 |
| General and Administrative | 447 | 129 | 103 | 104 | 111 |
| Depreciation and Amortisation | 270 | 73 | 62 | 62 | 73 |
| Others ⁶ | - | - | - | 1 | (1) |
| Total Operating Expenses | 6,316 | 1,932 | 1,475 | 1,349 | 1,560 |

⁶ Others consists of non-controlling interest and share of results of associated companies and joint ventures.

(ii) Logistics

FY 2010 vs FY 2009

Logistics achieved FY2010 revenue of US\$1.3 billion, a year-on-year (YoY) increase of 29%, mainly due to higher volumes and freight rates across the various Logistics' services.

Contract Logistics achieved revenue of US\$743 million, a YoY increase of 21% mainly due to higher volumes and rates achieved in a number of business segments, in particular the rail and land transport business segments and business areas that service the automotive sector.

International Services achieved revenue of US\$517 million, a YoY increase of 42% due to a combination of higher shipment volume and improved sea and air freight rates.

Logistics achieved a Core EBIT of US\$67 million for FY2010, an increase of US\$13 million or 24% YoY. Improved revenue across the various divisions was partially offset by investment in personnel to support development of new businesses, general and administrative expense and reduction in average warehouse utilisation in the Contract Logistics business unit.

Q4 2010 vs Q4 2009

Logistics achieved Q4 2010 revenue of US\$380 million, a year-on-year (YoY) increase of 24% due to higher volumes across the various Logistics' services.

Contract Logistics achieved revenue of US\$220 million, a YoY increase of 11% mainly due to higher volumes and rates achieved in a number of business segments, in particular the rail and land transport business and segments and business areas that service the automotive sector.

International Services achieved revenue of US\$160 million, a YoY increase of 50% due to a combination of higher shipment volume and improved sea and air freight rates.

Logistics achieved a Core EBIT of US\$22 million for Q4 2010, an increase of US\$9 million or 69% YoY. Improved revenue across the various divisions was partially offset by higher procurement costs, investment in personnel to support development of new businesses, general and administrative expense and reduction in average warehouse utilization in the Contract Logistics business unit.

(c) Analysis by Business Units (continued)

LOGISTICS FULL YEAR RESULTS 2010 and 2009
 Unaudited
 US\$ millions

| | FY 2010 | Q4 2010 | Q3 2010 | Q2 2010 | Q1 2010 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| BY REGION | | | | | |
| Revenue | | | | | |
| Americas | 766 | 227 | 178 | 174 | 187 |
| Europe | 166 | 58 | 41 | 33 | 34 |
| Asia/Middle East | 328 | 95 | 83 | 75 | 75 |
| Total Revenue | 1,260 | 380 | 302 | 282 | 296 |
| BY BUSINESS SEGMENT | | | | | |
| Revenue | | | | | |
| Contract Logistics Services | 743 | 220 | 164 | 170 | 189 |
| International Services | 517 | 160 | 138 | 112 | 107 |
| Total Revenue | 1,260 | 380 | 302 | 282 | 296 |
| Operating Expenses | | | | | |
| Contract Logistics Services | 726 | 213 | 162 | 167 | 184 |
| International Services | 467 | 145 | 122 | 103 | 97 |
| Total Operating Expenses | 1,193 | 358 | 284 | 270 | 281 |
| Core EBIT⁷ | | | | | |
| Contract Logistics Services | 17 | 7 | 2 | 3 | 5 |
| International Services | 50 | 15 | 16 | 9 | 10 |
| Total Core EBIT | 67 | 22 | 18 | 12 | 15 |
| Analysis of Expenses | | | | | |
| Operating Cost | 1,012 | 304 | 240 | 229 | 239 |
| General and Administrative | 171 | 51 | 42 | 39 | 39 |
| Depreciation and Amortisation | 11 | 3 | 3 | 2 | 3 |
| Others ⁸ | (1) | - | (1) | - | - |
| Total Operating Expenses | 1,193 | 358 | 284 | 270 | 281 |
| | FY 2009 | Q4 2009 | Q3 2009 | Q2 2009 | Q1 2009 |
| BY REGION | | | | | |
| Revenue | | | | | |
| Americas | 638 | 202 | 149 | 126 | 161 |
| Europe | 99 | 35 | 23 | 17 | 24 |
| Asia/Middle East | 239 | 69 | 62 | 52 | 56 |
| Total Revenue | 976 | 306 | 234 | 195 | 241 |
| BY BUSINESS SEGMENT | | | | | |
| Revenue | | | | | |
| Contract Logistics Services | 612 | 199 | 142 | 121 | 150 |
| International Services | 364 | 107 | 92 | 74 | 91 |
| Total Revenue | 976 | 306 | 234 | 195 | 241 |
| Operating Expenses | | | | | |
| Contract Logistics Services | 593 | 194 | 136 | 118 | 145 |
| International Services | 329 | 99 | 81 | 67 | 82 |
| Total Operating Expenses | 922 | 293 | 217 | 185 | 227 |
| Core EBIT⁷ | | | | | |
| Contract Logistics Services | 19 | 5 | 6 | 3 | 5 |
| International Services | 35 | 8 | 11 | 7 | 9 |
| Total Core EBIT | 54 | 13 | 17 | 10 | 14 |
| Analysis of Expenses | | | | | |
| Operating Cost | 767 | 247 | 180 | 152 | 188 |
| General and Administrative | 146 | 44 | 35 | 31 | 36 |
| Depreciation and Amortisation | 11 | 3 | 3 | 2 | 3 |
| Others ⁸ | (2) | (1) | (1) | - | - |
| Total Operating Expenses | 922 | 293 | 217 | 185 | 227 |

⁷ Earnings before Interest, Tax and Exceptional (Non-Recurring) Items.⁸ Others consists of non-controlling interest and share of results of associated companies and joint ventures.

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

N.A.

12. **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.**

Notwithstanding the improved performance for 2010, market conditions are uncertain. We continue to monitor the economy and consumer demand patterns so that we can meet the challenges ahead and seize opportunities as they arise.

13. **Dividend**

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

The directors are pleased to recommend a final tax exempt (one-tier) dividend of 4.60 Singapore cents per share in respect of the financial year ended 31 December 2010 for approval by shareholders at the Annual General Meeting to be convened on 13 April 2011.

The recommended final dividend has not been provided for in this financial information and will be accounted for in the shareholders' equity as an appropriation of FY 2010 profits after tax in the financial information for the year ending 30 December 2011.

| Name of dividend | Final |
|---------------------------|-----------------------|
| Dividend Type | Cash |
| Dividend Amount Per Share | 4.60 Singapore cents |
| Tax Rate | Tax Exempt (One-tier) |
| Payment Date | 5 May 2011 |

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

Nil

(c) **Date payable**

The recommended final tax exempt (one-tier) dividend of 4.60 Singapore cents per share, if approved at the Annual General Meeting to be held on 13 April 2011, will be paid on 5 May 2011.

(d) **Books closure date**

Notice is hereby given that subject to shareholders' approval being obtained for the proposed final tax exempt (one-tier) dividend of 4.60 Singapore cents per share for the financial year ended 31 December 2010 ("dividend"), the Share Transfer Books and the Register of Members of the Company will be closed on 20 April 2011. To determine shareholders' entitlement to the dividend, Registrable Transfers received by the Company's Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, up to 5.00 pm on 19 April 2011 will be registered to determine shareholders' entitlement to the dividend.

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

N.A.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segment Information
Segment Reporting By Operating Segments

For management purposes, the Group is organised into business units based on their services, and has two reportable operating segments as follows:

1. Liner - Global liners provide operations of container transportation, terminals and provision of other related services. It offers container shipping services in major trade lanes such as Transpacific, Intra-Asia, Transatlantic, Latin America and Asia-Europe.
2. Logistics - Global logistics provider with a comprehensive network of facilities and services to support the global supply chain management needs of customers. The range of services include consolidation, warehousing, global freight management (ocean, air, truck and rail), domestic distribution networks, international deconsolidation and information technologies that provide timely and accurate information to effectively manage supply chain activities.

From 29 December 2007 to 2 April 2010, the Group had three principal operating businesses, namely Container Shipping, Terminals and Logistics. During the first quarter of the financial year ended 31 December 2010, the Group took the decision to re-integrate Container Shipping and Terminals, recognising that these activities are critical to the way that it manages its customers' supply chain and are at the core of its service delivery capabilities. The financial results of the two operating segments (Container Shipping and Terminals) will be presented as one business unit, namely Liner. The Group has also restated the corresponding segment information for the financial year ended 25 December 2009.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The terms of inter-segment sales are established by negotiation between the various business units.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest and tax.

Unallocated income statement items represent income tax expense or credit and interest expense, which are managed on a group basis and are not allocated to operating segments. However, costs are sometimes incurred at the enterprise level on behalf of a segment. Such costs are segment expenses if they relate to the segment's operating activities and they can be directly attributed or allocated to the segment on a reasonable basis.

Segment assets comprise primarily of property, plant and equipment, investment properties, intangible assets, goodwill arising on consolidation, inventories, receivables, operating cash and other investments and exclude fixed and demand deposits and deferred income tax assets. Segment liabilities comprise primarily of operating liabilities and exclude items such as income tax liabilities and borrowings.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, excluding those acquired through business combinations and finance leases.

| | Liner US\$'000 | Logistics US\$'000 | Others US\$'000 | Elimination US\$'000 | Total US\$'000 |
|---|-------------------|-----------------------|--------------------|-------------------------|-------------------|
| 2010 | | | | | |
| Revenue | | | | | |
| External sales | 8,178,265 | 1,243,610 | 217 | - | 9,422,092 |
| Inter-segment sales | 104,049 | 16,500 | 12,054 | (132,603) | - |
| Total revenue | 8,282,314 | 1,260,110 | 12,271 | (132,603) | 9,422,092 |
| Segment result | 491,663 | 63,521 | (476) | - | 554,708 |
| Interest income | 3,063 | 687 | 527 | - | 4,277 |
| Share of results of associated companies | (175) | 4,471 | - | - | 4,296 |
| Share of results of joint ventures | 1,056 | 123 | - | - | 1,179 |
| Minority interest | (341) | (2,746) | - | - | (3,087) |
| Earnings before interest and tax | 495,266 | 66,056 | 51 | - | 561,373 |
| Interest expense | | | | | (34,638) |
| Income tax expense | | | | | (65,799) |
| Net profit attributable to equity holders of the Company | | | | | 460,936 |
| Segment assets | 5,023,175 | 288,454 | 1,982,500 | (1,166,889) | 6,127,240 |
| Associated companies | 25,991 | 22,870 | - | - | 48,861 |
| Joint ventures | 22,960 | 5,288 | - | - | 28,248 |
| Unallocated assets | | | | | 246,708 |
| Consolidated total assets | | | | | 6,451,057 |
| Segment liabilities | 2,579,678 | 243,540 | 68,488 | (1,166,889) | 1,724,817 |
| Unallocated liabilities | | | | | 1,460,429 |
| Consolidated total liabilities | | | | | 3,185,246 |
| Other segment items: | | | | | |
| Capital expenditures | | | | | |
| - property, plant & equipment | 464,843 | 7,196 | 6,075 | - | 478,114 |
| - intangible assets | 554 | 1,294 | - | - | 1,848 |
| Depreciation | 266,644 | 8,109 | 2,613 | - | 277,366 |
| Amortisation | 5,322 | 2,461 | 80 | - | 7,863 |
| Net (write-back of)/ provision for impairment | (57) | 22 | (933) | - | (968) |
| Other non-cash expenses | 39,413 | 3,090 | 1,623 | - | 44,126 |
| 2009 | | | | | |
| Revenue | | | | | |
| External sales | 5,551,870 | 963,708 | - | - | 6,515,578 |
| Inter-segment sales | 66,305 | 12,431 | 8,327 | (87,063) | - |
| Total revenue | 5,618,175 | 976,139 | 8,327 | (87,063) | 6,515,578 |
| Segment result | (711,075) | 50,129 | (7,211) | - | (668,157) |
| Interest income | 4,849 | 1,153 | 1,187 | - | 7,189 |
| Share of results of associated companies | (73) | 3,328 | - | - | 3,255 |
| Share of results of joint ventures | (175) | 340 | - | - | 165 |
| Minority interest | (307) | (1,398) | - | - | (1,705) |
| Earnings before interest and tax | (706,781) | 53,552 | (6,024) | - | (659,253) |
| Interest expense | | | | | (42,579) |
| Income tax expense | | | | | (38,977) |
| Net loss attributable to equity holders of the Company | | | | | (740,809) |
| Segment assets | 4,727,464 | 256,468 | 1,986,598 | (1,846,114) | 5,124,416 |
| Associated companies | 22,050 | 18,166 | - | - | 40,216 |
| Joint ventures | 21,904 | 5,203 | - | - | 27,107 |
| Unallocated assets | | | | | 148,811 |
| Consolidated total assets | | | | | 5,340,550 |
| Segment liabilities | 3,004,433 | 264,604 | 69,978 | (1,846,114) | 1,492,901 |
| Unallocated liabilities | | | | | 1,007,459 |
| Consolidated total liabilities | | | | | 2,500,360 |
| Other segment items: | | | | | |
| Capital expenditures | | | | | |
| - property, plant & equipment | 80,421 | 8,200 | 430 | - | 89,051 |
| - intangible assets | 2,368 | 1,791 | - | - | 4,159 |
| Depreciation | 266,351 | 8,855 | 4,905 | - | 280,111 |
| Amortisation | 3,623 | 2,443 | 39 | - | 6,105 |
| Net provision for/ (write-back of) impairment | 8,421 | (1,301) | (256) | - | 6,864 |
| Other non-cash expenses | 109,757 | 474 | 1,937 | - | 112,168 |

14. **Segment Information (continued)**

Segment Reporting By Geographical Segments

In respect of liner activities which covers the world's major shipping lanes, the geographical segment of external sales are reported as follows:

| <u>Geographical segment</u> | <u>Trade Lanes</u> |
|-----------------------------|-------------------------------|
| Asia/Middle East | Intra-Asia |
| Europe | Asia-Europe Transatlantic |
| Americas | Transpacific Latin America |

In respect of logistics activities, the geographical segments of external sales are reported based on the country where the services were significantly performed.

In respect of other activities, the geographical segments of external sales are reported based on the country of domicile of customers.

The Directors of the Company consider that the nature of the Group's business precludes a meaningful allocation of vessels, drydocking costs and containers to specific geographical segments as defined under FRS 108 Operating Segments. These vessels, together with the related drydocking costs, and containers are primarily utilised across geographic markets for shipment of cargoes throughout the world. This is in line with the industry practice.

| | <u>Sales</u> | | | <u>Non-current Assets</u> | | |
|------------------|--------------------------------|--------------------------------|-----------------------------------|--------------------------------|--------------------------------|-----------------------------------|
| | <u>2010</u> <u>US\$'000</u> | <u>2009</u> <u>US\$'000</u> | <u>% Increase/ (Decrease)</u> | <u>2010</u> <u>US\$'000</u> | <u>2009</u> <u>US\$'000</u> | <u>% Increase/ (Decrease)</u> |
| Asia/Middle East | 2,212,078 | 1,600,680 | 38 | 503,385 | 445,720 | 13 |
| Europe | 2,041,083 | 1,189,131 | 72 | 34,558 | 31,040 | 11 |
| Americas | 5,168,931 | 3,725,767 | 39 | 272,425 | 279,371 | (2) |
| Subtotal | 9,422,092 | 6,515,578 | | 810,368 | 756,131 | |
| Vessels | | | | 2,209,800 | 1,994,821 | 11 |
| Containers | | | | 900,238 | 985,042 | (9) |
| Drydocking costs | | | | 55,736 | 48,632 | 15 |
| Total | | | | 3,976,142 | 3,784,626 | |

Non-current assets information presented above consisted mainly of property, plant and equipment, investment property, intangible assets, goodwill, and deferred charges as presented in the consolidated balance sheets.

15. **Factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Note 10 for an analysis by business units.

16. **Breakdown of sales as follows:**

| | <u>2010</u> <u>US\$'000</u> | <u>Group</u> <u>2009</u> <u>US\$'000</u> | <u>% Increase/ (Decrease)</u> |
|---|--------------------------------|--|-----------------------------------|
| Sales reported for the first half year | 4,218,654 | 2,931,209 | 44 |
| Operating gains/ (losses) after income tax before deducting minority interest reported for the first half year | 3,211 | (390,457) | N/M |
| Sales reported for the second half year | 5,203,438 | 3,584,369 | 45 |
| Operating gains/ (losses) after income tax before deducting minority interest reported for the second half year | 460,812 | (348,647) | N/M |

N/M: Not meaningful

17. **Interested Person Transactions**

| <u>Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual</u> | <u>2010</u> <u>US\$'000</u> | <u>2009</u> <u>US\$'000</u> |
|--|--------------------------------|--------------------------------|
| Transactions for the Purchase of Goods and Services | | |
| Certis CISCO Security Pte Ltd and its associates | - | 106 |
| PSA Corporation Limited and its associates | 189,673 | 151,397 |
| Sembcorp Marine Ltd and its associates | 1,800 | 112 |
| Singapore Petroleum Company Limited and its associates | - | 6,709 |
| Singapore Technologies Engineering Ltd and its associates | 420 | 169 |
| Singapore Telecommunications Limited and its associates | 118 | - |
| Transactions for the Purchase of Assets | | |
| Singapore Telecommunications Limited and its associates | 1,003 | - |
| Transactions for the Leasing-in of Assets | | |
| Sembcorp Marine Ltd and its associates | 3,311 | 3,046 |
| Transactions for the Sale of Goods and Services | | |
| Sembcorp Marine Ltd and its associates | - | 378 |

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

18. **A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous year as follows:-**

| | <u>2010</u> <u>US\$'000</u> | <u>2009</u> <u>US\$'000</u> |
|----------|--------------------------------|--------------------------------|
| Ordinary | 92,187 | - |

BY ORDER OF THE BOARD

LOOI LEE HWA AND WONG KIM WAH
Company Secretaries

Dated this 16 February 2011