



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)
Unaudited Quarterly Financial Information
For the 2nd Quarter Ended 27 June 2014

1.(a)(i) Consolidated Income Statement

	Group			Group		
	YTD 2014 US\$'000	YTD 2013 US\$'000	% Increase/ (Decrease)	Q2 2014 US\$'000	Q2 2013 US\$'000	% Increase/ (Decrease)
Revenue	4,329,446	4,434,613	(2)	2,050,212	2,063,561	(1)
Cost of sales	(4,051,969)	(4,170,964)	(3)	(1,882,306)	(1,915,237)	(2)
Gross profit	277,477	263,649	5	167,906	148,324	13
Other gains (net)						
- Miscellaneous	13,375	215,863	(94)	6,616	14,690	(55)
- Finance and investment income	3,223	2,619	23	1,770	1,277	39
Expenses						
- Administrative: IT	(62,045)	(71,988)	(14)	(27,940)	(36,756)	(24)
- Administrative: non-IT	(298,714)	(283,975)	5	(148,329)	(135,851)	9
- Finance	(65,184)	(24,811)	163	(32,305)	603	N/M
- Other operating	(11,634)	(32,568)	(64)	(14,696)	(13,717)	7
Share of results of associated companies	4,615	4,976	(7)	2,702	2,562	5
Share of results of joint ventures	447	(72)	N/M	517	88	488
(Loss)/profit before income tax	(138,440)	73,693	N/M	(43,759)	(18,780)	133
Income tax expense	(8,736)	(30,845)	(72)	(7,430)	(14,900)	(50)
Net (loss)/profit for the financial period	(147,176)	42,848	N/M	(51,189)	(33,680)	52
Net (loss)/profit attributable to:						
Owners of the Company	(151,677)	40,893	N/M	(53,741)	(34,616)	55
Non-controlling interest	4,501	1,955	130	2,552	936	173
	(147,176)	42,848	N/M	(51,189)	(33,680)	52

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

	Group			Group		
	YTD 2014 US\$'000	YTD 2013 US\$'000	% Increase/ (Decrease)	Q2 2014 US\$'000	Q2 2013 US\$'000	% Increase/ (Decrease)
(A) Other Income Including Interest Income	8,912	4,075	119	5,563	1,642	239
(B) Net Interest on Borrowings ¹	(57,099)	(9,898)	477	(30,431)	5,954	N/M
(C) Depreciation and Amortisation	(190,630)	(151,352)	26	(93,246)	(69,993)	33
(D) Allowance for Doubtful Debts and Bad Debts Written Off	(3,320)	(5,117)	(35)	(3,795)	(2,115)	79
(E) Write-back of Provision for Impairment in Value of Investments	-	11	(100)	-	-	-
(F) Foreign Exchange Gain/(Loss)	20,267	(2,272)	N/M	4,309	71	5,969
(G) Adjustment for Over Provision for Tax in Prior Years	17,738	5,417	227	3,772	4,609	(18)
(H) Profit on Sale of Investments, Property, Plant and Equipment and Other Assets	3,375	207,584	(98)	1,252	11,392	(89)
(I) Impairment Loss on Assets classified as held-for-sale	-	(5,303)	(100)	-	(1,603)	(100)
(J) (Write-off)/Write-Back of Inventories	(39)	14	N/M	(82)	25	N/M

¹ YTD 2013 and Q2 2013 amount includes realised gains from financial hedging instruments.

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

	Group		Group	
	YTD 2014 US\$'000	YTD 2013 US\$'000	Q2 2014 US\$'000	Q2 2013 US\$'000
Net (loss)/profit for the financial period	(147,176)	42,848	(51,189)	(33,680)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on cash flow hedges	1,532	(32,736)	8,432	(21,083)
Fair value (gain)/loss on cash flow hedges transferred to the income statement	(8,193)	24,425	(5,805)	16,613
Fair value gain/(loss) on available-for-sale financial assets	5	26	(8)	15
Share of other comprehensive income of associated company	(3,224)	1,826	(3,224)	1,738
Currency translation differences	(3,754)	(8,843)	(2,097)	(6,303)
Tax on fair value gain and loss	45	(30)	(89)	(392)
Other comprehensive income for the financial period, net of tax	(13,589)	(15,332)	(2,791)	(9,412)
Total comprehensive income for the financial period	(160,765)	27,516	(53,980)	(43,092)
Total comprehensive income attributable to:				
Owners of the Company	(165,324)	26,150	(56,461)	(43,348)
Non-controlling interest	4,559	1,366	2,481	256
	(160,765)	27,516	(53,980)	(43,092)

N/M: Not meaningful

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

	Group			Company		
	27 Jun 2014 US\$'000	27 Dec 2013 US\$'000	% Increase/ (Decrease)	27 Jun 2014 US\$'000	27 Dec 2013 US\$'000	% Increase/ (Decrease)
ASSETS						
Current Assets						
Cash and cash equivalents	819,004	980,993	(17)	509,912	767,481	(34)
Trade and other receivables ²	1,072,406	1,073,085	(0)	4,610,429	3,776,487	22
Available-for-sale financial assets	20,662	23,543	(12)	-	-	0
Inventories at cost	241,473	254,232	(5)	-	-	0
Derivative financial instruments	5,352	6,952	(23)	983	-	N/M
Assets classified as held-for-sale	-	12,297	(100)	-	-	0
Other current assets	122,397	115,541	6	4,998	4,308	16
Total current assets	2,281,294	2,466,643	(8)	5,126,322	4,548,276	13
Non-current Assets						
Investments in subsidiaries	-	-	0	1,050,555	1,000,605	5
Investments in associated companies	161,553	149,039	8	-	-	0
Investments in joint ventures	20,814	21,374	(3)	-	-	0
Available-for-sale financial asset	90	83	8	-	-	0
Property, plant and equipment	6,195,443	6,097,508	2	117,096	973,999	(88)
Deferred charges	6,299	5,765	9	6,193	5,267	18
Intangible assets	31,025	31,245	(1)	2,624	2,381	10
Land use rights	829	855	(3)	-	-	0
Goodwill arising on consolidation	158,043	158,663	(0)	-	-	0
Deferred income tax assets	31,773	33,437	(5)	-	-	0
Derivative financial instruments	14,243	13,340	7	14,243	13,340	7
Other non-current assets	51,531	51,083	1	178	177	1
Total non-current assets	6,671,643	6,562,392	2	1,190,889	1,995,769	(40)
TOTAL ASSETS	8,952,937	9,029,035	(1)	6,317,211	6,544,045	(3)
LIABILITIES						
Current Liabilities						
Trade and other payables	1,197,080	1,252,421	(4)	1,246,406	1,222,566	2
Current income tax liabilities	143,874	165,409	(13)	2,783	2,202	26
Borrowings	288,903	599,119	(52)	-	50,000	(100)
Provisions	42,938	43,528	(1)	2,030	2,138	(5)
Deferred income	6,703	7,670	(13)	-	-	0
Derivative financial instruments	1,199	11,625	(90)	-	8,442	(100)
Other current liabilities ³	236,254	232,195	2	-	-	0
Total current liabilities	1,916,951	2,311,967	(17)	1,251,219	1,285,348	(3)
Non-current Liabilities						
Borrowings	4,773,326	4,266,827	12	2,030,418	2,179,969	(7)
Provisions	171,462	171,977	(0)	-	-	0
Deferred income	2,753	6,016	(54)	-	-	0
Deferred income tax liabilities	4,752	6,980	(32)	606	607	(0)
Derivative financial instruments	54,221	65,168	(17)	39,311	52,705	(25)
Other non-current liabilities	62,324	69,289	(10)	-	-	0
Total non-current liabilities	5,068,838	4,586,257	11	2,070,335	2,233,281	(7)
TOTAL LIABILITIES	6,985,789	6,898,224	1	3,321,554	3,518,629	(6)
NET ASSETS	1,967,148	2,130,811	(8)	2,995,657	3,025,416	(1)
EQUITY						
Share capital	1,834,060	1,830,222	0	1,834,060	1,830,222	0
Treasury shares	(5,216)	(5,216)	0	(5,216)	(5,216)	0
	1,828,844	1,825,006	0	1,828,844	1,825,006	0
Shares held by employee benefit trust	(6,196)	(6,146)	1	-	-	0
Treasury shares reserve	(1,195)	(1,195)	0	(1,195)	(1,195)	0
Retained earnings	137,056	288,733	(53)	1,143,827	1,168,368	(2)
Statutory and other reserves	(45,878)	(29,295)	57	24,181	33,237	(27)
Capital and reserves attributable to owners of the Company	1,912,631	2,077,103	(8)	2,995,657	3,025,416	(1)
Non-controlling interest	54,517	53,708	2	-	-	0
TOTAL EQUITY	1,967,148	2,130,811	(8)	2,995,657	3,025,416	(1)
Net current assets	364,343	154,676	136	3,875,103	3,262,928	19

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

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

N/M: Not meaningful

1.(b)(ii) Borrowings

The Group	Secured borrowings	Unsecured borrowings	Secured finance lease liabilities	Total
As at 27 June 2014	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable on or before 26 June 2015, or on demand	176,430	102,059	10,414	288,903
Amount repayable on or before:				
24 June 2016	211,997	810,215	11,050	1,033,262
30 June 2017	223,675	447,701	11,659	683,035
29 June 2018	206,870	78,438	12,219	297,527
28 June 2019	202,795	-	12,684	215,479
Thereafter	1,524,582	793,467	225,974	2,544,023
	2,546,349	2,231,880	284,000	5,062,229

As at 27 December 2013	Secured borrowings	Unsecured borrowings	Secured finance lease liabilities	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in FY 2014, or on demand	141,663	448,666	8,790	599,119
Amount repayable on or before:				
FY 2015	157,744	550,571	9,360	717,675
FY 2016	169,071	444,228	10,039	623,338
FY 2017	156,240	504,630	10,516	671,386
FY 2018	145,040	-	11,188	156,228
Thereafter	1,093,600	779,352	225,248	2,098,200
	1,863,358	2,727,447	275,141	4,865,946

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

1.(b)(iii) Operating Lease Commitments

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

The Group	Vessels	Containers	Terminals	Chassis	Others ⁴	Total
As at 27 June 2014	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable for the remainder of FY 2014	193,583	30,219	27,821	911	28,300	280,834
Amount repayable in:						
FY 2015	262,105	51,324	77,720	592	46,605	438,346
FY 2016	161,898	15,141	70,644	-	31,464	279,147
FY 2017	122,818	6,806	70,781	-	17,791	218,196
FY 2018	116,626	5,277	62,282	-	8,665	192,850
Thereafter	323,124	9,084	535,297	-	11,641	879,146
	1,180,154	117,851	844,545	1,503	144,466	2,288,519

As at 27 December 2013	Vessels	Containers	Terminals	Chassis	Others ⁴	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in FY 2014	445,690	61,544	84,966	3,412	68,168	663,780
Amount repayable in:						
FY 2015	261,868	51,429	70,501	1,038	40,896	425,732
FY 2016	161,898	15,153	70,636	-	25,743	273,430
FY 2017	122,818	6,807	70,772	-	14,114	214,511
FY 2018	116,702	5,277	62,282	-	7,459	191,720
Thereafter	323,047	9,083	535,297	-	9,129	876,556
	1,432,023	149,293	894,454	4,450	165,509	2,645,729

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

1.(c) Consolidated Statement of Cash Flows

	Group			
	YTD 2014 US\$'000	YTD 2013 US\$'000	Q2 2014 US\$'000	Q2 2013 US\$'000
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	(138,440)	73,693	(43,759)	(18,780)
Adjustments for :				
Depreciation and amortisation	190,630	151,352	93,246	69,993
Fair value loss on financial instruments	8,566	720	83	642
Deferred charge expense	1,341	3,780	549	1,727
Net interest expense	57,099	9,898	30,431	(5,954)
Interest income	(2,553)	(2,619)	(1,100)	(1,277)
Share-based compensation costs	861	1,635	(641)	(147)
Net write-off/(write-back) of inventories	39	(14)	82	(25)
Fair value gain on shares held by employee benefit trust	(718)	(284)	(232)	(338)
Net profit on disposal of property, plant and equipment	(638)	(8,919)	(623)	(10,723)
Net profit on disposal of assets classified as held-for-sale	(2,737)	(198,685)	(629)	(649)
Net loss/(profit) on disposal of other assets	-	37	-	(3)
Net profit on disposal of subsidiaries	-	(17)	-	(17)
Gain on re-measurement of previously held interest in joint venture	-	(441)	-	-
Dividend income from other investment	(670)	-	(670)	-
Impairment loss on assets classified as held-for-sale	-	5,303	-	1,603
Net provision for/(write-back of) impairment of assets	620	(11)	-	-
Net provision for liabilities	12,194	9,272	4,323	4,098
Share of results of associated companies	(4,615)	(4,976)	(2,702)	(2,562)
Share of results of joint ventures	(447)	72	(517)	(88)
Unrealised currency translation gain	(8,796)	(8,028)	(1,001)	(7,491)
Operating cash flow before working capital changes	111,736	31,768	76,840	30,009
Changes in operating assets and liabilities				
Receivables and other assets	(5,175)	(25,832)	32,564	39,871
Inventories	12,721	13,783	5,692	18,347
Payables	(62,242)	6,586	(79,750)	(118,985)
Provisions	(13,446)	(11,688)	(7,219)	(1,124)
Cash generated from operations	43,594	14,617	28,127	(31,882)
Net Interest (paid)/received	(54,094)	(5,678)	(35,036)	10,458
Net income tax paid	(30,160)	(28,696)	(17,278)	(12,846)
Net cash outflow from operating activities	(40,660)	(19,757)	(24,187)	(34,270)
Cash Flows from Investing Activities				
Acquisition of subsidiaries, net of cash acquired	-	2,339	-	-
Investment in associated company	(13,715)	(4,711)	-	-
Proceeds from loans receivables	50	21	15	26
Dividends received from joint venture	25	-	-	-
Dividends received from other investment	670	-	670	-
Purchase of property, plant and equipment	(284,361)	(762,994)	(89,558)	(378,443)
Purchase of intangible assets	(2,624)	(1,093)	(1,573)	(258)
Proceeds from disposal of subsidiaries, net of cash disposed of	-	4	-	4
Proceeds from disposal of assets classified as held-for-sale	15,034	331,834	8,929	8,409
Proceeds from disposal of property, plant and equipment	12,302	65,225	10,822	48,867
Proceeds from disposal of other assets	2,886	193	1,011	164
Net cash outflow from investing activities	(269,733)	(369,182)	(69,684)	(321,231)
Cash Flows from Financing Activities				
Proceeds from borrowings	2,541,822	3,049,652	1,189,342	1,608,282
Net cash outflow contributed by employee benefit trust	(209)	(242)	(179)	(264)
Dividends paid to non-controlling interest	(1,875)	(2,439)	(1,875)	(61)
Proceeds from issue of new ordinary shares	-	280	-	104
Repayment of borrowings	(2,389,463)	(2,331,446)	(879,859)	(1,339,294)
Payment of costs incurred in connection with long term financing	(1,871)	(1,012)	-	-
Net cash inflow from financing activities	148,404	714,793	307,429	268,767
Net (decrease)/increase in cash and cash equivalents	(161,989)	325,854	213,558	(86,734)
Cash and cash equivalents at beginning of financial period	980,993	896,978	605,446	1,309,566
Cash and cash equivalents at end of financial period	819,004	1,222,832	819,004	1,222,832

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

GROUP	Capital and reserves attributable to owners of the Company							
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Statutory and other reserves	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 28 December 2013	1,830,222	(5,216)	(6,146)	(1,195)	288,733	(29,295)	53,708	2,130,811
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,502	-	1,502
- new shares issued	3,250	-	-	-	-	(3,250)	-	-
Sale of shares by employee benefit trust	-	-	200	-	-	-	-	200
Share of statutory reserves of associated company	-	-	-	-	-	21	-	21
Total comprehensive income for the financial period	-	-	-	-	(97,936)	(10,927)	2,078	(106,785)
Balance at 4 April 2014	1,833,472	(5,216)	(5,946)	(1,195)	190,797	(41,949)	55,786	2,025,749
Dividends to non-controlling interest	-	-	-	-	-	-	(3,750)	(3,750)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	(641)	-	(641)
- new shares issued	588	-	-	-	-	(588)	-	-
Purchase of shares by employee benefit trust	-	-	(250)	-	-	-	-	(250)
Share of statutory reserves of associated company	-	-	-	-	-	20	-	20
Total comprehensive income for the financial period	-	-	-	-	(53,741)	(2,720)	2,481	(53,980)
Balance at 27 June 2014	1,834,060	(5,216)	(6,196)	(1,195)	137,056	(45,878)	54,517	1,967,148

Capital and reserves attributable to owners of the Company

GROUP	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Statutory and other reserves	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 29 December 2012	1,826,723	(5,216)	(5,320)	(1,195)	373,033	(48,606)	53,689	2,193,108
Dividends to non-controlling interest	-	-	-	-	-	-	(2,378)	(2,378)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	1,782	-	1,782
- new shares issued	3,003	-	-	-	-	(2,827)	-	176
Sale of shares by employee benefit trust	-	-	70	-	-	-	-	70
Acquisition of subsidiaries	-	-	-	-	-	-	1,041	1,041
Share of other changes in equity of associated company	-	-	-	-	-	(274)	-	(274)
Total comprehensive income for the financial period	-	-	-	-	75,509	(6,011)	1,110	70,608
Transfer from retained earnings to statutory reserves	-	-	-	-	(3,135)	3,135	-	-
Balance at 5 April 2013	1,829,726	(5,216)	(5,250)	(1,195)	445,407	(52,801)	53,462	2,264,133
Dividends to non-controlling interest	-	-	-	-	-	-	(61)	(61)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	(147)	-	(147)
- new shares issued	138	-	-	-	-	(34)	-	104
Purchase of shares by employee benefit trust	-	-	(466)	-	-	-	-	(466)
Disposal of subsidiaries	-	-	-	-	-	-	3	3
Share of statutory reserves of associated company	-	-	-	-	-	6	-	6
Total comprehensive income for the financial period	-	-	-	-	(34,616)	(8,732)	256	(43,092)
Transfer from retained earnings to statutory reserves	-	-	-	-	(167)	167	-	-
Balance at 28 June 2013	1,829,864	(5,216)	(5,716)	(1,195)	410,624	(61,541)	53,660	2,220,480

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 28 December 2013	1,830,222	(5,216)	(1,195)	1,168,368	33,237	3,025,416
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,502	1,502
- new shares issued	3,250	-	-	-	(3,250)	-
Total comprehensive income for the financial period	-	-	-	(12,243)	(4,723)	(16,966)
Balance at 4 April 2014	1,833,472	(5,216)	(1,195)	1,156,125	26,766	3,009,952
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	(641)	(641)
- new shares issued	588	-	-	-	(588)	-
Total comprehensive income for the financial period	-	-	-	(12,298)	(1,356)	(13,654)
Balance at 27 June 2014	1,834,060	(5,216)	(1,195)	1,143,827	24,181	2,995,657

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 29 December 2012	1,826,723	(5,216)	(1,195)	1,019,738	28,586	2,868,636
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	1,782	1,782
- new shares issued	3,003	-	-	-	(2,827)	176
Total comprehensive income for the financial period	-	-	-	(8,063)	3,207	(4,856)
Balance at 5 April 2013	1,829,726	(5,216)	(1,195)	1,011,675	30,748	2,865,738
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	(147)	(147)
- new shares issued	138	-	-	-	(34)	104
Total comprehensive income for the financial period	-	-	-	173,006	(3,258)	169,748
Balance at 28 June 2013	1,829,864	(5,216)	(1,195)	1,184,681	27,309	3,035,443

- 1.(d)(ii) **Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Issued and paid up capital

As at 4 April 2014, the Company's issued and paid-up capital (including treasury shares) comprised 2,594,641,448 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,592,914,731 ordinary shares.

During the 3 months ended 27 June 2014, the Company issued and allotted 544,094 ordinary shares upon the vesting of performance shares granted under the NOL Performance Share Plan 2010 ("NOL PSP 2010").

As at 27 June 2014, the Company's issued and paid-up capital (including treasury shares) comprised 2,595,185,542 ordinary shares. The Company's issued and paid-up capital (excluding treasury shares) comprised 2,593,458,825 (27 December 2013: 2,590,031,729) ordinary shares.

Share options

As at 4 April 2014, there were 36,000,794 outstanding share options to subscribe for unissued ordinary shares exercisable at any time during the exercise periods under the NOL Share Option Plan ("NOL SOP").

During the 3 months ended 27 June 2014, 926,031 share options were cancelled.

As at 27 June 2014, share options to subscribe for 35,074,763 (28 June 2013: 36,856,584) ordinary shares remain outstanding under the NOL SOP.

Restricted shares

As at 4 April 2014, there were 9,339,603 outstanding restricted shares under the NOL Restricted Share Plan 2010 ("NOL RSP 2010").

During the 3 months ended 27 June 2014, 312,338 restricted shares were cancelled.

As at 27 June 2014, 9,027,265 (28 June 2013: 6,423,762) restricted shares remain outstanding under the NOL RSP 2010.

Performance shares

As at 4 April 2014, there were 11,072,028 outstanding performance shares under the NOL PSP 2010.

During the 3 months ended 27 June 2014, 2,584,571 performance shares were cancelled and 544,094 performance shares were vested.

As at 27 June 2014, 7,943,363 (28 June 2013: 6,247,696) performance shares remain outstanding under the NOL PSP 2010.

Treasury shares

As at 4 April 2014, there were 1,726,717 treasury shares that may be re-issued upon the exercise of options under the NOL SOP and the vesting of restricted shares and performance shares under the NOL RSP 2010 and NOL PSP 2010 respectively.

During the 3 months ended 27 June 2014, no treasury shares were sold, transferred, disposed, cancelled and/or re-issued by the Company pursuant to the NOL SOP, NOL RSP 2010 and NOL PSP 2010.

In addition, no shares were purchased for the purposes of fulfilling the Company's obligations under the NOL SOP, NOL RSP 2010 and NOL PSP 2010.

As at 27 June 2014, there were 1,726,717 (28 June 2013: 1,726,717) treasury shares remaining that have not been re-issued.

2. Basis of Preparation

The preparation of the second quarter 2014 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 27 June 2014 and the reported amounts of revenue and expenses during the financial period from 28 December 2013 to 27 June 2014. 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 second quarter ended 27 June 2014 to be false or misleading in any material aspect.

On behalf of the board of directors

QUEK SEE TIAT
Director

NG YAT CHUNG
Director

Dated this 7 August 2014

4. Audit or Review of Figures

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

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

N.A.

6. Contingent Liability

Tax Exposures

The U.S. Internal Revenue Service ("the IRS") audited the 2007, 2008 and 2009 US federal tax returns of APL Limited, a subsidiary company within the NOL Group ("the Group"). In May 2014, the IRS issued a Revenue Agent Report ("RAR") with certain adjustments. APL Limited disagrees with the IRS's adjustments and consequently filed its protest letter on 12 June 2014, requesting the matter be referred to the IRS Office of Appeals. The Group is not able to determine with certainty the ultimate outcome of the IRS eventual assessment. As of end of Quarter 2, 2014, based on available facts and information, the Group believes that it has provided adequate provisions for the open matters referred to in the RAR.

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 27 December 2013.

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 28 December 2013, the Group and the Company adopted the new or revised Singapore Financial Reporting Standards ("FRS"), which are effective for the Group's financial period beginning 28 December 2013.

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

FRS 32	: Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2014)
FRS 39	: Novation of Derivatives and Continuation of Hedge Accounting (Effective for annual periods beginning on or after 1 January 2014)
FRS 110 and FRS 27	: Consolidated Financial Statements and Separate Financial Statements (Revised) (Effective for annual periods beginning on or after 1 January 2014)
FRS 111 and FRS 28	: Joint Arrangement and Investment in Associates and Joint Ventures (Revised) (Effective for annual periods beginning on or after 1 January 2014)
FRS 112	: Disclosure of Interests in Other Entities (Effective for annual periods beginning on or after 1 January 2014)
Amendments to FRS36	: Recoverable Amount Disclosures for Non-financial Assets

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies and did not have any significant impact on the financial position and results of the Group and the Company.

8.(b) Comparatives

Comparative figures have been restated due to the change in definition of Core EBIT.

9.

	YTD 2014	YTD 2013	Q2 2014	Q2 2013
GROUP				
(Loss)/Earnings per ordinary share after deducting any provision for preference dividends (adjusted to exclude shares held by employee benefit trust and treasury shares)				
a) Based on the weighted average number of ordinary shares on issue	(5.87 US cts)	1.58 US cts	(2.08 US cts)	(1.34 US cts)
b) On a fully diluted basis (detailing any adjustments made to the earnings)	(5.87 US cts)	1.58 US cts	(2.08 US cts)	(1.34 US cts)

10. Net Asset Value

	Group			Company		
	27 Jun 2014 US\$	27 Dec 2013 US\$	Inc / (Dec) %	27 Jun 2014 US\$	27 Dec 2013 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital (adjusted to exclude treasury shares) of the issuer	0.74	0.80	(7.50)	1.16	1.17	(0.85)

11. Review of the Performance of the Group

Income Statement:YTD 2014 vs YTD 2013

NOL Group achieved revenue of US\$4.33 billion (YTD 2013: US\$4.43 billion), a decrease of US\$0.11 billion. This was mainly due to decrease in Liner revenue from lower freight rates.

The Group's cost of sales decreased by US\$0.12 billion or 3% year-on-year (YoY) to US\$4.05 billion mainly due to operational cost efficiencies.

Other miscellaneous gains decreased by US\$202 million or 94% YoY to US\$13 million mainly due to disposal of NOL building in YTD 2013.

Finance expenses increased by US\$40 million or 163% YoY to US\$65 million mainly due to higher interest expenses from higher average loan balances and interest rates and realised gains from financial hedging instruments in YTD 2013.

Other operating expenses decreased by US\$21 million or 64% YoY to US\$12 million mainly due to foreign exchange gain in YTD 2014.

Despite the Group making losses, tax expense was incurred mainly due to certain entities in the Group generating tax assessable income in the jurisdictions in which they operate. Tax expense decreased US\$22 million or 72% YoY to US\$9 million mainly due to write-back of provision relating to prior years.

The Group recorded net loss attributable to owners of the Company of US\$152 million in YTD 2014 compared to net profit of US\$41 million in YTD 2013 mainly due to one time gain from disposal of NOL building in YTD 2013. Despite weak global economic conditions, the Group narrowed its net operating losses due to continued efficiency and cost management efforts.

Q2 2014 vs Q2 2013

NOL Group achieved revenue of US\$2.05 billion (Q2 2013: US\$2.06 billion), a decrease of US\$0.01 billion. This was mainly due to decrease in Liner revenue from lower volume.

The Group's cost of sales decreased by US\$0.03 billion or 2% YoY to US\$1.88 billion mainly due to operational cost efficiencies.

Other miscellaneous gains decreased by US\$8 million or 55% YoY to US\$7 million mainly due to lesser gain on disposal of assets in Q2 2014.

Finance expenses increased by US\$33 million mainly due to realised gains from financial hedging instruments in Q2 2013.

Despite the Group making losses, tax expense was incurred mainly due to certain entities in the Group generating tax assessable income in the jurisdictions in which they operate. Tax expense decreased by US\$7 million or 50% YoY to US\$7 million mainly due to write-back of provision relating to prior years.

The Group recorded net loss attributable to owners of the Company of US\$54 million in Q2 2014 compared to net loss of US\$35 million in Q2 2013 mainly due to decrease in Liner revenue from lower volume.

Balance Sheet:

NOL Group's total assets decreased by US\$76 million from US\$9.03 billion as at 27 December 2013 to US\$8.95 billion as at 27 June 2014. The decrease in total assets was mainly due to decrease in cash and cash equivalents, partially offset by increase in property, plant and equipment. Please refer to the explanation below for the decrease in cash and cash equivalents. The increase in property, plant and equipment was mainly due to progressive payments made for previously ordered new vessels.

The Group's total liabilities increased by US\$88 million from US\$6.90 billion as at 27 December 2013 to US\$6.99 billion as at 27 June 2014. The increase in total liabilities was mainly due to increase in borrowings [see Note 1(b)(ii)] during YTD 2014.

The Group's total equity decreased by US\$164 million from US\$2.13 billion as at 27 December 2013 to US\$1.97 billion as at 27 June 2014 mainly due to net loss incurred during YTD 2014.

Cashflow:

NOL Group's cash and cash equivalents decreased by US\$162 million from US\$0.98 billion as at 27 December 2013 to US\$0.82 billion as at 27 June 2014 mainly due to net cash outflow from investing activities of US\$270 million and net cash outflow from operating activities of US\$41 million, partially offset by net cash inflow from financing activities of US\$148 million. Net cash outflow from investing activities was mainly due to progressive payments made for previously ordered new vessels. Net cash inflow from financing activities was mainly due to net proceeds from borrowings.

	YTD 2014 US\$m	YTD 2013 US\$m	Q2 2014 US\$m	Q2 2013 US\$m
(a) Revenue				
Liner	3,567	3,695	1,689	1,728
Logistics	802	781	379	354
Elimination	(40)	(41)	(18)	(18)
Total	4,329	4,435	2,050	2,064
(b) Core EBIT⁵				
Liner	(112)	(133)	(29)	(41)
Logistics	32	26	14	10
Total	(80)	(107)	(15)	(31)

⁵ Earnings before Net Finance, Tax and Exceptional (Non-Recurring) Items. With effect from Q3 2013, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers have been restated accordingly.

(c) **Analysis by Business Units**

(i) **Liner**

YTD 2014 vs YTD 2013

Liner achieved YTD 2014 revenue of US\$3.6 billion, a year-on-year (YoY) decrease of 3% mainly due to lower freight rates.

Volume decreased by 2%YoY mainly due to lower volume in the Intra-Asia trade lane.

Liner maintained high utilisation rate >90% through strict capacity management.

Cost of sales per FEU decreased by 2% YoY mainly due to operational cost efficiencies.

Weaker freight rates, mainly in the Transpacific and Intra-Asia trade lanes, lowered average revenue per FEU to US\$2,273 or 3% lower YoY.

As a result of cost & operational efficiencies, Liner reduced its Core EBIT loss by 16% YoY to US\$112 million in YTD 2014.

Q2 2014 vs Q2 2013

Liner achieved Q2 2014 revenue of US\$1.7 billion, a year-on-year (YoY) decrease of 2% mainly due to lower volume.

Volume decreased by 6%YoY mainly due to lower volume in the Intra-Asia trade lane.

Liner maintained high utilisation rate >90% through strict capacity management.

Cost of sales per FEU increased by 3% YoY mainly due to a spike in North America operating costs.

Average revenue per FEU was marginally higher YoY at US\$2,320.

As a result of cost & operational efficiencies, Liner reduced its Core EBIT loss by 29% YoY to US\$29 million in Q2 2014.

LINER Q2 RESULTS 2014 and 2013

Unaudited

	YTD 2014	YTD 2013	Q2 2014	Q2 2013
Load Factors %				
Transpacific and Asia-Latin America/Mexico Eastbound	92%	88%	91%	86%
Intra-Asia Westbound	98%	96%	100%	99%
Asia-Europe Westbound	97%	91%	94%	90%
Transatlantic Westbound	91%	82%	90%	85%
Headhaul	95%	90%	95%	90%
Volume ('000 FEU)				
Transpacific	418	419	194	195
Intra-Asia	636	660	292	320
Asia-Europe	220	210	101	101
Latin America	96	100	43	48
Transatlantic	77	88	32	41
Total Volume ⁶	1,447	1,477	662	705
Average Revenue/FEU (US\$/FEU)				
Transpacific	3,324	3,465	3,361	3,458
Intra-Asia	1,340	1,439	1,430	1,454
Asia-Europe	2,421	2,284	2,433	2,144
Latin America	3,190	3,522	3,089	3,448
Transatlantic	2,723	2,650	2,771	2,675
Total	2,273	2,347	2,320	2,315

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

(ii) **Logistics**

YTD 2014 vs YTD 2013

Logistics achieved YTD 2014 revenue of US\$802 million, increasing 3% YoY from revenue growth across all regions.

Core EBIT of US\$32 million for YTD 2014, a 23% increase YoY mainly due to business growth and cost discipline.

Q2 2014 vs Q2 2013

Logistics achieved Q2 2014 revenue of US\$379 million, increasing 7% YoY from revenue growth across all regions.

As a result of business growth & cost discipline, Logistics achieved Core EBIT of US\$14 million for Q2 2014, a 40% increase YoY.

LOGISTICS Q2 RESULTS 2014 and 2013

Unaudited

US\$ millions

	YTD 2014	YTD 2013	Q2 2014	Q2 2013
BY REGION				
Revenue				
Americas	503	493	241	222
Europe	80	73	36	34
Asia/Middle East	219	215	102	98
Total Revenue	802	781	379	354

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

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

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

Global economic prospects are uncertain. Persistent oversupply of shipping capacity is expected to limit the pace of liner freight rate recovery. The Group aims to improve its financial performance in 2014, through its continued focus on cost management and operational efficiency.

14. **Dividend**

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

Nil

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

Nil

(c) **Date payable**

N.A.

(d) **Books closure date**

N.A.

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

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

15. **Interested Person Transactions**

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	YTD 2014 US\$'000	YTD 2013 US\$'000	Q2 2014 US\$'000	Q2 2013 US\$'000
Transactions for the Purchase of Goods and Services				
PSA Corporation Limited and its associates	111,071	103,566	49,304	50,745
Singapore Telecommunications Limited and its associates	145	139	46	94
Certis CISCO Security Pte. Ltd	91	155	91	114

The above relates to cumulative value of transactions (inclusive of GST) more than S\$100,000.

BY ORDER OF THE BOARD

LOOI LEE HWA AND WONG KIM WAH
Company Secretaries

Dated this 7 August 2014