



NEPTUNE ORIENT LINES LIMITED (Reg. No. 196800632D)  
Unaudited Quarterly Financial Information  
For the 2nd Quarter Ended 27 June 2008

## 1.(a)(i) Consolidated Income Statement

	Group			Group		
	YTD 2008 US\$'000	YTD 2007 US\$'000	% Increase/ (Decrease)	Q2 2008 US\$'000	Q2 2007 US\$'000	% Increase/ (Decrease)
Revenue	4,642,536	3,707,135	25	2,235,621	1,809,950	24
Cost of sales	(4,059,752)	(3,210,077)	26	(1,960,574)	(1,537,084)	28
Gross profit	582,784	497,058	17	275,047	272,866	1
Other gains (net)						
- Miscellaneous	27,516	20,528	34	7,006	11,283	(38)
- Finance and investment income	8,004	16,143	(50)	5,386	6,603	(18)
Expenses						
- Administrative	(367,074)	(335,172)	10	(183,680)	(168,833)	9
- Finance	(14,621)	(25,295)	(42)	(7,133)	(11,749)	(39)
- Other operating	(20,597)	(18,799)	10	(11,425)	(7,806)	46
Share of results of associated companies	2,412	1,298	86	1,279	607	111
Share of results of joint ventures	3,262	2,897	13	1,492	1,645	(9)
Profit before income tax	221,686	158,658	40	87,972	104,616	(16)
Income tax expense	(21,915)	(18,619)	18	(10,648)	(9,685)	10
Net profit for the financial period	199,771	140,039	43	77,324	94,931	(19)
Attributable to:						
Equity holders of the Company	196,495	135,762	45	75,767	93,042	(19)
Minority interest	3,276	4,277	(23)	1,557	1,889	(18)
	199,771	140,039	43	77,324	94,931	(19)

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

	Group			Group		
	YTD 2008 US\$'000	YTD 2007 US\$'000	% Increase/ (Decrease)	Q2 2008 US\$'000	Q2 2007 US\$'000	% Increase/ (Decrease)
(A) Investment Income	38	22	73	9	22	(59)
(B) Other Income Including Interest Income	8,115	21,759	(63)	4,108	10,316	(60)
(C) Interest on Borrowings	(10,426)	(21,711)	(52)	(5,288)	(9,781)	(46)
(D) Depreciation and Amortisation	(126,119)	(123,102)	2	(60,197)	(57,912)	4
(E) Allowance for Doubtful Debts and Bad Debts Written Off	(2,827)	(6,760)	(58)	(1,442)	(1,815)	(21)
(F) Foreign Exchange Gain	3,748	5,008	(25)	2,502	3,041	(18)
(G) Adjustment for (Under)/Over Provision for Tax in Prior Years	(2,809)	(61)	4,505	(1,871)	186	N/M
(H) Profit on Sale of Investments, Property, Plant and Equipment and Investment Properties	21,486	11,977	79	3,512	6,288	(44)
(I) Write-off of Inventories	(14)	-	N/M	(7)	-	N/M

## 1.(b)(i) Balance Sheets

	Group			Company		
	27 June 2008 US\$'000	28 Dec 2007 US\$'000	% Increase/ (Decrease)	27 June 2008 US\$'000	28 Dec 2007 US\$'000	% Increase/ (Decrease)
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	273,041	504,365	(46)	18,411	44,584	(59)
Trade and other receivables <sup>1</sup>	1,121,767	1,044,710	7	824,205	579,694	42
Inventories at cost	244,943	161,126	52	-	-	0
Derivative financial instruments	13,761	119,918	(89)	91	57,990	(100)
Other current assets	73,156	54,004	35	643	589	9
<b>Total current assets</b>	<b>1,726,668</b>	<b>1,884,123</b>	<b>(8)</b>	<b>843,350</b>	<b>682,857</b>	<b>24</b>
<b>Non-current Assets</b>						
Investments in subsidiaries	-	-	0	996,514	996,358	0
Investments in associated companies	25,264	15,107	67	1	1	0
Investments in joint ventures	25,357	23,004	10	-	-	0
Available-for-sale financial assets	214	147	46	-	-	0
Property, plant and equipment	3,482,860	2,812,777	24	460,000	283,111	62
Investment properties	22,222	21,348	4	-	-	0
Deferred charges	3,746	4,213	(11)	-	-	0
Intangible assets	30,296	32,927	(8)	122	141	(13)
Goodwill arising on consolidation	129,083	121,454	6	-	-	0
Deferred income tax assets	21,416	20,506	4	-	-	0
Other non-current assets	71,170	73,105	(3)	2,326	2,586	(10)
<b>Total non-current assets</b>	<b>3,811,628</b>	<b>3,124,588</b>	<b>22</b>	<b>1,458,963</b>	<b>1,282,197</b>	<b>14</b>
<b>TOTAL ASSETS</b>	<b>5,538,296</b>	<b>5,008,711</b>	<b>11</b>	<b>2,302,313</b>	<b>1,965,054</b>	<b>17</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	1,291,371	1,116,496	16	134,620	93,498	44
Current income tax liabilities	27,931	32,313	(14)	18,277	18,660	(2)
Borrowings	305,732	54,263	463	285,062	2,268	12,469
Provisions	34,116	38,572	(12)	370	370	0
Deferred income	2,344	4,663	(50)	-	-	0
Derivative financial instruments	6,743	59,406	(89)	36	57,931	(100)
Other current liabilities <sup>2</sup>	262,073	238,218	10	-	-	0
<b>Total current liabilities</b>	<b>1,930,310</b>	<b>1,543,931</b>	<b>25</b>	<b>438,365</b>	<b>172,727</b>	<b>154</b>
<b>Non-current Liabilities</b>						
Borrowings	625,529	537,252	16	-	-	0
Provisions	128,515	123,613	4	-	-	0
Deferred income	524	537	(2)	-	-	0
Deferred income tax liabilities	19,385	18,180	7	11,405	11,310	1
Other non-current liabilities	77,177	77,981	(1)	-	-	0
<b>Total non-current liabilities</b>	<b>851,130</b>	<b>757,563</b>	<b>12</b>	<b>11,405</b>	<b>11,310</b>	<b>1</b>
<b>TOTAL LIABILITIES</b>	<b>2,781,440</b>	<b>2,301,494</b>	<b>21</b>	<b>449,770</b>	<b>184,037</b>	<b>144</b>
<b>NET ASSETS</b>	<b>2,756,856</b>	<b>2,707,217</b>	<b>2</b>	<b>1,852,543</b>	<b>1,781,017</b>	<b>4</b>
<b>EQUITY</b>						
Share capital	845,379	840,738	1	845,379	840,738	1
Treasury shares	(5,216)	(6,926)	(25)	(5,216)	(6,926)	(25)
	840,163	833,812	1	840,163	833,812	1
Shares held by employee benefit trust	(1,087)	(610)	78	-	-	0
Treasury share reserve	(1,195)	(78)	1,432	(1,195)	(78)	1,432
Retained earnings	1,813,761	1,726,025	5	982,098	918,017	7
Other reserves	62,865	102,769	(39)	31,477	29,266	8
Capital and reserves attributable to equity holders of the Company	2,714,507	2,661,918	2	1,852,543	1,781,017	4
Minority interest	42,349	45,299	(7)	-	-	0
<b>TOTAL EQUITY</b>	<b>2,756,856</b>	<b>2,707,217</b>	<b>2</b>	<b>1,852,543</b>	<b>1,781,017</b>	<b>4</b>
<b>Net current (liabilities)/assets</b>	<b>(203,642)</b>	<b>340,192</b>	<b>N/M</b>	<b>404,985</b>	<b>510,130</b>	<b>(21)</b>

<sup>1</sup> 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.

<sup>2</sup> Other current liabilities relates to deferred revenue arising from the percentage-of-completion method for revenue recognition.

1.(b)(ii) Borrowings

The Group As at 27 June 2008	Secured bank loans US\$'000	Unsecured bank loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable in one year or less, or on demand	57,089	247,094	1,549	305,732
Amount repayable on or before 27 June:				
2010	9,309	-	1,654	10,963
2011	11,738	-	1,732	13,470
2012	12,120	-	1,854	13,974
2013	13,519	-	1,964	15,483
Thereafter	58,569	444,018	69,052	571,639
	<b>162,344</b>	<b>691,112</b>	<b>77,805</b>	<b>931,261</b>

As at 28 December 2007	Secured bank loans US\$'000	Unsecured bank loans US\$'000	Secured finance lease liabilities US\$'000	Total US\$'000
Amount repayable in one year or less, or on demand	6,897	47,307	59	54,263
Amount repayable in :				
2009	7,113	-	38	7,151
2010	11,935	-	25	11,960
2011	12,311	-	-	12,311
2012	11,891	-	-	11,891
Thereafter	50,234	443,705	-	493,939
	<b>100,381</b>	<b>491,012</b>	<b>122</b>	<b>591,515</b>

The bank loans are secured mainly on vessels, and the finance lease liabilities are secured mainly on a vessel, equipment and motor vehicles.

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 27 June 2008	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others US\$'000	Total US\$'000
Amount repayable for the remainder of 2008	381,944	8,210	39,985	18,375	38,074	486,588
Amount repayable in :						
2009	726,522	11,854	88,878	23,314	62,557	913,125
2010	716,657	507	87,617	17,451	39,722	861,954
2011	630,151	-	87,724	15,844	28,697	762,416
2012	548,534	-	84,257	13,286	21,280	667,357
Thereafter	1,561,114	-	978,560	23,171	44,651	2,607,496
	<b>4,564,922</b>	<b>20,571</b>	<b>1,367,021</b>	<b>111,441</b>	<b>234,981</b>	<b>6,298,936</b>

As at 28 December 2007	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others US\$'000	Total US\$'000
Amount repayable in one year or less	630,000	19,803	85,551	28,488	72,186	836,028
Amount repayable in :						
2009	612,894	11,865	86,403	14,917	55,769	781,848
2010	593,110	507	87,413	9,708	34,310	725,048
2011	544,566	-	87,652	8,662	24,856	665,736
2012	483,102	-	84,529	8,662	17,931	594,224
Thereafter	1,682,878	-	1,000,970	19,319	41,096	2,744,263
	<b>4,546,550</b>	<b>32,175</b>	<b>1,432,518</b>	<b>89,756</b>	<b>246,148</b>	<b>6,347,147</b>

## 1.(c) Consolidated Cash Flow Statement

	Group			
	YTD 2008 US\$'000	YTD 2007 US\$'000	Q2 2008 US\$'000	Q2 2007 US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	221,686	158,658	87,972	104,616
Adjustments for :				
Amortisation of non-current assets and deferred income	385	1,305	117	846
Depreciation of property, plant and equipment	125,511	121,560	59,986	56,952
Depreciation of investment properties	223	237	94	114
Premium on bunker call option	2,881	2,493	548	683
Interest expense	10,426	21,711	5,288	9,781
Interest income	(4,580)	(15,705)	(1,759)	(6,473)
Investment income	(38)	(22)	(9)	(22)
Share-based compensation costs	6,140	5,257	2,915	2,854
Write-off of inventories	14	-	7	-
Fair value (gains)/losses on shares held by employee benefit trust	(317)	2,370	(167)	1,146
Net profit on disposal of property, plant and equipment	(20,114)	(11,834)	(2,486)	(6,291)
Net profit on disposal of subsidiaries	(295)	-	(81)	-
Net profit on disposal of available-for-sale financial assets	(1,077)	(153)	(945)	-
Net loss on disposal of other non-current investments	-	10	-	3
Net provision for impairment of loans and non-trade debts to associated companies	4	703	-	405
Net provision for restructuring and termination costs	841	101	547	177
Net provision for insurance, litigation and other claims, net of reimbursement	12,860	14,259	6,475	8,440
Net provision for drydocking costs	2,639	1,321	1,685	267
Share of results of associated companies	(2,412)	(1,298)	(1,279)	(607)
Share of results of joint ventures	(3,262)	(2,897)	(1,492)	(1,645)
Unrealised translation (gains)/losses	(1,553)	2,141	(3,679)	1,896
Operating cash flow before working capital changes	349,962	300,217	153,737	173,142
<b>Changes in operating assets and liabilities, net of effects from disposal of subsidiaries :</b>				
Receivables	(94,098)	(74,534)	(69,413)	(111,810)
Inventories	(83,831)	(17,850)	(57,537)	(21,571)
Payables	182,888	50,840	101,958	98,611
Net amount due from associated companies	(7)	(854)	408	(215)
Cash generated from operations	354,914	257,819	129,153	138,157
Interest paid	(12,371)	(21,966)	(4,501)	(7,904)
Interest received	6,676	15,706	1,702	7,372
Net income tax paid	(26,141)	(21,968)	(16,224)	(10,980)
Net cash inflow from operating activities	323,078	229,591	110,130	126,645
<b>Cash Flows from Investing Activities</b>				
Acquisition of additional interests in subsidiaries	(8,591)	(81)	(8,591)	(81)
Investment in an associated company	(6,485)	-	(410)	-
Net proceeds from/(repayment of) loans receivable	216	24	200	(28)
Investment income received	38	22	9	22
Dividends received from an associated company	100	-	100	-
Additions in other non-current investments	-	(710)	-	(553)
Purchase of property, plant and equipment	(803,578)	(345,968)	(269,414)	(206,555)
Purchase of intangible assets	(600)	(441)	(185)	(380)
Proceeds from disposal of property, plant and equipment	31,339	15,604	5,835	8,376
Proceeds from disposal of an investment property	-	4,245	-	4,245
Proceeds from disposal of available-for-sale financial assets	1,077	165	945	-
Proceeds from disposal of other non-current investments	909	76	419	1
Net cash inflow (net of transaction costs) from disposal of subsidiaries, net of cash disposed <sup>3</sup>	757	13,194	757	516
Net cash outflow from investing activities	(784,818)	(313,870)	(270,335)	(194,437)
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	398,108	102	321,970	102
Net cash inflow/(outflow) contributed by employee benefit trust	40	-	(222)	1,548
Dividends paid to equity holders	(108,759)	(38,671)	(108,759)	(38,671)
Dividends paid to minority interest	(4,834)	(897)	(1,611)	(71)
Proceeds from issue of new ordinary shares	1,904	11,777	1,664	8,143
Proceeds from re-issuance of treasury shares	27	-	-	-
Purchase of treasury shares	(621)	-	(621)	-
Repayment of borrowings	(55,328)	(73,083)	(23,525)	(31,557)
Payment of costs incurred in connection with long term financing	(121)	(1,500)	(18)	-
Net cash inflow/(outflow) from financing activities	230,416	(102,272)	188,878	(60,506)
Net (decrease)/increase in cash and cash equivalents	(231,324)	(186,551)	28,673	(128,298)
Cash and cash equivalents at beginning of financial period	504,365	694,313	244,368	636,060
Cash and cash equivalents at end of financial period	273,041	507,762	273,041	507,762

1.(c) Consolidated Cash Flow Statement (continued)

<sup>3</sup> Summary of Effect of Disposal of Subsidiaries on the Group's Cash Flow

	Group			
	YTD 2008 US\$'000	YTD 2007 US\$'000	Q2 2008 US\$'000	Q2 2007 US\$'000
Net assets disposed :				
Other non-current assets	-	8,425	-	585
Current assets	730	11,951	730	197
Current liabilities	(483)	(3,261)	(483)	(46)
Non-current liabilities	-	(169)	-	-
Net attributable assets disposed	247	16,946	247	736
Less : Minority interest	-	3,669	-	-
Add : Foreign currency translation reserve	766	(1,096)	980	(32)
	1,013	19,519	1,227	704
Net profit on disposal of subsidiaries	295	-	81	-
Net proceeds from disposal of subsidiaries	1,308	19,519	1,308	704
Less : Cash of subsidiaries disposed	(551)	(6,325)	(551)	(188)
Net cash inflow (net of transaction costs) from disposal of subsidiaries, net of cash disposed	757	13,194	757	516

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

GROUP	Capital and reserves attributable to equity holders of the Company							Total equity US\$'000
	Share capital	Treasury shares	Shares held by employee benefit trust	Treasury shares reserve	Retained earnings	Other reserves	Minority interest	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 29 December 2007	840,738	(6,926)	(610)	(78)	1,726,025	102,769	45,299	2,707,217
Fair value gains on cash flow hedges	-	-	-	-	-	5,457	-	5,457
Fair value gains on cash flow hedges transferred to the income statement	-	-	-	-	-	(44,883)	-	(44,883)
Fair value gains on available-for-sale financial asset	-	-	-	-	-	33	-	33
Tax on fair value gains and losses	-	-	-	-	-	(777)	-	(777)
Currency translation differences	-	-	(31)	-	-	5,806	(106)	5,669
Net losses recognised directly in equity	-	-	(31)	-	-	(34,364)	(106)	(34,501)
Net profit for the financial period	-	-	-	-	120,728	-	1,719	122,447
Total (losses)/gains recognised for the financial period	-	-	(31)	-	120,728	(34,364)	1,613	87,946
Dividends to minority interest	-	-	-	-	-	-	(3,223)	(3,223)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	3,225	-	3,225
- new shares issued	2,977	-	-	-	-	(2,737)	-	240
- treasury shares re-issued	-	2,331	-	(1,117)	-	(1,187)	-	27
Balance at 4 April 2008	843,715	(4,595)	(641)	(1,195)	1,846,753	67,706	43,689	2,795,432
Fair value gains on cash flow hedges	-	-	-	-	-	5,144	-	5,144
Fair value gains on cash flow hedges transferred to the income statement	-	-	-	-	-	(16,486)	-	(16,486)
Fair value gains on available-for-sale financial asset	-	-	-	-	-	34	-	34
Tax on fair value gains and losses	-	-	-	-	-	1,260	-	1,260
Currency translation differences	-	-	-	-	-	2,292	(324)	1,968
Net losses recognised directly in equity	-	-	-	-	-	(7,756)	(324)	(8,080)
Net profit for the financial period	-	-	-	-	75,767	-	1,557	77,324
Total gains/(losses) recognised for the financial period	-	-	-	-	75,767	(7,756)	1,233	69,244
Dividends to equity holders	-	-	-	-	(108,759)	-	-	(108,759)
Dividends to minority interest	-	-	-	-	-	-	(1,611)	(1,611)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	(962)	(962)
Employee equity compensation schemes:								
- value of employee services	-	-	-	-	-	2,915	-	2,915
- new shares issued	1,664	-	-	-	-	-	-	1,664
Purchase of treasury shares	-	(621)	-	-	-	-	-	(621)
Purchase of shares by employee benefit trust	-	-	(446)	-	-	-	-	(446)
Balance at 27 June 2008	845,379	(5,216)	(1,087)	(1,195)	1,813,761	62,865	42,349	2,756,856

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

GROUP	Capital and reserves attributable to equity holders of the Company					Total equity US\$'000
	Share capital	Shares held by employee benefit trust	Retained earnings	Other reserves	Minority interest	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 30 December 2006	822,066	(2,482)	1,280,755	8,378	33,378	2,142,095
Fair value gains on cash flow hedges	-	-	-	8,134	-	8,134
Fair value losses on cash flow hedges transferred to the income statement	-	-	-	17,314	-	17,314
Fair value loss on available-for-sale financial asset	-	-	-	(39)	-	(39)
Tax on fair value gains and losses	-	-	-	(378)	-	(378)
Currency translation differences	-	-	-	(680)	18	(662)
Net gains recognised directly in equity	-	-	-	24,351	18	24,369
Net profit for the financial period	-	-	42,720	-	2,388	45,108
Total gains recognised for the financial period	-	-	42,720	24,351	2,406	69,477
Dividends to minority interest	-	-	-	-	(826)	(826)
Disposal of a subsidiary	-	-	-	-	3,669	3,669
Employee equity compensation schemes:						
- value of employee services	-	-	-	2,403	-	2,403
- new shares issued	6,279	-	-	(2,645)	-	3,634
Sale of shares by employee benefit trust	-	310	-	-	-	310
Balance at 6 April 2007	828,345	(2,172)	1,323,475	32,487	38,627	2,220,762
Fair value gains on cash flow hedges	-	-	-	4,575	-	4,575
Fair value gains on cash flow hedges transferred to the income statement	-	-	-	(3,306)	-	(3,306)
Fair value loss on available-for-sale financial asset	-	-	-	(23)	-	(23)
Tax on fair value gains and losses	-	-	-	76	-	76
Currency translation differences	-	-	-	(250)	497	247
Net gains recognised directly in equity	-	-	-	1,072	497	1,569
Net profit for the financial period	-	-	93,042	-	1,889	94,931
Total gains recognised for the financial period	-	-	93,042	1,072	2,386	96,500
Dividends to equity holders	-	-	(38,671)	-	-	(38,671)
Dividends to minority interest	-	-	-	-	(71)	(71)
Acquisition of additional interests in a subsidiary	-	-	-	-	(14)	(14)
Employee equity compensation schemes:						
- value of employee services	-	-	-	2,854	-	2,854
- new shares issued	8,143	-	-	-	-	8,143
Sale of shares by employee benefit trust	-	1,239	-	-	-	1,239
Balance at 29 June 2007	836,488	(933)	1,377,846	36,413	40,928	2,290,742

## 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 29 December 2007	840,738	(6,926)	(78)	918,017	29,266	1,781,017
Fair value gains on cash flow hedges	-	-	-	-	2,461	2,461
Fair value gains on cash flow hedges transferred to the income statement	-	-	-	-	(134)	(134)
Net gains recognised directly in equity	-	-	-	-	2,327	2,327
Net profit for the financial period	-	-	-	4,816	-	4,816
Total gains recognised for the financial period	-	-	-	4,816	2,327	7,143
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	3,225	3,225
- new shares issued	2,977	-	-	-	(2,737)	240
- treasury shares re-issued	-	2,331	(1,117)	-	(1,187)	27
Balance at 4 April 2008	843,715	(4,595)	(1,195)	922,833	30,894	1,791,652
Fair value gains on cash flow hedges	-	-	-	-	159	159
Fair value gains on cash flow hedges transferred to the income statement	-	-	-	-	(2,491)	(2,491)
Net losses recognised directly in equity	-	-	-	-	(2,332)	(2,332)
Net profit for the financial period	-	-	-	168,024	-	168,024
Total gains/(losses) recognised for the financial period	-	-	-	168,024	(2,332)	165,692
Dividends to equity holders	-	-	-	(108,759)	-	(108,759)
Employee equity compensation schemes:						
- value of employee services	-	-	-	-	2,915	2,915
- new shares issued	1,664	-	-	-	-	1,664
Purchase of treasury shares	-	(621)	-	-	-	(621)
Balance at 27 June 2008	845,379	(5,216)	(1,195)	982,098	31,477	1,852,543

COMPANY	Share capital	Retained earnings	Other reserves	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 30 December 2006	822,066	852,015	21,423	1,695,504
Net profit for the financial period	-	3,863	-	3,863
Total gains recognised for the financial period	-	3,863	-	3,863
Employee equity compensation schemes:				
- value of employee services	-	-	2,403	2,403
- new shares issued	6,279	-	(2,645)	3,634
Balance at 6 April 2007	828,345	855,878	21,181	1,705,404
Net profit for the financial period	-	100,587	-	100,587
Total gains recognised for the financial period	-	100,587	-	100,587
Dividends to equity holders	-	(38,671)	-	(38,671)
Employee equity compensation schemes:				
- value of employee services	-	-	2,854	2,854
- new shares issued	8,143	-	-	8,143
Balance at 29 June 2007	836,488	917,794	24,035	1,778,317

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

Issued and paid up capital

As at 27 June 2008, the Company's issued and paid-up capital comprised 1,472,706,789 (28 December 2007: 1,469,941,544) ordinary shares.

Share options

As at 28 December 2007, there were 28,290,533 outstanding options to subscribe for unissued ordinary shares exercisable at any time during the exercise periods under the NOL Share Option Plan ("NOL SOP").

During the 6 months ended 27 June 2008, 1,177,327 share options were exercised to take up unissued shares of the Company at the subscription price of between S\$2.06 to S\$3.32 per share and 472,002 options were cancelled.

In addition, the Company granted 9,658,000 new options to subscribe for unissued ordinary shares exercisable at any time during the exercise periods under the NOL SOP.

As at 27 June 2008, options to subscribe for 36,299,204 ordinary shares remain outstanding under the NOL SOP.

Performance shares

As at 28 December 2007, there were 4,784,907 outstanding performance shares under the NOL Performance Share Plan ("NOL PSP").

During the 6 months ended 27 June 2008, 2,361,535 performance shares were vested on 2 January 2008 and 58,001 were cancelled.

In addition, the Company awarded 2,344,000 new performance shares under the NOL PSP.

As at 27 June 2008, 4,709,371 performance shares remain outstanding under the NOL PSP.

Treasury shares

As at 28 December 2007, there were 2,226,334 treasury shares that may be re-issued upon the exercise of options under the NOL SOP and the vesting of performance shares under the NOL PSP.

During the 6 months ended 27 June 2008, the Company re-issued 18,000 treasury shares pursuant to the NOL SOP at the exercise price of S\$2.20 per share, and re-issued 755,617 treasury shares pursuant to the NOL PSP.

In addition, the Company purchased 274,000 shares by way of market acquisitions at prices ranging from S\$3.11 to S\$3.15 per share, with total consideration paid amounting to US\$621,297 (including transaction costs). The share purchases were made out of the Company's capital and held as treasury shares for the purposes of fulfilling the Company's obligations under the NOL SOP and NOL PSP.

As at 27 June 2008, there were 1,726,717 treasury shares remaining that have not been re-issued.

**2. Basis of Preparation**

The preparation of the second quarter 2008 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 2008 and the reported amounts of revenue and expenses during the financial period from 29 December 2007 to 27 June 2008. 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(4) 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 2008 to be false or misleading.

On behalf of the board of directors

CHRISTOPHER LAU  
Director

RONALD WIDDOWS  
Director

Dated this 7 August 2008

**4. Audit or Review of Figures**

The figures have not been audited nor reviewed by our auditors.

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

N.A.

**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 period compared with the audited financial statements as at 28 December 2007.

**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 29 December 2007, the Group and the Company adopted the following Interpretations of FRS ("INT FRS"):

INT FRS 29	: Service Concession Arrangements: Disclosures (effective for annual periods beginning on or after 1 January 2008)
INT FRS 111	: FRS 102 - Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007)
INT FRS 112	: Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008)
INT FRS 114	: FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008)

The adoption of the above INT FRS did not have any significant impact on the Group and the Company.

7.(b) **Comparatives**

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

8. <b>GROUP</b>	<u>YTD 2008</u>	<u>YTD 2007</u>	<u>Q2 2008</u>	<u>Q2 2007</u>
<b>Earnings per ordinary share after deducting any provision for preference dividends</b>				
a) Based on the weighted average number of ordinary shares on issue (adjusted for shares held by employee benefit trust and treasury shares)	13.37 US cts	9.30 US cts	5.16 US cts	6.36 US cts
b) On a fully diluted basis (detailing any adjustments made to the earnings)	13.27 US cts	9.21 US cts	5.11 US cts	6.28 US cts

9. <b>Net Asset Value</b>	<u>Group</u>			<u>Company</u>		
	<u>27 June 2008</u> US\$	<u>28 Dec 2007</u> US\$	<u>Inc / (Dec)</u> %	<u>27 June 2008</u> US\$	<u>28 Dec 2007</u> US\$	<u>Inc / (Dec)</u> %
<b>Net Asset Value per ordinary share based on issued share capital (adjusted for treasury shares) of the issuer</b>	1.85	1.81	2.21	1.26	1.21	4.13

10. **Review of the Performance of the Group**

YTD 2008 vs YTD 2007

The NOL Group achieved revenue of US\$4.64 billion (YTD 2007: US\$3.71 billion), an increase of 25% year-on-year (YoY).

Net profit increased 45% YoY from US\$136 million in YTD 2007 to US\$196 million in YTD 2008, primarily due to improved container shipping volumes and freight rates in selected key trades.

Q2 2008 vs Q2 2007

The NOL Group achieved revenue of US\$2.24 billion (Q2 2007: US\$1.81 billion), an increase of 24% year-on-year (YoY).

Net profit decreased 19% YoY from US\$93 million in Q2 2007 to US\$76 million in Q2 2008 due to higher operating costs, particularly bunker fuel, and lower utilisation as a result of a slowing container demand growth environment.

	<u>YTD 2008</u> US\$m	<u>YTD 2007</u> US\$m	<u>Q2 2008</u> US\$m	<u>Q2 2007</u> US\$m
(a) <b>Revenue</b>				
Container Shipping	3,943	2,990	1,924	1,468
Logistics	681	624	318	299
Terminals	283	301	138	146
Others	6	6	3	2
Elimination	(270)	(214)	(147)	(105)
<b>Total</b>	<b>4,643</b>	<b>3,707</b>	<b>2,236</b>	<b>1,810</b>
(b) <b>EBIT</b>				
Container Shipping	168	105	60	77
Logistics	30	26	13	14
Terminals	31	44	19	23
Others	-	1	-	(2)
<b>Total</b>	<b>229</b>	<b>176</b>	<b>92</b>	<b>112</b>

(c) **Analysis by Business Units**

(i) **Container Shipping**

YTD 2008 vs YTD 2007

Container Shipping recorded YTD 2008 revenue of US\$3.94 billion, an increase of US\$953 million or 32% year-on-year (YoY). Volumes increased 13% YoY, mostly in the Intra-Asia and Transpacific backhaul trade, while average revenue per FEU showed a 15% improvement over YTD 2007 due to freight rate improvement in key trade lanes such as Asia-Europe and Intra-Asia and higher bunker recovery.

YTD 2008 EBIT increased by 60% YoY to US\$168 million primarily as a result of higher freight rates, improved volumes and yield management in YTD 2008.

Q2 2008 vs Q2 2007

Container Shipping recorded Q2 2008 revenue of US\$1.92 billion, an increase of US\$456 million or 31% year-on-year (YoY). Volumes increased 12% YoY, mostly in the Intra-Asia and Transpacific backhaul trade, while average revenue per FEU showed a 14% improvement over Q2 2007 due to improved freight rates through higher bunker recovery.

Q2 2008 EBIT decreased by 22% YoY to US\$60 million due to higher operating costs driven primarily by the rise in bunker fuel prices, and lower utilisation levels arising from slower container demand growth.

**Container Shipping Q2 RESULTS 2008 and 2007**

*Unaudited*

	YTD 2008	YTD 2007	Q2 2008	Q2 2007
<b>Load Factors %</b>				
Transpacific Eastbound	91%	93%	90%	93%
Asia-Europe Westbound	93%	100%	93%	100%
Transatlantic Westbound	88%	92%	89%	99%
Intra-Asia Westbound	92%	100%	88%	100%
Asia-Latin America/Mexico Eastbound	96%	97%	100%	100%
<b>Headhaul</b>	<b>92%</b>	<b>97%</b>	<b>90%</b>	<b>98%</b>
<b>Volume ('000 FEU)</b>				
<u>Americas</u>				
Transpacific	433	386	201	186
Latin America	103	83	51	40
	<b>536</b>	<b>469</b>	<b>252</b>	<b>226</b>
<u>Europe</u>				
Asia-Europe	231	213	113	101
Transatlantic	76	62	35	31
	<b>307</b>	<b>275</b>	<b>148</b>	<b>132</b>
<u>Asia/Middle East</u>				
Intra-Asia	426	380	206	184
<b>Total Volume <sup>4</sup></b>	<b>1,269</b>	<b>1,124</b>	<b>606</b>	<b>542</b>
<b>Operating Expenses (US\$m)</b>				
<u>Americas</u>				
Transpacific	1,627	1,313	781	634
Latin America	381	283	187	136
	<b>2,008</b>	<b>1,596</b>	<b>968</b>	<b>770</b>
<u>Europe</u>				
Asia-Europe	757	552	378	264
Transatlantic	240	181	127	88
	<b>997</b>	<b>733</b>	<b>505</b>	<b>352</b>
<u>Asia/Middle East</u>				
Intra-Asia	770	556	391	269
<b>Total Operating Expenses</b>	<b>3,775</b>	<b>2,885</b>	<b>1,864</b>	<b>1,391</b>
<b>Analysis of Expenses (US\$m)</b>				
Operating Cost	3,412	2,559	1,683	1,229
General and Administrative	254	220	129	112
Depreciation and Amortisation	108	105	52	49
Others <sup>5</sup>	1	1	-	1
<b>Total Operating Expenses</b>	<b>3,775</b>	<b>2,885</b>	<b>1,864</b>	<b>1,391</b>

<sup>4</sup> Represents volume recognised from each Bill of Lading upon commencement of shipment on vessels.

<sup>5</sup> Others consists of minority interest and share of results of associated companies and joint ventures.

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

(ii) **Logistics**

YTD 2008 vs YTD 2007

Logistics recorded YTD 2008 revenue of US\$681 million, an increase of US\$57 million or 9% year-on-year (YoY). Contract Logistics and International Services revenue was up 4% and 18% respectively YoY on higher volume and rates in the International Services division and improved volumes in Contract Logistics.

YTD 2008 EBIT totalled US\$30 million, a YoY 15% increase due to higher revenue derived from improved volumes and cost mitigation efforts in Contract Logistics.

Q2 2008 vs Q2 2007

Logistics recorded Q2 2008 revenue of US\$318 million, an increase of US\$19 million or 6% year-on-year (YoY). Contract Logistics and International Services revenue was up 5% and 8% respectively YoY on higher rates in the International Services division and improved volumes in Contract Logistics.

2Q 2008 EBIT totalled US\$13 million, a YoY 7% decrease due to higher operating costs in both the Contract Logistics and International Services division.

**LOGISTICS Q2 RESULTS 2008 and 2007**

*Unaudited*

*US\$ millions*

	YTD 2008	YTD 2007	Q2 2008	Q2 2007
<b>BY REGION</b>				
<b>Revenue</b>				
Americas	416	402	198	190
Europe	100	89	44	44
Asia/Middle East	165	133	76	65
<b>Total Revenue</b>	<b>681</b>	<b>624</b>	<b>318</b>	<b>299</b>
<b>BY BUSINESS SEGMENT</b>				
<b>Revenue</b>				
Contract Logistics Services	413	397	196	186
International Services	268	227	122	113
<b>Total Revenue</b>	<b>681</b>	<b>624</b>	<b>318</b>	<b>299</b>
<b>Operating Expenses</b>				
Contract Logistics Services	396	382	187	177
International Services	255	216	118	108
<b>Total Operating Expenses</b>	<b>651</b>	<b>598</b>	<b>305</b>	<b>285</b>
<b>EBIT</b>				
Contract Logistics Services	17	15	9	9
International Services	13	11	4	5
<b>Total EBIT</b>	<b>30</b>	<b>26</b>	<b>13</b>	<b>14</b>
<b>Analysis of Expenses</b>				
Operating Cost	558	499	261	237
General and Administrative	89	92	43	45
Depreciation and Amortisation	5	5	2	2
Others <sup>6</sup>	(1)	2	(1)	1
<b>Total Operating Expenses</b>	<b>651</b>	<b>598</b>	<b>305</b>	<b>285</b>

<sup>6</sup> Others consists of minority interest and share of results of associated companies and joint ventures.

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

(iii) **Terminals**

YTD 2008 vs YTD 2007

Terminals recorded YTD 2008 revenue of US\$283 million, a decrease of US\$18 million or 6% YoY due mainly to lower volume throughput. YTD 2008 volume throughput decreased by 10% YoY.

Lower volumes achieved resulted in a decrease in YTD 2008 EBIT by 30% YoY to US\$31 million.

Q2 2008 vs Q2 2007

Negative eastbound Transpacific growth experienced by the industry combined with the industry-wide seasonal capacity withdrawal from Transpacific route reduced Q2 2008 volume throughput by 8% year-on-year (YoY). As a result, Terminals recorded revenue of US\$138 million, a decrease of US\$8 million or 5% YoY.

Lower volumes achieved resulted in a decrease in Q2 2008 EBIT by 17% YoY to US\$19 million.

**TERMINALS Q2 RESULTS 2008 and 2007**  
*Unaudited*

	YTD 2008	YTD 2007	Q2 2008	Q2 2007
<b>Total Volume ('000 Lifts)</b>	<b>1,112</b>	<b>1,232</b>	<b>544</b>	<b>594</b>
<b>Analysis of Expenses (US\$m)</b>				
Operating Cost	220	228	104	109
General and Administrative	25	21	13	10
Depreciation and Amortisation	10	10	4	5
Others <sup>7</sup>	(3)	(2)	(2)	(1)
<b>Total Operating Expenses</b>	<b>252</b>	<b>257</b>	<b>119</b>	<b>123</b>

<sup>7</sup> Others consists of minority 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.**

Deteriorating market conditions and high bunker prices will result in a significantly more challenging operating environment for container shipping lines in the second half of this year compared to the first half.

In the period ahead, NOL will maintain focus on keeping its asset base tight, while continuing to manage costs and productivity. Even as it sharpens its focus on improving efficiency, the Group will continue to invest in new capabilities that will have a positive impact on service delivery globally, with the aim of continuing to perform at the top of the container shipping sector.

13. **Dividend**

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

The directors are pleased to recommend an interim tax exempt (one-tier) dividend of 4.00 Singapore cents per share. The recommended interim dividend has not been provided for in this financial information and will be accounted for in the shareholders' equity as an appropriation of FY 2008 profits after income tax in the financial information for the financial period ending 19 September 2008.

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per share	4.00 Singapore cents
Tax Rate	Tax Exempt (One-tier)
Payment Date	5 September 2008

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

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per share	4.00 Singapore cents
Tax Rate	Tax Exempt (One-tier)
Payment Date	7 September 2007

(c) **Date payable**

The interim tax exempt (one-tier) dividend of 4.00 Singapore cents per share will be paid on 5 September 2008.

(d) **Books closure date**

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 22 August 2008. 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 21 August 2008 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 QUARTERLY ANNOUNCEMENT**

**14. Interested Person Transactions**

<b>Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual</b>	<b>YTD 2008 US\$'000</b>	<b>YTD 2007 US\$'000</b>	<b>Q2 2008 US\$'000</b>	<b>Q2 2007 US\$'000</b>
<b>Transactions for the Purchase of Goods and Services</b>				
Keppel Shipyard Limited and its associates	-	1,090	-	-
Keppel Telecommunications & Transportation Ltd and its associates	156	281	-	139
PSA Corporation Limited and its associates	87,190	71,304	40,420	35,854
SembCorp Marine Ltd and its associates	19,303	620	5,965	242
Singapore Petroleum Company Limited and its associates	7,127	5,649	6,580	2,648
<b>Transactions for the Leasing-in of Assets</b>				
SembCorp Marine Ltd and its associates	2,169	2,169	754	1,000
<b>Transactions for the Sale of Goods and Services</b>				
PSA Corporation Limited and its associates	-	243	-	2
SNP Corporation Ltd and its associates	-	121	-	80

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

**BY ORDER OF THE BOARD**

**MARJORIE WEE AND WONG KIM WAH**  
Company Secretaries

Dated this 7 August 2008