

Company Announcements

NEPTUNE ORIENT LINES LIMITED

Unaudited Quarterly Financial Statements

For the 3rd Quarter Ended 19 September 2003

	Group			Group		
	US\$'000 YTD 2003	US\$'000 YTD 2002	% Increase/ (Decrease)	US\$'000 Q3 2003	US\$'000 Q3 2002	% Increase/ (Decrease)
1.(a)(i) Revenue	3,975,935	3,342,113	19	1,341,568	1,134,681	18
Cost of sales	(3,211,837)	(2,952,712)	9	(1,021,588)	(988,173)	3
Gross profit	764,098	389,401	96	319,980	146,508	118
Other operating income	172,993	15,730	1,000	145,291	1,644	8,738
Administrative expenses	(424,538)	(400,991)	6	(159,229)	(127,932)	24
Other operating expenses	(113,704)	(80,780)	41	(71,176)	(16,466)	332
Operating profit/(loss)	398,849	(76,640)	N/M	234,866	3,754	6,156
Finance and investment income	7,411	8,167	(9)	1,065	1,993	(47)
Finance costs	(92,990)	(97,999)	(5)	(26,375)	(28,965)	(9)
Share of results of associated companies	21	(1,552)	N/M	79	352	(78)
Share of results of joint ventures	1,602	1,422	13	1,221	547	123
Profit/(loss) before tax	314,893	(166,602)	N/M	210,856	(22,319)	N/M
Tax	(15,917)	(16,141)	(1)	(3,664)	(6,290)	(42)
Profit/(loss) from ordinary activities before minority interests	298,976	(182,743)	N/M	207,192	(28,609)	N/M
Minority interest	(4,378)	(1,464)	199	(1,351)	120	N/M
Net profit/(loss) for the period	294,598	(184,207)	N/M	205,841	(28,489)	N/M
	Company			Company		
	US\$'000 YTD 2003	US\$'000 YTD 2002	% Increase/ (Decrease)	US\$'000 Q3 2003	US\$'000 Q3 2002	% Increase/ (Decrease)
Revenue	8,090	10,631	(24)	2,210	2,727	(19)
Cost of sales	(11,338)	(14,151)	(20)	(3,222)	(4,102)	(21)
Gross loss	(3,248)	(3,520)	(8)	(1,012)	(1,375)	(26)
Other operating income	206,158	14,491	1,323	202,866	1,004	20,106
Administrative expenses	(8,694)	(10,891)	(20)	(3,257)	(3,779)	(14)
Other operating expenses	(61,024)	(9,366)	552	(28,831)	(5,239)	450
Operating profit/(loss)	133,192	(9,286)	N/M	169,766	(9,389)	N/M
Finance and investment income	11,193	4,267	162	2,807	563	399
Finance costs	(32,019)	(44,335)	(28)	(8,247)	(12,420)	(34)
Profit/(loss) before tax	112,366	(49,354)	N/M	164,326	(21,246)	N/M
Tax	(2,654)	(1,957)	36	(661)	(2)	32,950
Net profit/(loss) for the period	109,712	(51,311)	N/M	163,665	(21,248)	N/M

N/M : not meaningful

YTD : Year to Date

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

	Group			Group		
	US\$'000 YTD 2003	US\$'000 YTD 2002	% Change	US\$'000 Q3 2003	US\$'000 Q3 2002	% Change
(A) Investment Income	197	102	93	29	27	7
(B) Other Income Including Interest Income *	175,920	19,006	826	144,776	3,214	4,405
(C) Interest on Borrowings	(88,860)	(93,125)	(5)	(24,969)	(27,924)	(11)
(D) Depreciation and Amortisation	(219,508)	(229,882)	(5)	(62,195)	(75,209)	(17)
(E) Allowance for Doubtful Debts and Bad Debts Written Off	(10,505)	(10,580)	(1)	(2,096)	(671)	212
(F) Provision for Impairment in Value of Investments	(44,226)	(1,170)	3,680	(41,317)	(1,028)	3,919
(G) Foreign Exchange Gain/(Loss)	5,007	7,702	(35)	(1,527)	6,318	N/M
(H) Adjustment for Over/(Under) Provision for Tax in Prior Years	7,950	(298)	N/M	70	(1,763)	N/M
(I) Profit/(Loss) on Sale of Investments, Properties and Plant, Property and Equipment *	149,233	(166)	N/M	136,799	(2,004)	N/M
	Company			Company		
	US\$'000 YTD 2003	US\$'000 YTD 2002	% Change	US\$'000 Q3 2003	US\$'000 Q3 2002	% Change
(A) Investment Income	9,554	2,183	338	2,167	21	10,219
(B) Other Income Including Interest Income *	207,580	16,575	1,152	203,288	1,547	13,041
(C) Interest on Borrowings	(31,092)	(42,338)	(27)	(8,028)	(11,850)	(32)
(D) Depreciation and Amortisation	(1,108)	(1,162)	(5)	(346)	(310)	12
(E) Allowance for Doubtful Debts and Bad Debts Written (Off)/Back	(25,840)	7,840	N/M	(24,662)	4,824	N/M
(F) (Provision)/Write-back for Impairment in Value of Investments	(33,275)	(6,269)	431	(3,163)	(5,096)	(38)
(G) Foreign Exchange Loss	(378)	(342)	11	(317)	(486)	(35)
(H) Adjustment for Under Provision for Tax in Prior Years	0	(955)	(100)	0	0	0
(I) Profit/(Loss) on Sale of Investments, Properties and Plant, Property and Equipment *	202,152	11,214	1,703	201,728	(27)	N/M

* Included in items under 1.(a)(ii) (B) and 1.(a)(ii) (I) for both Company and Group is the gain on sale of American Eagle Tankers for YTD and Q3 2003.

N/M : not meaningful

YTD : Year to Date

1.(b)(i) Balance Sheet

	Group			Company		
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
	19 Sep 2003	31 Dec 2002	Increase / (Decrease)	19 Sep 2003	31 Dec 2002	Increase / (Decrease)
Current Assets						
Cash and cash equivalents	317,810	334,530	(5)	7,391	3,109	138
Trade and other receivables	778,151	597,023	30	190,413	433,828	(56)
Inventories at cost	63,983	68,551	(7)	448	448	0
Other current assets	56,402	51,441	10	3,000	2,096	43
Total current assets	1,216,346	1,051,545	16	201,252	439,481	(54)
Non-current Assets						
Investment in subsidiaries	-	-	0	942,416	1,263,404	(25)
Investment in associated companies	44	10,406	(100)	64	1,349	(95)
Investment in joint ventures	4,577	2,975	54	-	-	0
Long term investments	20,721	24,294	(15)	5,609	10,332	(46)
Property, plant and equipment	2,339,947	3,169,440	(26)	6,828	7,640	(11)
Deferred charges	6,779	8,271	(18)	352	402	(12)
Intangible assets	50,818	58,196	(13)	242	393	(38)
Goodwill arising on consolidation	265,250	291,853	(9)	-	-	0
Deferred tax assets	34,297	32,464	6	-	-	0
Other non-current assets	99,280	121,604	(18)	43,801	44,610	(2)
Total non-current assets	2,821,713	3,719,503	(24)	999,312	1,328,130	(25)
TOTAL ASSETS	4,038,059	4,771,048	(15)	1,200,564	1,767,611	(32)
Current Liabilities						
Trade and other payables	726,600	627,013	16	82,993	34,001	144
Provision for current tax	38,707	31,368	23	10,079	9,724	4
Borrowings	220,164	263,736	(17)	26,976	40,653	(34)
Provisions	19,130	35,287	(46)	8,414	13,003	(35)
Other current liabilities	140,779	105,424	34	-	-	0
Total current liabilities	1,145,380	1,062,828	8	128,462	97,381	32
Non-current Liabilities						
Borrowings	1,446,781	2,550,275	(43)	411,409	1,131,085	(64)
Provisions	97,316	88,986	9	38,392	38,392	0
Deferred income	27,577	30,509	(10)	-	-	0
Deferred tax liabilities	269,890	284,748	(5)	10,921	10,921	0
Other non-current liabilities	185,153	166,518	11	42,322	35,129	20
Total non-current liabilities	2,026,717	3,121,036	(35)	503,044	1,215,527	(59)
TOTAL LIABILITIES	3,172,097	4,183,864	(24)	631,506	1,312,908	(52)
NET ASSETS	865,962	587,184	47	569,058	454,703	25
Share Capital and Reserves						
Share capital	658,667	654,623	1	658,667	654,623	1
Reserves	197,027	(98,570)	N/M	(89,609)	(199,920)	(55)
Interests of shareholders of the Company	855,694	556,053	54	569,058	454,703	25
Minority interests	10,268	31,131	(67)	-	-	0
	865,962	587,184	47	569,058	454,703	25
Net current assets/(liabilities)	70,966	(11,283)	N/M	72,790	342,100	(79)

1.(b)(ii) Borrowings

	As at 19 September 2003			US\$'000 Total
	US\$'000 Secured Bank Loans*	US\$'000 Unsecured Bank Loans	US\$'000 Unsecured Deferred Liabilities	
Amount repayable in one year or less, or on demand	89,967	96,320	33,877	220,164
Amount repayable on or before 19 September :				
2005	71,180	5,122	35,490	111,792
2006	201,902	90,000	37,779	329,681
2007	152,892	0	40,221	193,113
2008	83,343	297,275	33,098	413,716
Thereafter	117,917	98,103	182,459	398,479
	717,201	586,820	362,924	1,666,945

	As at 31 December 2002			US\$'000 Total
	US\$'000 Secured Bank Loans*	US\$'000 Unsecured Bank Loans	US\$'000 Unsecured Deferred Liabilities	
Amount repayable in one year or less, or on demand	96,827	133,871	33,038	263,736
Amount repayable in :				
2004	119,245	6,000	34,822	160,067
2005	225,330	307,945	36,304	569,579
2006	266,707	221,000	38,384	526,091
2007	133,000	1,000	39,716	173,716
Thereafter	243,519	671,605	205,698	1,120,822
	1,084,628	1,341,421	387,962	2,814,011

* The loans are secured either on vessels or properties.

1.(b)(iii) Operating Lease Commitments

The aggregate minimum lease payments under non-cancellable operating leases are as follows:

As at 19 September 2003	Vessels	Containers	Terminals	Chassis	Others**	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in 2003	81,782	20,788	20,531	6,827	19,909	149,837
Amount repayable in :						
2004	248,874	63,835	81,245	25,702	67,628	487,284
2005	189,556	56,229	81,059	25,217	50,894	402,955
2006	118,176	41,188	81,536	25,076	39,551	305,527
2007	96,307	34,095	72,063	22,565	26,870	251,900
Thereafter	515,260	26,056	1,335,619	27,355	73,034	1,977,324
	1,249,955	242,191	1,672,053	132,742	277,886	3,574,827

As at 31 December 2002	Vessels	Containers	Terminals	Chassis	Others**	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less	296,759	85,513	81,574	25,706	70,123	559,675
Amount repayable in :						
2004	258,582	58,044	80,857	25,425	57,737	480,645
2005	226,804	41,246	80,758	25,425	45,885	420,118
2006	155,697	25,254	81,237	25,280	37,701	325,169
2007	120,337	17,861	72,015	22,660	24,733	257,606
Thereafter	645,876	4,134	1,339,595	27,158	64,131	2,080,894
	1,704,055	232,052	1,736,036	151,654	300,310	4,124,107

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

The present value for the aggregated operating lease commitments as at 19 September 2003 is US\$2.09 billion (2002: US\$2.56 billion). The present values are computed based on the Group's weighted average cost of capital of 7.5%.

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

	Group			
	US\$'000 YTD 2003	US\$'000 YTD 2002	US\$'000 Q3 2003	US\$'000 Q3 2002
Cash Flows from Operating Activities				
Profit/(loss) before tax	314,893	(166,602)	210,856	(22,319)
Adjustments for :				
Amortisation of non-current assets and deferred income	26,622	32,426	6,814	8,956
Depreciation of property, plant and equipment	192,886	197,456	55,381	66,253
Interest expense	88,860	93,125	24,969	27,924
Interest income	(6,943)	(5,854)	(794)	(1,553)
Investment income	(197)	(102)	(29)	(27)
Net (profit)/loss on disposal of property, plant and equipment	(3,016)	2,054	(2,897)	1,963
Write-off of property, plant and equipment	120	0	0	0
Net (profit)/loss on disposal of subsidiaries	(133,995)	(557)	(133,902)	37
Net (profit)/loss on disposal of associates	0	(47)	0	1
Net (profit)/loss on disposal of long term investments	(12,222)	(1,284)	0	3
Net profit on early extinguishment of debts	(28)	(508)	0	(1,197)
Net provision/(write-back) for doubtful loans and non-trade debts to associated companies	5,707	5,118	(1,011)	(810)
Net (write-back)/provision for doubtful loans receivable	(164)	49	(22)	(18)
Net provision for impairment in value of property, plant and equipment	35,386	162	32,477	20
Net provision for impairment in value of an associated company	5,070	0	5,070	0
Net provision for impairment in value of long term investments	3,770	1,008	3,770	1,008
Net provision/(write-back) for restructuring and termination costs	291	(93)	(107)	0
Net provision for drydocking costs	2,954	0	627	0
Net provision for foreseeable shipping losses	0	8,357	0	6,157
Net provision for associated companies	5,462	2,152	3,716	480
Share of results of associated companies	(21)	1,552	(79)	(352)
Share of results of joint ventures	(1,602)	(1,422)	(1,221)	(547)
Exchange difference	520	(1,557)	188	526
Operating cashflow before working capital changes	524,353	165,433	203,806	86,505
Changes in operating assets and liabilities, net of effects from purchase and disposal of subsidiaries :				
Deferred charges	(769)	(1,996)	3	(189)
Deferred income	1,113	2,561	956	2,542
Debtors	(147,991)	86,570	(66,369)	(15,610)
Inventories	(7,818)	(11,199)	(1,222)	(3,135)
Creditors	159,534	38,493	109,632	23,171
Net amount due (to)/from associated companies	(549)	(8,320)	302	(2,069)
Trading securities	2,283	3,143	4	(358)
Cash generated from operations	530,156	274,685	247,112	90,857
Interest paid	(79,616)	(73,812)	(19,650)	(15,657)
Interest received	7,088	5,932	769	1,551
Net income tax paid	(21,412)	(28,285)	(12,639)	(6,381)
Net cash generated from operating activities	436,216	178,520	215,592	70,370
Cash Flows from Investing Activities				
Acquisition of subsidiaries, net of cash acquired *	0	(18,357)	0	(357)
Additional payments to seller of subsidiary acquired	0	(1,655)	0	(12)
Dividends to minority interests	(666)	0	0	0
Net proceeds from loans receivable	539	2,076	441	4,040
Investment income received	197	102	29	27
Additions in long term investments	(1,039)	(1,791)	(1,039)	(998)
Purchase of property, plant and equipment	(263,193)	(171,326)	(61,172)	(52,607)
Purchase of intangible assets	(2,744)	(9,970)	(481)	(868)
Proceeds from disposal of property, plant and equipment	8,634	6,659	4,987	3,449
Proceeds from disposal of long term investments	23,482	4,213	0	0
Proceeds from disposal of associates	35	29	35	0
Proceeds (net of transaction cost) from disposal of subsidiaries *	479,031	316	479,029	0
Net cash used in investing activities	244,276	(189,704)	421,829	(47,326)
Cash Flows from Financing Activities				
Proceeds from borrowings	1,046	195,876	(195,244)	118,438
Capital contribution by minority interests	135	0	0	0
Proceeds from issue of new ordinary shares	4,643	36	3,697	0
Repayment of borrowings	(704,697)	(535,345)	(231,370)	(138,356)
Net cash used in financing activities	(698,873)	(339,433)	(422,917)	(19,918)
Net change in cash and cash equivalents	(18,381)	(350,617)	214,504	3,126
Cash and cash equivalents at beginning of the period	334,530	450,829	101,645	97,086
Cash and cash equivalents at end of the period	316,149	100,212	316,149	100,212

YTD : Year to Date

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

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents at end of period comprise of the following :

	US\$'000	Group US\$'000	US\$'000	US\$'000
	YTD 2003	YTD 2002	Q3 2003	Q3 2002
Fixed deposits, bank and cash balances (per Balance Sheet)	317,810	100,212	317,810	100,212
Bank overdrafts	(1,661)	0	(1,661)	0
Cash and cash equivalents per consolidated cash flow statement	316,149	100,212	316,149	100,212

	US\$'000	Group US\$'000	US\$'000	US\$'000
	YTD 2003	YTD 2002	Q3 2003	Q3 2002

* Summary of Effect of Changes On Acquisition And Disposal Of Subsidiaries

Net assets acquired :				
Property, plant and equipment	0	8,209	0	(5,489)
Current assets	0	2,399	0	2,241
Current liabilities	0	(5,185)	0	(2,650)
Net attributable assets acquired	0	5,423	0	(5,898)
Goodwill arising on consolidation	0	12,934	0	6,255
Cost of acquisition of subsidiaries	0	18,357	0	357
Less : Cash of subsidiaries acquired	0	0	0	0
Cash outflow on acquisition of subsidiaries, net of cash acquired	0	18,357	0	357
Net assets disposed :				
Property, plant and equipment	1,029,562	0	1,029,562	0
Other non-current assets	14,759	0	14,759	0
Current assets	56,282	707	55,632	37
Current liabilities	(324,875)	(116)	(324,857)	0
Non-current liabilities	(350,677)	0	(350,677)	0
Net attributable assets disposed	425,051	591	424,419	37
Less : Minority interest	0	(273)	0	0
Less : Foreign currency translation reserve	441	(559)	0	0
	425,492	(241)	424,419	37
Profit on disposal of subsidiaries	133,995	557	133,902	(37)
Net proceeds from disposal of subsidiaries	559,487	316	558,321	0
Less : Cash of subsidiaries disposed	(22,310)	0	(21,146)	0
Less : Amount receivable from buyer of subsidiary	(58,146)	0	(58,146)	0
Net cash inflow on disposal of subsidiaries, net of cash disposed	479,031	316	479,029	0

YTD : Year to Date

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

	Share Capital	Share Premium	Translation Reserves	Accumulated Losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
GROUP					
Balance at 1 January 2003	654,623	376,754	5,517	(480,841)	556,053
Currency translation differences	-	-	770	-	770
Net gain not recognised in income statement	-	-	770	-	770
Net profit for the period	-	-	-	88,757	88,757
Total gains recognised for the financial period	-	-	770	88,757	89,527
Issue of new ordinary shares	925	21	-	-	946
Balance at 27 June 2003	655,548	376,775	6,287	(392,084)	646,526
Currency translation differences	-	-	(370)	-	(370)
Net loss not recognised in income statement	-	-	(370)	-	(370)
Net profit for the period	-	-	-	205,841	205,841
Total (losses)/gains recognised for the financial period	-	-	(370)	205,841	205,471
Issue of new ordinary shares	3,119	578	-	-	3,697
Balance at 19 September 2003	658,667	377,353	5,917	(186,243)	855,694
Balance at 1 January 2002					
- as previously reported	654,589	376,752	4,821	(136,887)	899,275
- effect of adopting SAS 12	-	-	-	(13,798)	(13,798)
- as restated	654,589	376,752	4,821	(150,685)	885,477
Currency translation differences	-	-	(130)	-	(130)
Net loss not recognised in income statement	-	-	(130)	-	(130)
Net loss for the period	-	-	-	(155,718)	(155,718)
Total losses recognised for the financial period	-	-	(130)	(155,718)	(155,848)
Issue of new ordinary shares	34	2	-	-	36
Balance at 28 June 2002	654,623	376,754	4,691	(306,403)	729,665
Currency translation differences	-	-	760	-	760
Net gain not recognised in income statement	-	-	760	-	760
Net loss for the period	-	-	-	(28,489)	(28,489)
Total gains/(losses) recognised for the financial period	-	-	760	(28,489)	(27,729)
Balance at 20 September 2002	654,623	376,754	5,451	(334,892)	701,936

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

	Share Capital	Share Premium	Translation Reserves	Accumulated Losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY					
Balance at 1 January 2003	654,623	376,754	-	(576,674)	454,703
Net loss for the period	-	-	-	(53,953)	(53,953)
Issue of new ordinary shares	925	21	-	-	946
Balance at 27 June 2003	655,548	376,775	-	(630,627)	401,696
Net profit for the period	-	-	-	163,665	163,665
Issue of new ordinary shares	3,119	578	-	-	3,697
Balance at 19 September 2003	658,667	377,353	-	(466,962)	569,058
Balance at 1 January 2002					
- as previously reported	654,589	376,752	-	(541,099)	490,242
- effect of adopting SAS 12	-	-	-	(12,162)	(12,162)
- as restated	654,589	376,752	-	(553,261)	478,080
Net loss for the period	-	-	-	(30,063)	(30,063)
Issue of new ordinary shares	34	2	-	-	36
Balance at 28 June 2002	654,623	376,754	-	(583,324)	448,053
Net loss for the period	-	-	-	(21,248)	(21,248)
Balance at 20 September 2002	654,623	376,754	-	(604,572)	426,805

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.

As at 19 September 2003, the Company's issued and paid-up capital comprised 1,183,195,644 (31 December 2002 : 1,176,133,887) ordinary shares of S\$1.00 each.

During the period, the Company issued 7,061,757 ordinary shares of par value S\$1.00 each fully paid to participants of the NOL Group Share Option Plan ("SOP") who exercised their options to purchase ordinary shares at the subscription price of between S\$1.00 to S\$2.05 per share.

As at 19 September 2003, options to subscribe for 38,567,672 (31 December 2002 : 51,975,543) ordinary shares remain outstanding under the SOP.

2. **Audit or Review of Figures**

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

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

N.A.

4. **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. 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.

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 31 December 2002.

5.(a) **Changes in accounting policies and methods of computation, including any required by an accounting standard. To include reasons for, and the effect of, the change.**

N.A.

5.(b) **Comparatives**

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

6.	YTD 2003	YTD 2002	Q3 2003	Q3 2002		
GROUP						
Earnings/(Loss) per ordinary share after deducting any provision for preference dividends						
a) Based on the weighted average number of ordinary shares on issue						
	25.02 US cts	(15.66) US cts	17.48 US cts	(2.42) US cts		
b) On a fully diluted basis (detailing any adjustments made to the losses)						
	24.96 US cts	(15.66) US cts	17.44 US cts	(2.42) US cts		
7.	Group			Company		
	19 Sep 2003	31 Dec 2002	Inc / (Dec)	19 Sep 2003	31 Dec 2002	Inc / (Dec)
	US\$	US\$	%	US\$	US\$	%
	Net Asset Value per ordinary share based on issued share capital of the issuer					
	0.72	0.47	53	0.48	0.39	24

YTD : Year to Date

8. Review of the Performance of the Group

YTD 2003 vs YTD 2002

NOL Group recorded a 19% increase in revenue to US\$3.98 billion due to improvement from all business units.

The Group achieved a net profit of US\$294.6 million (2002 : loss of US\$184.2 million).

Q3 2003 vs Q3 2002

The Group recorded a 18% increase in revenue to US\$1.34 billion (2002 : US\$1.13 billion) and a net profit of US\$205.8 million (2002 : loss of US\$28.5 million). The improvement came from all 3 business units.

	Q3 2003 US\$m	Q2 2003 US\$m	Q1 2003 US\$m	Q3 2002 US\$m	Q2 2002 US\$m	Q1 2002 US\$m
(a) Revenue						
Liner	1,058	937	957	843	794	861
Logistics	235	223	231	200	177	196
Chartering *	39	122	141	84	78	79
Others	34	44	44	36	34	51
Elimination	(24)	(34)	(31)	(28)	(31)	(32)
Total	1,342	1,292	1,342	1,135	1,052	1,155
(b) Core EBIT**						
Liner	140	82	5	7	(18)	(53)
Logistics	2	4	(1)	0	(4)	(7)
Chartering	2	27	44	3	2	7
Others	(9)	(3)	(6)	2	(5)	(4)
Total	135	110	42	12	(25)	(57)

* American Eagle Tankers was sold on 22 July 2003

** Earnings before Interest, Tax and Exceptional Items

(c) Analysis by Business Units

(c)(i) Liner

The Liner unit continued to focus on cost savings initiatives like contract re-negotiations, improved productivity and network rationalization. Better management of trade imbalance also contributed to the strong performance.

YTD 2003 vs YTD 2002

Performance in 2003 has shown marked improvement over 2002. Stronger US and European economies and robust demand seen across all trades ensured successful General Rate restorations. Freight rates increased by 37% in Asia-Europe and 20% in Trans-Pacific trades. These factors resulted in an improvement of 18% in revenue and \$291m in Core EBIT as compared to the same period in 2002.

Q3 2003 vs Q3 2002

The Liner unit saw a significant improvement in revenue as a result of the strong demand in all the key trades, and the successful General Rate restorations in 2003. The improved freight rates (Trans-Pacific and Asia-Europe trades) and volumes (Asia-Europe trade) were the main contributors to the 26% increase in revenue. Average freight rates rose by 26% against the corresponding quarter last year.

	Q3 2003	Q2 2003	Q1 2003	Q3 2002	Q2 2002	Q1 2002
Load Factors %						
Trans-Pacific East Bound	95%	96%	98%	94%	93%	82%
Trans-Pacific West Bound	63%	74%	99%	81%	101%	85%
Trans-Pacific Trade	82%	87%	98%	89%	96%	83%
Latin America - North Bound	65%	64%	67%	88%	86%	85%
Latin America - South Bound	70%	61%	55%	75%	72%	75%
Latin America Trade	68%	63%	61%	82%	79%	80%
Asia-Europe	101%	90%	103%	103%	100%	92%
Europe-Asia	94%	102%	95%	88%	99%	86%
Asia-Europe Trade	98%	96%	99%	96%	100%	89%
Trans-Atlantic - East Bound	81%	78%	74%	66%	58%	70%
Trans-Atlantic - West Bound	104%	104%	98%	98%	100%	92%
Trans-Atlantic Trade	93%	91%	86%	82%	79%	81%

APL Q3 RESULTS 2003 and 2002

Unaudited

	Q3 2003	Q2 2003	Q1 2003	Q3 2002	Q2 2002	Q1 2002
Volume (000s FEU)						
<u>Americas</u>						
Trans-Pacific	144	132	163	149	147	142
Latin America	30	27	29	28	29	31
	174	159	192	177	176	173
<u>Europe</u>						
Asia-Europe	71	68	78	61	62	81
Trans-Atlantic	25	24	27	20	18	21
	96	92	105	81	80	102
<u>Asia/Middle East</u>						
Intra-Asia	91	88	100	99	105	118
Total Volume	361	339	397	357	361	393
Operating Expenses (US\$m)						
<u>Americas</u>						
Trans-Pacific	486	446	505	459	427	468
Latin America	90	80	88	75	77	77
	576	526	593	534	504	545
<u>Europe</u>						
Asia-Europe	158	150	161	131	130	168
Trans-Atlantic	52	49	59	42	39	47
	210	199	220	173	169	215
<u>Asia/Middle East</u>						
Intra-Asia	132	130	139	129	139	154
Total Operating Expenses	918	855	952	836	812	914
Analysis of Expenses (US\$m)						
Operating Cost	758	723	808	702	675	764
General and Administrative	113	85	89	87	90	97
Depreciation and Amortisation	46	46	53	46	45	51
Others *	1	1	2	1	2	2
Total Operating Expenses	918	855	952	836	812	914

* Others consists of minority interest and share of results of associated companies.

(c)(ii) Logistics

YTD 2003 vs YTD 2002

Revenue increased by US\$116 million or 20% and Core EBIT of US\$5 million was an improvement of US\$16 million over US\$11 million loss in 2002. 56% of the revenue growth (US\$65 million) was in Americas region primarily in the warehousing operation and transportation management.

Q3 2003 vs Q3 2002

Revenue of US\$235 million was an improvement of US\$35 million or 18% while Core EBIT of US\$2 million was an improvement of US\$2 million over the break even result in Q3 2002. All regions experienced strong revenue growth: in the Americas, growth was primarily in the warehousing operation and transportation management. The growth in Europe came from the forwarding operation and in Asia from the consolidation business.

Core EBIT improvement came from warehousing operations and transportation management.

Core EBIT: Earnings before Interest, Tax and Exceptional Items

APLL Q3 RESULTS 2003 and 2002

Unaudited
US\$ millions

	Q3 2003	Q2 2003	Q1 2003	Q3 2002	Q2 2002	Q1 2002
BY REGION						
Revenue						
Americas	166	160	174	146	135	154
Europe	26	31	22	20	16	14
Asia & Middle East	43	32	35	34	26	28
Total Revenue	235	223	231	200	177	196
BY BUSINESS SEGMENT						
Revenue						
Contract Logistics Services	168	165	177	145	134	151
International Services	67	58	54	55	43	45
Total Revenue	235	223	231	200	177	196
Operating Expenses						
Contract Logistics Services	172	163	183	154	141	161
International Services	61	56	49	46	40	42
Total Operating Expenses	233	219	232	200	181	203
Core EBIT*						
Contract Logistics Services	(4)	1	(6)	(9)	(7)	(8)
International Services	6	3	5	9	3	1
Total Core EBIT	2	4	(1)	0	(4)	(7)
Analysis of Expenses						
Operating Cost	186	179	187	159	140	160
General and Administrative	39	34	36	31	32	34
Depreciation and Amortisation	7	6	8	9	9	9
Others**	1	0	1	1	0	0
Total Operating Expenses	233	219	232	200	181	203

* Earnings before Interest, Tax and Exceptional Items

** Others consist of minority interest and share of results of associated companies.

(c)(iii) Chartering

YTD 2003 vs YTD 2002

Our Chartering business reported a 25% increase in revenue to US\$302 million as compared to the same period in 2002 even after factoring sale of American Eagle Tankers on 22 July 2003. Core EBIT rose by 508% to US\$73 million for the same period in 2002. This is mainly due to significant improvements in TCE rates for Aframax, VLCC and Product Tankers.

The key leading factor accounting for the improvement in TCE against 2002 was the increase in oil demand led by Asia, mainly China and Japan.

Q3 2003 vs Q3 2002

Chartering reported a 54% decline in revenue to US\$39 million as compared to Q3 2002. Core EBIT decreased by 33% to US\$2 million for the same period in 2002. The decrease is due to the sale of American Eagle Tankers completed on 22 July 2003.

CHARTERING Q3 RESULTS 2003 and 2002

*Unaudited
US\$ millions*

	Q3 2003	Q2 2003	Q1 2003	Q3 2002	Q2 2002	Q1 2002
Revenue	39	122	141	84	78	79
Operating Expenses	37	95	97	81	76	72
Core EBIT*	2	27	44	3	2	7
Analysis of Expenses						
Operating Cost	28	74	78	63	61	55
General and Administrative	3	5	3	3	2	3
Depreciation and Amortisation	6	15	16	15	14	13
Others**	0	1	0	0	(1)	1
Total Operating Expenses	37	95	97	81	76	72

* Earnings before Interest, Tax and Exceptional Items

** Others consist of minority interest and share of results of associated companies.

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

N.A.

10. **A commentary at the date of the announcement of the 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.**

Group

The Group's continued focus on strengthening its balance sheet, cost savings, improving the Liner and Logistics businesses and the progressive recovery of freight rates has resulted in a turnaround in performance for the Group as compared to 2002.

The Group's balance sheet has been strengthened considerably by the sale of its tanker unit, American Eagle Tankers. The Group will continue to explore avenues to reduce its gearing and further strengthen its balance sheet and be in a position to take advantage of any growth opportunities in the future.

The Group expects to perform well for the last quarter of 2003, barring unforeseen circumstances.

Liner

The economic environment for Liner business has improved significantly from 2002. Liner is on track to achieve significant profits in 2003.

Logistics

Logistics business remains optimistic that its performance will continue to improve on the back of strong performances from contract logistics and consolidation business as well as continued actions to improve its operating costs.

Chartering

The Group has effectively exited from the aframax chartering business following the sale of its tanker unit, American Eagle Tankers.

The Product Tanker market peaked in May 2003. However, TCE rates are expected to remain firm with the continued push by the European Union to speed up the phasing out of single hulled vessels.

11. **Dividend**

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

Nil

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

Nil

- 11.(c) **Date payable**

N.A.

11.(d) **Books closure date**

N.A.

PART II - ADDITIONAL INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENT

12. **Interested Person Transactions**

Aggregate value of transactions	US\$'000 YTD 2003	US\$'000 YTD 2002	US\$'000 Q3 2003	US\$'000 Q3 2002
Transactions for the Sale of Goods and Services				
Keppel Corporation Limited and its associates	218	424	83	265
Sembcorp Industries Limited and its associates	26	116	10	0
Transactions for the Purchase of Goods and Services				
Keppel Corporation Limited and its associates *	362	2,016	90	1,243
PSA Corporation Limited and its associates *	60,557	73,655	14,451	18,911
Sembcorp Industries Limited and its associates *	2,975	2,895	1,106	968
Pacific Internet Limited and its associates	126	143	126	143

* conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual

YTD : Year to Date

13. **Subsequent Events**

On 22 July 2003, Neptune Orient Lines (NOL) announced it had completed the sale of American Eagle Tankers (AET) to Malaysia International Shipping Corporation Berhad (MISC). Under the terms of the agreement, MISC paid a purchase price for equity of US\$445 million in cash at closing for the acquisition. MISC also funded a US\$75 million cash dividend from AET to NOL.

On 21 October 2003, Neptune Orient Lines (NOL) received an initial US\$55 million in cash from MISC from the dollar-to-dollar adjustment to purchase price for the profits earned by AET from 8 February 2003 to 22 July 2003.

MISC had agreed as well to increase the equity price should AET achieve certain performance milestones over the next two years.

BY ORDER OF THE BOARD

MARJORIE WEE
Company Secretary

Dated this 10 November 2003