

Company Announcements

NEPTUNE ORIENT LINES LIMITED

Unaudited Financial Statements

For the full year ended 26 December 2003

	Group			Company		
	US\$'000 2003	US\$'000 2002	% Increase/ (Decrease)	US\$'000 2003	US\$'000 2002	% Increase/ (Decrease)
1.(a)(i) Revenue	5,522,583	4,641,818	19	10,202	13,564	(25)
Cost of sales	(4,407,172)	(4,103,392)	7	(13,934)	(18,296)	(24)
Gross profit/(loss)	1,115,411	538,426	107	(3,732)	(4,732)	(21)
Other operating income	47,427	7,382	542	9,254	17,114	(46)
Administrative expenses	(590,964)	(584,657)	1	(18,428)	(14,872)	24
Other operating expenses	(138,639)	(150,102)	(8)	(60,814)	(58,487)	4
Gain on disposal of a discontinued operation ¹	133,902	-	N/M	199,459	-	N/M
Operating profit/(loss)	567,137	(188,951)	N/M	125,739	(60,977)	N/M
Finance and investment income	10,811	11,061	(2)	21,820	80,940	(73)
Finance costs	(121,487)	(140,558)	(14)	(41,445)	(41,421)	0
Share of results of associated companies before tax	159	(1,489)	N/M	-	-	0
Share of results of joint ventures before tax	103	2,127	(95)	-	-	0
Profit/(loss) before tax	456,723	(317,810)	N/M	106,114	(21,458)	N/M
Income tax expense	(22,484)	(9,885)	127	(3,640)	(1,955)	86
Profit/(loss) from ordinary activities after tax	434,239	(327,695)	N/M	102,474	(23,413)	N/M
Minority interest	(5,413)	(2,461)	120	-	-	0
Net profit/(loss)	428,826	(330,156)	N/M	102,474	(23,413)	N/M

¹ American Eagle Tankers Group ("AET") was sold on 22 July 2003.

1.(a)(ii) Notes to the Income Statement	Group			Company		
	US\$'000 2003	US\$'000 2002	% Change	US\$'000 2003	US\$'000 2002	% Change
(A) Investment Income	216	1,256	(83)	18,318	78,291	(77)
(B) Other Income Including Interest Income ²	184,297	11,399	1,517	210,766	19,764	966
(C) Interest on Borrowings	(115,744)	(134,233)	(14)	(40,179)	(39,977)	1
(D) Depreciation and Amortisation	(291,881)	(327,075)	(11)	(1,492)	(1,653)	(10)
(E) Allowance for Doubtful Debts and Bad Debts Written Off	(11,111)	(29,598)	(62)	(22,577)	(9,889)	128
(F) Provision for Impairment in Value of Investments	(8,462)	(682)	1,141	(27,615)	(34,387)	(20)
(G) Foreign Exchange Gain	10,087	8,588	17	926	(721)	N/M
(H) Adjustment for Over/(Under) Provision for Tax in Prior Years	8,427	(20,565)	N/M	-	(955)	(100)
(I) Profit/(Loss) on Sale of Investments, Properties and Property, Plant and Equipment ²	153,168	(3,291)	N/M	202,480	11,734	1,626

² Included in items under 1.(a)(ii) (B) and 1.(a)(ii) (I) for both Group and Company is the gain on sale of AET completed on 22 July 2003.

N/M : not meaningful

1.(b)(i) Balance Sheet

	Group			Company		
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
	26 Dec 2003	27 Dec 2002	Increase / (Decrease)	26 Dec 2003	27 Dec 2002	Increase / (Decrease)
Current Assets						
Cash and cash equivalents	542,517	334,530	62	145,925	3,109	4,594
Trade and other receivables	666,726	595,152	12	202,561	434,797	(53)
Inventories at cost	62,108	68,551	(9)	448	448	0
Other current assets	46,342	51,441	(10)	10,270	2,096	390
Total current assets	1,317,693	1,049,674	26	359,204	440,450	(18)
Non-current Assets						
Investments in subsidiaries	-	-	0	946,052	1,263,404	(25)
Investments in associated companies	44	10,406	(100)	64	1,349	(95)
Investments in joint ventures	1,503	2,975	(49)	-	-	0
Long term investments	20,432	24,294	(16)	4,467	10,332	(57)
Property, plant and equipment	2,299,717	3,169,440	(27)	6,401	7,640	(16)
Deferred charges	4,746	8,271	(43)	335	402	(17)
Intangible assets	44,755	58,196	(23)	198	393	(50)
Goodwill arising on consolidation	259,588	291,853	(11)	-	-	0
Deferred tax assets	41,024	32,464	26	-	-	0
Other non-current assets	74,235	121,604	(39)	42,335	44,610	(5)
Total non-current assets	2,746,044	3,719,503	(26)	999,852	1,328,130	(25)
TOTAL ASSETS	4,063,737	4,769,177	(15)	1,359,056	1,768,580	(23)
Current Liabilities						
Trade and other payables	723,698	627,013	15	42,774	34,001	26
Current tax liabilities	56,245	31,369	79	10,540	9,724	8
Borrowings	105,193	263,736	(60)	14,096	40,653	(65)
Provisions	49,907	35,287	41	37,649	13,003	190
Other current liabilities	135,980	105,424	29	-	-	0
Total current liabilities	1,071,023	1,062,829	1	105,059	97,381	8
Non-current Liabilities						
Borrowings	1,147,126	2,550,275	(55)	297,275	1,131,085	(74)
Provisions	71,127	87,115	(18)	24,570	39,361	(38)
Deferred income	25,421	30,509	(17)	-	-	0
Deferred tax liabilities	256,459	284,747	(10)	10,727	10,921	(2)
Other non-current liabilities	177,313	166,518	6	44,563	35,129	27
Total non-current liabilities	1,677,446	3,119,164	(46)	377,135	1,216,496	(69)
TOTAL LIABILITIES	2,748,469	4,181,993	(34)	482,194	1,313,877	(63)
NET ASSETS	1,315,268	587,184	124	876,862	454,703	93
Shareholders' Equity						
Share capital	798,527	654,623	22	798,527	654,623	22
Reserves	505,541	(98,570)	N/M	78,335	(199,920)	N/M
Total shareholders' equity	1,304,068	556,053	135	876,862	454,703	93
Minority interests	11,200	31,131	(64)	-	-	0
	1,315,268	587,184	124	876,862	454,703	93
Net current assets/(liabilities)	246,670	(13,155)	N/M	254,145	343,069	(26)

N/M : not meaningful

1.(b)(ii) Borrowings

	As at 26 December 2003			
	US\$'000	US\$'000	US\$'000	US\$'000
	Secured	Unsecured	Unsecured	
	Bank	Bank	Finance Lease	
Loans ³		Loans	Liabilities	Total
Amount repayable in one year or less, or on demand	70,729	-	34,464	105,193
Amount repayable in :				
2005	60,479	-	36,065	96,544
2006	128,285	133	38,280	166,698
2007	113,640	-	40,110	153,750
2008	50,864	297,275	30,406	378,545
Thereafter	78,623	98,209	174,757	351,589
	502,620	395,617	354,082	1,252,319

	As at 27 December 2002			
	US\$'000	US\$'000	US\$'000	US\$'000
	Secured	Unsecured	Unsecured	
	Bank	Bank	Finance Lease	
Loans ³		Loans	Liabilities	Total
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

³ The loans are secured either on vessels or properties.

1.(b)(iii) Operating Lease Commitments

The aggregate minimum lease payments (including contingent rent) under non-cancellable operating leases are as follows:

As at 26 December 2003	Vessels	Containers	Terminals	Chassis	Others ⁴	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less	288,017	66,001	82,524	25,699	72,721	534,962
Amount repayable in :						
2005	205,155	57,693	81,998	25,214	54,053	424,113
2006	130,991	42,309	82,128	25,073	41,968	322,469
2007	95,938	34,469	72,139	22,563	28,557	253,666
2008	97,141	17,192	59,429	20,124	23,204	217,090
Thereafter	434,156	8,727	956,649	7,230	54,528	1,461,290
	1,251,398	226,391	1,334,867	125,903	275,031	3,213,590

As at 27 December 2002	Vessels	Containers	Terminals	Chassis	Others ⁴	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

⁴ Others relate mainly to warehouse space, warehouse equipment, office space and land.

1.(b)(iii) Operating Lease Commitments (Continued)

The contingent rent component included under the above non-cancellable operating leases are as follows:

As at 26 December 2003	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁴ US\$'000	Total US\$'000
Amount repayable in one year or less	3,694	-	14,820	-	-	18,514
Amount repayable in :						
2005	4,186	-	14,820	-	-	19,006
2006	4,422	-	14,820	-	-	19,242
2007	4,281	-	14,820	-	-	19,101
2008	3,844	-	14,820	-	-	18,664
Thereafter	7,195	-	291,455	-	-	298,650
	<u>27,622</u>	<u>-</u>	<u>365,555</u>	<u>-</u>	<u>-</u>	<u>393,177</u>

As at 27 December 2002	Vessels US\$'000	Containers US\$'000	Terminals US\$'000	Chassis US\$'000	Others ⁴ US\$'000	Total US\$'000
Amount repayable in one year or less	9,371	773	14,820	-	-	24,964
Amount repayable in :						
2004	9,839	292	14,820	-	-	24,951
2005	10,165	-	15,159	-	-	25,324
2006	10,081	-	15,507	-	-	25,588
2007	9,612	-	15,484	-	-	25,096
Thereafter	31,590	-	631,614	-	-	663,204
	<u>80,658</u>	<u>1,065</u>	<u>707,404</u>	<u>-</u>	<u>-</u>	<u>789,127</u>

⁴ Others relate mainly to warehouse space, warehouse equipment, office space and land.

The present value for the aggregated operating lease commitments as at 26 December 2003 is US\$2.17 billion (2002: US\$2.65 billion). The present values are computed based on the Group's weighted average cost of capital ("WACC") of 6.8%. The same WACC is used for 2002 comparatives.

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

	Group	
	US\$'000 2003	US\$'000 2002
Cash Flows from Operating Activities		
Profit/(loss) before tax	456,723	(317,810)
Adjustments for :		
Amortisation of non-current assets and deferred income	35,365	45,768
Depreciation of property, plant and equipment	256,516	281,307
Interest expense	115,744	134,233
Interest income	(8,469)	(6,944)
Investment income	(216)	(1,256)
Net loss on disposal of intangible assets	-	967
Net (profit)/loss on disposal of property, plant and equipment	(6,768)	4,320
Write-off of property, plant and equipment	1,108	4,671
Write-off of intangible assets	4,433	7,485
Gain on disposal of a discontinued operation	(133,902)	-
Net profit on disposal of subsidiaries	(224)	(517)
Net profit on disposal of associated companies	-	(48)
Net profit on disposal of long term investments	(12,274)	(1,432)
Net profit on early extinguishment of debts	(28)	(706)
Net provision for impairment in value of intangible assets	-	5,741
Net provision for impairment in value of goodwill	-	4,185
Net provision for doubtful loans and non-trade debts to associated companies	6,308	14,129
Net (write-back of)/provision for doubtful loans receivable	(3,681)	9,330
Net provision for impairment in value of property, plant and equipment	44,201	12,504
Net provision for impairment in value of an associated company	5,118	-
Net provision for impairment in value of a joint venture company	1,575	-
Net provision for impairment in value of long term investments	1,769	682
Net provision for restructuring and termination costs	7,899	35,963
Net provision for onerous contract	4,000	-
Net provision for drydocking costs	3,360	5,054
Net (write-back of)/provision for foreseeable shipping losses	(11,480)	27,774
Net provision for associated companies	14,296	662
Share of results of associated companies	(159)	1,489
Share of results of joint ventures	(103)	(2,127)
Exchange difference	(745)	(1,786)
Operating cashflow before working capital changes	<u>780,366</u>	<u>263,638</u>
Changes in operating assets and liabilities, net of effects from purchase and disposal of subsidiaries and a discontinued operation:		
Deferred charges	(769)	(1,871)
Deferred income	441	(812)
Receivables	(109,157)	33,830
Inventories	(5,943)	(14,190)
Payables	146,655	60,204
Net amount due from/(to) associated companies	14,098	(9,919)
Trading securities	2,317	(2,174)
Cash generated from operations	<u>828,008</u>	<u>328,706</u>
Interest paid	(113,004)	(129,889)
Interest received	8,498	6,964
Net income tax paid	<u>(30,516)</u>	<u>(45,760)</u>
Net cash inflow from operating activities	<u>692,986</u>	<u>160,021</u>
Cash Flows from Investing Activities		
Acquisition of subsidiaries, net of cash acquired	-	(20,292)
Additional payments to seller of subsidiary acquired	-	(1,646)
Dividends paid to minority interests	(838)	-
Net proceeds from loans receivable	41,754	3,855
Investment income received	216	1,256
Additions in long term investments	(1,218)	(2,157)
Purchase of property, plant and equipment ⁶	(317,686)	(286,365)
Purchase of intangible assets	(3,948)	(9,390)
Proceeds from disposal of property, plant and equipment	34,605	10,120
Proceeds from disposal of intangible assets	-	1,165
Proceeds from disposal of long term investments	26,079	9,973
Proceeds from disposal of associated companies	35	72
Proceeds from return of capital investment in an associated company	-	2,280
Proceeds (net of transaction cost) from disposal of subsidiaries and a discontinued operation ⁵	<u>532,343</u>	<u>316</u>
Net cash inflow/(outflow) from investing activities	<u>311,342</u>	<u>(290,813)</u>

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

	Group	
	US\$'000 2003	US\$'000 2002
Cash Flows from Financing Activities		
Proceeds from borrowings	-	200,272
Capital contribution by minority interests	135	-
Proceeds from issue of new ordinary shares	319,685	36
Repayment of borrowings	(1,116,161)	(185,815)
Net cash (outflow)/inflow from financing activities	(796,341)	14,493
Net change in cash and cash equivalents	207,987	(116,299)
Cash and cash equivalents at beginning of financial year	334,530	450,829
Cash and cash equivalents at end of financial year	542,517	334,530

⁵ Summary of Effect of Changes On Disposal Of Subsidiaries And A Discontinued Operation

Net assets disposed :		
Property, plant and equipment	858,175	91
Other non-current assets	15,609	66
Current assets	55,964	621
Current liabilities	(76,634)	(152)
Non-current liabilities	(404,253)	-
Net attributable assets disposed	448,861	626
Less : Minority interest	(23,957)	(273)
Less : Foreign currency translation reserve	615	(554)
	425,519	(201)
Profit on disposal of a discontinued operation ⁷	133,902	-
Profit on disposal of subsidiaries	224	517
Net proceeds from disposal of subsidiaries and a discontinued operation	559,645	316
Less : Cash of subsidiaries and a discontinued operation disposed	(22,711)	-
Less : Amount receivable from buyer of a discontinued operation	(4,591)	-
Net cash inflow on disposal of subsidiaries and a discontinued operation, net of cash disposed	532,343	316

⁶ Purchase of Property, Plant and Equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US\$317.7 million (2002: US\$379.7 million). Cash payments of US\$317.7 million (2002: US\$286.4 million) were made for these property, plant and equipment.

⁷ This relates to the sale of AET to Malaysia International Shipping Corporation Berhad (MISC) completed on 22 July 2003.

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

	Share Capital US\$'000	Share Premium US\$'000	Foreign Currency Translation Reserves US\$'000	Accumulated Losses US\$'000	Total US\$'000
GROUP					
Balance at 28 December 2002	654,623	376,754	5,517	(480,841)	556,053
Currency translation differences	-	-	(496)	-	(496)
Net loss not recognised in income statement	-	-	(496)	-	(496)
Net gain for the financial year	-	-	-	428,826	428,826
Total (losses)/gains recognised for the financial year	-	-	(496)	428,826	428,330
Issue of new ordinary shares	143,904	175,781	-	-	319,685
Balance at 26 December 2003	798,527	552,535	5,021	(52,015)	1,304,068
Balance at 29 December 2001	654,589	376,752	4,821	(150,685)	885,477
Currency translation differences	-	-	696	-	696
Net gain not recognised in income statement	-	-	696	-	696
Net loss for the financial year	-	-	-	(330,156)	(330,156)
Total gains/(losses) recognised for the financial year	-	-	696	(330,156)	(329,460)
Issue of new ordinary shares	34	2	-	-	36
Balance at 27 December 2002	654,623	376,754	5,517	(480,841)	556,053

	Share Capital US\$'000	Share Premium US\$'000	Foreign Currency Translation Reserves US\$'000	Accumulated Losses US\$'000	Total US\$'000
COMPANY					
Balance at 28 December 2002	654,623	376,754	-	(576,674)	454,703
Net gain for the financial year	-	-	-	102,474	102,474
Issue of new ordinary shares	143,904	175,781	-	-	319,685
Balance at 26 December 2003	798,527	552,535	-	(474,200)	876,862
Balance at 29 December 2001	654,589	376,752	-	(553,261)	478,080
Net loss for the financial year	-	-	-	(23,413)	(23,413)
Issue of new ordinary shares	34	2	-	-	36
Balance at 27 December 2002	654,623	376,754	-	(576,674)	454,703

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 26 December 2003, the Company's issued and paid-up capital comprised 1,426,468,029 (27 December 2002 : 1,176,133,887) ordinary shares of S\$1.00 each.

During the financial year, the Company issued:

(a) 236,000,000 ordinary shares of par value S\$1.00 each, for cash at S\$2.32 per share.

(b) 13,884,142 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.

(c) 450,000 ordinary shares of par value S\$1.00 each to participants of the NOL Group Performance Share Plan ("PSP") whose performance shares were released and vested on 31 December 2001 and 26 December 2003 respectively.

As at 26 December 2003, options to subscribe for 44,747,157 (27 December 2002 : 51,975,543) ordinary shares remain outstanding under the SOP. There were 34,500 options exercised in 2003 but shares have yet to be allotted.

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 27 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.	2003	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	35.42 US cts	(28.07) US cts
b) On a fully diluted basis (detailing any adjustments made to the losses)	35.29 US cts	(28.07) US cts

7. Net Asset Value

	Group			Company		
	26 Dec 2003 US\$	27 Dec 2002 US\$	Inc / (Dec) %	26 Dec 2003 US\$	27 Dec 2002 US\$	Inc / (Dec) %
Net Asset Value per ordinary share based on issued share capital of the issuer	0.91	0.47	94	0.61	0.39	56

8. Review of the Performance of the Group

FY 2003 vs FY 2002

NOL Group recorded a 19% increase in revenue to US\$5.52 billion (2002: US\$4.64 billion) as revenue increased significantly in both the Liner and Logistics business units.

The Group achieved a net profit of US\$428.8 million (2002 : loss of US\$330.2 million). The Liner business was the main contributor to the fine set of results.

Q4 2003 vs Q4 2002

The Group recorded a 19% increase in revenue to US\$1.55 billion (2002 : US\$1.30 billion) and a net profit of US\$134.2 million (2002 : loss of US\$145.9 million). The improvement came from the Liner and Logistics business units.

	FY 2003	Q4 2003	Q3 2003	Q2 2003	Q1 2003
	US\$m	US\$m	US\$m	US\$m	US\$m
Revenue					
Liner	4,180	1,228	1,058	937	957
Logistics	975	286	235	223	231
Chartering ⁸	317	15	39	122	141
Others	161	39	34	44	44
Elimination	(110)	(21)	(24)	(34)	(31)
Total	5,523	1,547	1,342	1,292	1,342
Core EBIT⁹					
Liner	406	179	140	82	5
Logistics	7	4	2	2	(1)
Chartering	75	2	2	27	44
Others	(23)	(5)	(9)	(3)	(6)
Total	465	180	135	108	42

	FY 2002	Q4 2002	Q3 2002	Q2 2002	Q1 2002
	US\$m	US\$m	US\$m	US\$m	US\$m
Revenue					
Liner	3,443	945	843	794	861
Logistics	813	240	200	177	196
Chartering ⁸	349	108	84	78	79
Others	163	42	36	34	51
Elimination	(126)	(35)	(28)	(31)	(32)
Total	4,642	1,300	1,135	1,052	1,155
Core EBIT⁹					
Liner	(72)	(8)	7	(18)	(53)
Logistics	(27)	(16)	-	(4)	(7)
Chartering	9	(3)	3	2	7
Others	6	13	2	(5)	(4)
Total	(84)	(14)	12	(25)	(57)

⁸ AET was sold on 22 July 2003.

⁹ Earnings before Interest, Tax and Exceptional Items.

Analysis by Business Units

(i) Liner

FY 2003 vs FY 2002

2003 was an outstanding year for Liner business. Core EBIT was US\$406 million, which marked a turnaround from a loss of US\$72 million in 2002. This was attributed to the turnaround in the shipping industry which allowed the successful implementation of the general rate recovery programs. Yield management initiatives, network optimisation and cost containment also contributed significantly to the improved performance.

Q4 2003 vs Q4 2002

Liner business saw a significant improvement in revenue as a result of network adjustment and re-deployment of equipment to meet strong demand in all key trades. Improved freight rates in the Trans-Pacific, Asia-Europe, Intra-Asia and Trans-Atlantic markets were the main contributors to the 30% increase in overall revenue. Average freight rates rose by 19% against the corresponding quarter last year. Cost savings initiatives like contract re-negotiations, improved productivity and network rationalisation also continued to contribute to the improved performance.

	FY 2003	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Load Factors %					
Trans-Pacific East Bound	94%	88%	95%	96%	98%
Trans-Pacific West Bound	76%	73%	63%	74%	99%
Trans-Pacific Trade	87%	82%	82%	87%	98%
Latin America - North Bound	64%	63%	65%	64%	67%
Latin America - South Bound	68%	78%	70%	61%	55%
Latin America Trade	66%	71%	68%	63%	61%
Asia-Europe	101%	99%	101%	90%	103%
Europe-Asia	94%	97%	94%	102%	95%
Asia-Europe Trade	98%	98%	98%	96%	99%
Trans-Atlantic - East Bound	76%	70%	81%	78%	74%
Trans-Atlantic - West Bound	100%	95%	104%	104%	98%
Trans-Atlantic Trade	88%	82%	93%	91%	86%

	FY 2002	Q4 2002	Q3 2002	Q2 2002	Q1 2002
Load Factors %					
Trans-Pacific East Bound	92%	97%	94%	93%	82%
Trans-Pacific West Bound	89%	91%	81%	101%	85%
Trans-Pacific Trade	91%	94%	89%	96%	83%
Latin America - North Bound	84%	79%	88%	86%	85%
Latin America - South Bound	73%	69%	75%	72%	75%
Latin America Trade	78%	74%	82%	79%	80%
Asia-Europe	98%	99%	103%	100%	92%
Europe-Asia	91%	94%	88%	99%	86%
Asia-Europe Trade	95%	97%	96%	100%	89%
Trans-Atlantic - East Bound	68%	74%	66%	58%	70%
Trans-Atlantic - West Bound	97%	100%	98%	100%	92%
Trans-Atlantic Trade	82%	87%	82%	79%	81%

APL Q4 RESULTS 2003 and 2002
Unaudited

	FY 2003	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Volume (000s FEU)					
<u>Americas</u>					
Trans-Pacific	603	164	144	132	163
Latin America	119	33	30	27	29
	<u>722</u>	<u>197</u>	<u>174</u>	<u>159</u>	<u>192</u>
<u>Europe</u>					
Asia-Europe	300	83	71	68	78
Trans-Atlantic	101	25	25	24	27
	<u>401</u>	<u>108</u>	<u>96</u>	<u>92</u>	<u>105</u>
<u>Asia/Middle East</u>					
Intra-Asia	393	114	91	88	100
Total Volume	1,516	419	361	339	397
Operating Expenses (US\$m)					
<u>Americas</u>					
Trans-Pacific	1,970	533	486	446	505
Latin America	361	103	90	80	88
	<u>2,331</u>	<u>636</u>	<u>576</u>	<u>526</u>	<u>593</u>
<u>Europe</u>					
Asia-Europe	654	185	158	150	161
Trans-Atlantic	222	62	52	49	59
	<u>876</u>	<u>247</u>	<u>210</u>	<u>199</u>	<u>220</u>
<u>Asia/Middle East</u>					
Intra-Asia	567	166	132	130	139
Total Operating Expenses	3,774	1,049	918	855	952
Analysis of Expenses (US\$m)					
Operating Cost	3,168	879	758	723	808
General and Administrative	401	114	113	85	89
Depreciation and Amortisation	201	56	46	46	53
Others ¹⁰	4	0	1	1	2
Total Operating Expenses	3,774	1,049	918	855	952

	FY 2002	Q4 2002	Q3 2002	Q2 2002	Q1 2002
Volume (000s FEU)					
<u>Americas</u>					
Trans-Pacific	600	162	149	147	142
Latin America	118	30	28	29	31
	<u>718</u>	<u>192</u>	<u>177</u>	<u>176</u>	<u>173</u>
<u>Europe</u>					
Asia-Europe	278	74	61	62	81
Trans-Atlantic	83	24	20	18	21
	<u>361</u>	<u>98</u>	<u>81</u>	<u>80</u>	<u>102</u>
<u>Asia/Middle East</u>					
Intra-Asia	421	99	99	105	118
Total Volume	1,500	389	357	361	393
Operating Expenses (US\$m)					
<u>Americas</u>					
Trans-Pacific	1,859	505	459	427	468
Latin America	313	84	75	77	77
	<u>2,172</u>	<u>589</u>	<u>534</u>	<u>504</u>	<u>545</u>
<u>Europe</u>					
Asia-Europe	591	162	131	130	168
Trans-Atlantic	180	52	42	39	47
	<u>771</u>	<u>214</u>	<u>173</u>	<u>169</u>	<u>215</u>
<u>Asia/Middle East</u>					
Intra-Asia	572	150	129	139	154
Total Operating Expenses	3,515	953	836	812	914
Analysis of Expenses (US\$m)					
Operating Cost	2,919	778	702	675	764
General and Administrative	382	108	87	90	97
Depreciation and Amortisation	207	65	46	45	51
Others ¹⁰	7	2	1	2	2
Total Operating Expenses	3,515	953	836	812	914

¹⁰ Others consists of minority interest and share of results of associated companies.

(ii) **Logistics**

FY 2003 vs FY 2002

Revenue increased by US\$162 million or 20% to US\$975 million (2002: US\$813 million). Core EBIT in 2003 was US\$7 million as compared to a loss of US\$27 million in 2002. All regions showed improvement in revenue. Core EBIT improvement came from both Contract Logistics and International Services.

Q4 2003 vs Q4 2002

Strong revenue growth in all regions came mainly from consumer electronics and automotive segments. Core EBIT improved by US\$20 million, primarily due to growth in International Services, which was driven by NVOCC (Non-Vessel Operating Common Carrier) activities.

APLL Q4 RESULTS 2003 and 2002

Unaudited

US\$ millions

	FY 2003	Q4 2003	Q3 2003	Q2 2003	Q1 2003
BY REGION					
Revenue					
Americas	696	196	166	160	174
Europe	120	41	26	31	22
Asia & Middle East	159	49	43	32	35
Total Revenue	975	286	235	223	231
BY BUSINESS SEGMENT					
Revenue					
Contract Logistics Services	711	202	170	164	175
International Services	264	84	65	59	56
Total Revenue	975	286	235	223	231
Operating Expenses					
Contract Logistics Services	722	203	173	166	180
International Services	246	79	60	55	52
Total Operating Expenses	968	282	233	221	232
Core EBIT¹¹					
Contract Logistics Services	(11)	(1)	(3)	(2)	(5)
International Services	18	5	5	4	4
Total Core EBIT	7	4	2	2	(1)
Analysis of Expenses					
Operating Cost	791	239	186	179	187
General and Administrative	145	34	39	36	36
Depreciation and Amortisation	29	8	7	6	8
Others ¹²	3	1	1	0	1
Total Operating Expenses	968	282	233	221	232

¹¹ Earnings before Interest, Tax and Exceptional Items.

¹² Others consist of minority interest and share of results of associated companies.

APLL Q4 RESULTS 2003 and 2002 (Continued)

Unaudited
US\$ millions

	FY 2002	Q4 2002	Q3 2002	Q2 2002	Q1 2002
BY REGION					
Revenue					
Americas	614	179	146	135	154
Europe	74	24	20	16	14
Asia & Middle East	125	37	34	26	28
Total Revenue	813	240	200	177	196
BY BUSINESS SEGMENT					
Revenue					
Contract Logistics Services	606	178	143	134	151
International Services	207	62	57	43	45
Total Revenue	813	240	200	177	196
Operating Expenses					
Contract Logistics Services	636	184	150	141	161
International Services	204	72	50	40	42
Total Operating Expenses	840	256	200	181	203
Core EBIT¹¹					
Contract Logistics Services	(30)	(6)	(7)	(7)	(10)
International Services	3	(10)	7	3	3
Total Core EBIT	(27)	(16)	0	(4)	(7)
Analysis of Expenses					
Operating Cost	663	204	159	140	160
General and Administrative	138	41	31	32	34
Depreciation and Amortisation	37	10	9	9	9
Others ¹²	2	1	1	0	0
Total Operating Expenses	840	256	200	181	203

¹¹ Earnings before Interest, Tax and Exceptional Items.

¹² Others consist of minority interest and share of results of associated companies.

(iii) Chartering**FY 2003 vs FY 2002**

Chartering reported a 9% decline in revenue to US\$317 million (2002: US\$349 million). The decrease is due to the sale of AET completed on 22 July 2003. Core EBIT rose by 733% to US\$75 million (2002: US\$9 million). This is mainly due to significant improvement in TCE rates for Aframax, VLCC and Product Tankers.

Q4 2003 vs Q4 2002

Chartering reported a 86% decline in revenue to US\$15 million (2002: US\$108 million). The decrease is due to the sale of AET completed on 22 July 2003. Core EBIT increased by US\$5 million to US\$2 million (2002: loss of US\$3 million), mainly due to improvement in TCE rates.

CHARTERING Q4 RESULTS 2003 and 2002

Unaudited
US\$ millions

	FY 2003	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Revenue	317	15	39	122	141
Operating Expenses	242	13	37	95	97
Core EBIT¹¹	75	2	2	27	44
Analysis of Expenses					
Operating Cost	189	9	28	74	78
General and Administrative	13	2	3	5	3
Depreciation and Amortisation	39	2	6	15	16
Others ¹²	1	0	0	1	0
Total Operating Expenses	242	13	37	95	97

	FY 2002	Q4 2002	Q3 2002	Q2 2002	Q1 2002
Revenue	349	108	84	78	79
Operating Expenses	340	111	81	76	72
Core EBIT¹¹	9	(3)	3	2	7
Analysis of Expenses					
Operating Cost	269	90	63	61	55
General and Administrative	12	4	3	2	3
Depreciation and Amortisation	59	17	15	14	13
Others ¹²	0	0	0	(1)	1
Total Operating Expenses	340	111	81	76	72

¹¹ Earnings before Interest, Tax and Exceptional Items.

¹² 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 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.**

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 had resulted in a strong turnaround in performance for the Group as compared to 2002.

The Group's balance sheet has been strengthened considerably through the good operating performance in 2003, the sale of its tanker unit, AET, completed on 22 July 2003 and the Share Placement in November 2003. The Group will continue to explore avenues to take advantage of any growth opportunities in the future.

Barring any unforeseen circumstances, the Group expects to continue to perform better in 2004.

Liner

APL remains focused on additional cost savings and a strong emphasis on yield management to optimise utilisation of existing resources. Based on current industry outlook, we expect that supply and demand for container slots will remain in good balance, and that freight rates will continue to improve. We therefore expect to better our performance in 2004. We see Q1 performance reflecting the growth and profit momentum of 2003, and for this momentum to carry through for the rest of the year.

Logistics

Logistics will leverage its operational improvements to-date and work towards bettering its performance in 2004.

Chartering

With the sale of Neptune Associated Shipping announced on 17 February 2004, NOL has effectively made an exit from the Chartering business.

11. Dividend

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

Directors are pleased to recommend a final dividend of 3.85 Singapore cents per share, less tax of 22%, in respect of the financial year ended 26 December 2003 for approval by shareholders at the next Annual General Meeting to be convened on 20 April 2004.

The recommended final dividend has not been provided for in these financial statements. This dividend will be accounted for in the shareholders' equity as an appropriation of FY 2003 profits after tax in the financial statements for the year ending 31 December 2004.

Name of dividend	Final
Divident Type	Cash
Divident Amount per share	3.85 Singapore cents
Divident Rate	3.85%
Par value of Shares	S\$1.00
Tax Rate	22%

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

Nil

11.(c) Date payable

The recommended final dividend of 3.85 Singapore cents per share, less tax of 22%, if approved at the Annual General Meeting to be held on 20 April 2004, will be paid on 14 May 2004.

11.(d) Books closure date

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 27 April 2004 will be registered before entitlements to the dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed from 28 April 2004 to 30 April 2004, both dates inclusive, for payment of dividend.

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

N.A.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

12. Segment Information
Primary Segment Reporting By Business Segments

The principal activities of the Group include those relating to:

1. Liner - Global container transportation operations. It offers container shipping services in major trade lanes such as Trans-Pacific, Latin America, Asia-Europe, Trans-Atlantic, and Intra-Asia.

2. Logistics - Integrated management of all activities related to the supply chain. It comprises all of the supply chain processes that plan, implement, and control the effective flow and storage of goods, services and information from the origin to the point of consumption.

3. Chartering- Chartering of tankers, containerships and bulk carriers. The tanker business being the main chartering operation, concentrates mainly in the Aframax and Very Large Crude Carriers ("VLCCs") markets. The Aframax fleet provides petroleum transportation services in the Atlantic and lightering services in the US Gulf, while the VLCC fleet offers point-to-point services for the transportation of crude oil. The Aframax and VLCC fleet under AET has been sold on 22 July 2003.

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

	Liner US\$'000	Logistics US\$'000	Chartering ¹³ US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
2003						
Revenues						
External sales	4,164,848	975,348	311,672	70,715	-	5,522,583
Inter-segment sales	14,987	91	5,756	89,920	(110,754)	-
Total revenue	4,179,835	975,439	317,428	160,635	(110,754)	5,522,583
Segment result	416,102	4,022	217,859	(74,247)	-	563,736
Interest expense						(115,744)
Interest income						8,469
Share of results of associated companies	32	-	-	127	-	159
Share of results of joint ventures	-	-	-	103	-	103
Profit before tax						456,723
Tax						(22,484)
Group profit after tax						434,239
Minority interest	(1,640)	(2,590)	(1,099)	(84)	-	(5,413)
Group profit for the year						428,826
Segment assets	3,036,572	398,341	104,124	298,629	(263,180)	3,574,486
Associated companies	20	-	-	24	-	44
Joint ventures	-	-	-	1,503	-	1,503
Unallocated assets						487,704
Consolidated total assets						4,063,737
Segment liabilities	848,117	363,258	112,017	123,234	(263,180)	1,183,446
Unallocated liabilities						1,565,023
Consolidated total liabilities						2,748,469
Capital expenditures						
- property, plant & equipment	133,196	6,231	174,082	4,177	-	317,686
- intangible assets	2,338	1,557	-	53	-	3,948
Depreciation	192,923	12,147	36,054	15,392	-	256,516
Amortisation	8,469	16,338	2,342	8,216	-	35,365
Net provision for impairment	-	265	263	52,135	-	52,663
Other non-cash expenses	12,580	7,892	(7,690)	21,936	-	34,718

¹³ AET was sold on 22 July 2003.

12. Segment Information (Continued)

Primary Segment Reporting By Business Segments (Continued)

	Liner US\$'000	Logistics US\$'000	Chartering US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
2002						
Revenues						
External sales	3,425,129	812,785	342,709	61,195	-	4,641,818
Inter-segment sales	17,973	86	6,374	101,593	(126,026)	-
Total revenue	3,443,102	812,871	349,083	162,788	(126,026)	4,641,818
Segment result	(98,558)	(52,680)	(10,628)	(29,293)	-	(191,159)
Interest expense						(134,233)
Interest income						6,944
Share of results of associated companies	-	-	-	(1,489)	-	(1,489)
Share of results of joint ventures	-	-	-	2,127	-	2,127
Loss before tax						(317,810)
Tax						(9,885)
Group loss after tax						(327,695)
Minority interest	(433)	(1,475)	-	(553)	-	(2,461)
Group loss for the year						(330,156)
Segment assets	2,926,022	398,785	883,126	462,669	(207,611)	4,462,991
Associated companies	24	-	-	10,382	-	10,406
Joint ventures	-	-	-	2,975	-	2,975
Unallocated assets						292,805
Consolidated total assets						4,769,177
Segment liabilities	705,522	227,154	230,123	96,678	(207,611)	1,051,866
Unallocated liabilities						3,130,127
Consolidated total liabilities						4,181,993
Capital expenditures						
- property, plant & equipment	217,918	10,823	131,336	19,592	-	379,669
- intangible assets	2,631	6,221	-	538	-	9,390
Depreciation	196,114	15,284	56,620	13,289	-	281,307
Amortisation	11,022	21,885	2,640	10,221	-	45,768
Net provision for impairment	-	9,926	3,195	9,991	-	23,112
Other non-cash expenses	30,111	13,812	36,766	30,424	-	111,113

Secondary Segment Reporting By Geographical Segments

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

<u>Geographical segment</u>	<u>Trade Lanes</u>
Asia/Middle East	Intra-Asia
Europe	Asia-Europe Trans-Atlantic
Americas	Trans-Pacific Latin America

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

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

The directors of the Company consider that the nature of the Group's business precludes a meaningful allocation of vessels, drydocking costs and containers to specific geographical segments as defined under Financial Reporting Standard 14 "Segment Reporting". These vessels, together with the related drydocking costs, and containers are primarily utilised across geographic markets for shipment of cargoes throughout the world. This is in line with the industry practice.

	Sales			Total Assets		
	2003	2002	% Increase/	2003	2002	% Increase/
	US\$'000	US\$'000	(Decrease)	US\$'000	US\$'000	(Decrease)
Asia/Middle East	927,866	840,632	10	898,281	1,175,665	(24)
Europe	1,213,924	840,754	44	150,421	31,864	372
Americas	3,380,793	2,960,432	14	983,095	728,269	35
Subtotal	5,522,583	4,641,818		2,031,797	1,935,798	
Vessels	-	-	0	1,746,398	2,545,826	(31)
Containers	-	-	0	252,981	246,961	2
Drydocking costs	-	-	0	32,561	40,592	(20)
Total	5,522,583	4,641,818		4,063,737	4,769,177	

	Capital Expenditure - Fixed Assets ¹⁵			Capital Expenditure - Intangible Assets		
	2003	2002	% Increase/	2003	2002	% Increase/
	US\$'000	US\$'000	(Decrease)	US\$'000	US\$'000	(Decrease)
Asia/Middle East	4,804	8,270	(42)	53	2,332	(98)
Europe	488	3,131	(84)	148	653	(77)
Americas	21,591	41,955	(49)	3,747	6,405	(41)
Subtotal	26,883	53,356		3,948	9,390	
Vessels ¹⁴	218,918	180,285	21	-	-	0
Containers	41,606	118,244	(65)	-	-	0
Drydocking costs	30,279	27,784	9	-	-	0
Total	317,686	379,669		3,948	9,390	

¹⁴ Breakdown of vessels as follows:

	US\$m	US\$m	Inc/(Dec) %
i) Containerships	56	51	10
ii) Tankers	163	116	41
iii) Others	-	13	(100)
	219	180	

¹⁵ The capital expenditure incurred on IT equipment and software for 2003 was US\$9m (2002 : US\$20m).

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

Please refer to Note 8 for an analysis by business units.

14.(a) Breakdown of sales as follows :-

	Group			Company		
	2003	2002	% Increase/	2003	2002	% Increase/
	US\$'000	US\$'000	(Decrease)	US\$'000	US\$'000	(Decrease)
Sales reported for the first half year	2,634,367	2,207,432	19	5,880	7,904	(26)
Operating gains/(losses) after tax before deducting minority interests reported for first half year	91,784	(154,134)	N/M	(53,953)	(30,063)	79
Sales reported for the second half year	2,888,216	2,434,386	19	4,322	5,660	(24)
Operating gains/(losses) after tax before deducting minority interests reported for second half year	342,455	(173,561)	N/M	156,427	6,650	2,252

N/M : not meaningful

14.(b) Interested Party Transactions

Aggregate value of transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100K)	US\$'000 2003	US\$'000 2002
Transactions for the Purchase of Goods and Services		
Keppel Shipyard Limited and its associates ¹⁶	414	1,380
PSA Corporation Limited ¹⁶	68,317	82,184
Sembcorp Marine Limited and its associates ¹⁶	3,868	3,715
Aggregate value of transactions during the financial year under review (excluding transactions less than S\$100K and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) pursuant to Rule 907 of the SGX Listing Manual		
	US\$'000 2003	US\$'000 2002
Transactions for the Sale of Goods and Services		
Keppel Corporation Limited and its associates ¹⁶	312	508
PSA Corporation Limited and its associates ¹⁶	647	797
Singapore Technologies Marine Limited	-	125
Sembcorp Industries Limited and its associates ¹⁶	3,517	4,074
Transactions for the Purchase of Goods and Services		
Keppel Corporation Limited and its associates ¹⁶	491	832
Sembcorp Industries Limited and its associates ¹⁶	107	274
Pacific Internet Limited and its associates ^{16, 17}	185	429

¹⁶ Relates to cumulative value of transactions more than S\$100k.

¹⁷ Purchases from subsidiary of Pacific Internet Limited: Safe2Travel Pte Ltd.

15. Breakdown of total annual dividend

N.A.

16 Subsequent Events

On 17 February 2004, Neptune Orient Lines ("NOL") announced it had reached a conditional agreement ("the Agreement") to sell its product tanker and bunkering business Neptune Associated Shipping Pte Ltd ("NAS") to a wholly-owned subsidiary of Hong Kong-listed oil services company Titan (Holdings) Limited, Titan Orient Lines Pte Ltd ("Titan").

Under the terms of the agreement, Titan will pay a purchase price of US\$55.1 million for the entire issued and paid-up capital of NAS and the settlement of the inter-company debt as at the closing date of the sale. The purchase price is net of the interim dividends of US\$6.4 million declared by NAS for FY2003, which was settled on 23 December 2003. The purchase price is subject to adjustment by reference to the provisions of the Agreement. The sale will result in a profit of around US\$8 million (net of transaction cost) which will be reflected in the Group's results in Q1 2004.

BY ORDER OF THE BOARD

MARJORIE WEE
Company Secretary

Dated this 24 February 2004