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OFFICE OF INTERNATIONAL CORPORATE FINANCE

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Company number Z73

82-2083

6 May 2004



Dear Sirs

**SUPPL**

**ROYAL P&O NEDLLOYD: FIRST QUARTER RESULTS 2004**

I enclose a copy of a press release sent to the London Stock Exchange in accordance with our 12g3-2(h) exemption from the Securities Exchange Act of 1934 in connection with our ADR program.

Yours faithfully

*Sylvia Freeman*

Sylvia Freeman  
Company Secretariat

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**ROYAL P&O NEDLLOYD: FIRST QUARTER RESULTS 2004**

**Note: The figures reported here cover the accounting period to end March before the listing of Royal P&O Nedlloyd on the Euronext stock market in Amsterdam on 16 April. Consequently the figures for P&O Nedlloyd do not include Martinair. The first quarter results for the former Royal Nedlloyd (including 50% of P&O Nedlloyd and 50% of Martinair) are set out in the attached appendix.**

**P&O NEDLLOYD REPORTS OPERATING PROFIT OF \$21 MILLION**

P&O Nedlloyd's first quarter results for 2004 improved by \$79 million compared to the same quarter 2003, moving from a loss of \$58 million to an operating profit of \$21 million. Highlights are as follows:

- Operating profit before interest and tax was \$21 million, compared to a loss of \$58 million in Q1 2003;
- Net profit after tax was \$5 million, compared to a net loss of \$69 million in Q1 2003;
- Average freight rates were up by 15 per cent on Q1 2003; and
- Volumes shipped were up by 7 per cent on Q1 2003 on a comparable basis.

Commenting on the Q1 result and the full year outlook, Royal P&O Nedlloyd CEO Philip Green said: "The improvement of our financial performance is encouraging in what is traditionally the weakest quarter of the year. We continue to set our sights higher and we are determined to deliver a further improvement in profitability during the course of this year."

"Supply and demand for container shipping looks favourable for 2004 and, provided world trade continues to grow, the outlook for freight rates is positive and in line with our previous expectations. "

**Performance summary**

1. A feature in the quarter's results has been the improvement in average freight rates, up 15 per cent overall on Q1 2003. The increases have been particularly strong in the Europe Asia Trades (19 per cent) and Americas (17 per cent) compared with the same quarter last year.
2. On a comparable basis with Q1 2003 volumes shipped grew by 7 per cent. Total volume growth was 5 per cent including the impact of closing some loss making trades.

3. Significant further progress is being made with our cost reduction and yield management programmes.

## Notes to Editors:

1. Further details of P&O Nedlloyd's Q1 results are attached.
2. Amongst other business, today's Royal P&O Nedlloyd AGM will be asked to appoint David Robbie as Chief Financial Officer and a member of the Board of Royal P&O Nedlloyd, with effect from 10 May. Further information regarding the directors of Royal P&O Nedlloyd, including their contract terms, are available on our website: [www.ponl.com](http://www.ponl.com).

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	Q1 2004	Q1 2003
<b>Turnover</b>		
Container shipping	1,274	1,055
Other	206	166
Total turnover	1,480	1,221
<b>Operating profit / (loss)</b>		
Container shipping	24	(52)
Other	(3)	(6)
Total operating profit / (loss)	21	(58)
Interest and other	(12)	(10)
Profit / (loss) before tax	9	(68)
Tax	(4)	(1)
<b><u>Profit / (loss) after tax</u></b>	5	(69)

**Notes:**

1. Volumes shipped and average freight rates

	Q1 2004	Q1 2003
<b><u>Volumes shipped (teus)</u></b>	<b>927,000</b>	<b>881,000</b>
- Europe	397,000	393,000
- Americas	282,000	270,000
- Asia Pacific	248,000	218,000
<b><u>Average freight rates per teu (US\$)</u></b>	<b>1,374</b>	<b>1,196</b>
- Europe	1,401	1,212
- Americas	1,547	1,321
- Asia Pacific	1,160	1,039

*Volumes shipped and average freight rates are grouped by the three Trade Management Centres: Europe (London); Americas (East Rutherford); and Asia Pacific (Hong Kong). "Europe" includes all cargo movements from Europe (including all countries bordering the Mediterranean Sea) to Asia, Australasia, Africa and Latin America, and vice versa. "Americas" includes cargo movements between North America and Asia, Europe, Africa, Australasia, and Latin America. "Asia/Pacific" includes cargo movements between and within Asia, Australasia, Africa and Latin America*

2. Teu = twenty foot equivalent unit. This is the standard size of container and is a common measure of capacity in the container business.
3. A change in average freight rate per teu does not necessarily equal a change in profit contribution per teu. Average freight rate per teu is calculated equally across all trades and products. It makes no allowance for cargo mix, relative volumes on different trades or additional elements which are raised and paid for in local currency.

Consolidated Profit and Loss Account

EUR million

	Q1 2004	Q1 2003
<b>Share in profit / (loss) of non-consolidated participations</b>		
- P&O Nedlloyd	2	(32)
- Martinair	(2)	(4)
	0	(36)
Corporate overhead and other	(1)	(1)
Interest	0	1
<b>Result on ordinary activities before taxation</b>	<b>(1)</b>	<b>(36)</b>
Taxation	0	0
<b>Net loss</b>	<b>(1)</b>	<b>(36)</b>
Average number of outstanding ordinary shares (x 1,000)*	21,323	21,323
<b>EUR per outstanding ordinary share:</b>		
- Net result	<b>(0.05)</b>	(1.69)
- Result on ordinary activities before taxation	<b>(0.05)</b>	(1.69)

**Consolidated Balance Sheet**

	EUR million	
	31-03-2004	31-12-2003
Fixed assets	656	642
Current assets	6	5
Cash and bank balances	56	74
<b>Total Assets</b>	<b>718</b>	<b>721</b>
Shareholders' equity	674	682
Provisions	27	28
Short-term liabilities	17	11
<b>Total liabilities</b>	<b>718</b>	<b>721</b>
Number of outstanding ordinary shares (x 1,000)*	21,323	21,323
<b>EUR per outstanding ordinary share:</b>		
- Shareholders' equity	31.61	31.98
	<b>31-03-2004</b>	<b>31-03-2003</b>
<b>Shareholders' equity</b>		
Opening	682	784
Exchange differences	14	(19)
Dividends	(21)	-
Net loss	(1)	(36)
Closing	674	729

*\*Following the transaction which resulted in the listing of Royal P&O Nedlloyd on 16 April the number of outstanding ordinary shares was 40.6 million*

## ROYAL P&amp;O NEDLLOYD N.V.

Cash Flow Statement

	EUR million	
	31-03-2004	31-12-2003
Net profit / (loss)	(1)	11
Other adjustments towards net operational cash flow:		
Share in result of joint venture P&O Nedlloyd	(2)	(4)
Share in result of 50% interest in Martinair	2	(5)
Movement in working capital	5	1
Movement in provisions	(1)	(16)
Other movements	0	1
<b>Net operational cash flow</b>	<b>3</b>	<b>(12)</b>
Redemption received on loans granted	0	2
<b>Investment cash flow</b>	<b>0</b>	<b>2</b>
Dividend paid	(21)	(22)
<b>Financing cash flow</b>	<b>(21)</b>	<b>(22)</b>
Cash flow balance	(18)	(32)
Cash and bank balances beginning of financial year	74	106
<b>Cash and bank balances end of period</b>	<b>56</b>	<b>74</b>

*In this quarterly report the same accounting policies as in the latest financial statements have been applied.*

*Figures unaudited*