



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司†

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2010

The Directors of Orient Overseas (International) Limited (the “Company”) announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June 2010, which have been reviewed by our auditor, PricewaterhouseCoopers whose unmodified review report is included in the Interim Report to be sent to Shareholders.

Condensed Consolidated Profit and Loss Account (unaudited) For the six months ended 30th June 2010

US\$'000	Note	2010	Restated 2009
Continuing operations			
Revenue	5	2,732,616	2,065,138
Operating costs		<u>(2,192,265)</u>	<u>(2,044,974)</u>
Gross profit		540,351	20,164
Fair value loss from an investment property		-	(15,000)
Other operating income		11,279	26,465
Other operating expenses		<u>(241,710)</u>	<u>(223,333)</u>
Operating profit/(loss)	6	309,920	(191,704)
Finance costs	8	(13,425)	(21,113)
Share of profits of jointly controlled entities		653	619
Share of profits of associated companies		<u>2,653</u>	<u>1,181</u>
Profit/(loss) before taxation		299,801	(211,017)
Taxation	9	<u>(12,462)</u>	<u>(8,242)</u>
Profit/(loss) for the period from continuing operations		287,339	(219,259)
Discontinued operation :			
Profit/(loss) for the period from discontinued operation	10	<u>1,004,354</u>	<u>(11,807)</u>
Profit/(loss) for the period		<u>1,291,693</u>	<u>(231,066)</u>
Profit/(loss) attributable to :			
Equity holders of the Company		1,284,628	(231,848)
Non-controlling interests		<u>7,065</u>	<u>782</u>
		<u>1,291,693</u>	<u>(231,066)</u>
Interim and special dividends	11	<u>322,283</u>	<u>-</u>
Earnings/(loss) per ordinary share (US cents)			
- from continuing operations	12	44.8	(35.1)
- from discontinued operation		<u>160.5</u>	<u>(1.9)</u>
Basic and diluted		<u>205.3</u>	<u>(37.0)</u>

Year 2009 figures have been restated or reclassified to disclose the results of discontinued operation in a separate line.

Condensed Consolidated Statement of Comprehensive Income (unaudited)
For the six months ended 30th June 2010

US\$'000	2010	2009
Profit/(loss) for the period	<u>1,291,693</u>	<u>(231,066)</u>
Other comprehensive income:		
Vessels		
- Assets revaluation reserve realised	(1,915)	-
Available-for-sale financial assets		
- Change in fair value	8,218	(14,099)
- Assets revaluation reserve realised	-	(774)
Currency translation adjustments	(956)	4,436
Other comprehensive income/(loss) for the period	<u>5,347</u>	<u>(10,437)</u>
Total comprehensive income/(loss) for the period	<u>1,297,040</u>	<u>(241,503)</u>
Total comprehensive income/(loss) attributable to :		
Equity holders of the Company	1,289,981	(242,299)
Non-controlling interests	<u>7,059</u>	<u>796</u>
	<u>1,297,040</u>	<u>(241,503)</u>

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

As at 30th June 2010

US\$'000	Note	30th June 2010	31st December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	13	3,845,752	3,798,048
Investment property	13	150,000	150,000
Prepayments of lease premiums	13	10,153	10,175
Jointly controlled entities		2,302	4,465
Associated companies		60,117	59,737
Intangible assets	13	50,126	53,104
Deferred taxation assets		1,166	847
Pension and retirement assets		25,811	27,213
Derivative financial instruments	15	6,004	-
Restricted bank balances		1,164	447
Other non-current assets		<u>232,141</u>	<u>219,670</u>
		<u>4,384,736</u>	<u>4,323,706</u>
Current assets			
Inventories		108,480	83,561
Debtors and prepayments	14	462,245	380,234
Portfolio investments		67,439	44,592
Derivative financial instruments	15	317	2,965
Restricted bank balances		948	1,760
Cash and bank balances		<u>3,817,052</u>	<u>1,225,102</u>
		<u>4,456,481</u>	<u>1,738,214</u>
Assets held for sale		-	<u>1,268,254</u>
		<u>4,456,481</u>	<u>3,006,468</u>
Total assets		<u>8,841,217</u>	<u>7,330,174</u>
EQUITY			
Equity holders			
Share capital	16	62,579	62,579
Reserves	17	<u>5,180,291</u>	<u>3,882,105</u>
		<u>5,242,870</u>	<u>3,944,684</u>
Non-controlling interests		<u>6,437</u>	<u>23,723</u>
Total equity		<u>5,249,307</u>	<u>3,968,407</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	2,546,480	2,135,967
Deferred taxation liabilities		36,369	30,697
Pension and retirement liabilities		2,363	3,130
Derivative financial instruments	15	<u>11,020</u>	-
		<u>2,596,232</u>	<u>2,169,794</u>
Current liabilities			
Creditors and accruals	18	746,163	601,083
Derivative financial instruments	15	-	6,110
Borrowings	19	237,314	432,055
Current taxation		<u>12,201</u>	<u>10,319</u>
		<u>995,678</u>	<u>1,049,567</u>
Liabilities directly associated with assets classified as held for sale		-	<u>142,406</u>
		<u>995,678</u>	<u>1,191,973</u>
Total liabilities		<u>3,591,910</u>	<u>3,361,767</u>
Total equity and liabilities		<u>8,841,217</u>	<u>7,330,174</u>
Net current assets		<u>3,460,803</u>	<u>1,814,495</u>
Total assets less current liabilities		<u>7,845,539</u>	<u>6,138,201</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)
For the six months ended 30th June 2010

US\$'000	Note	2010	2009
Cash flows from operating activities			
Cash generated from/(used in) operations		475,244	(248,935)
Interest paid		(7,814)	(12,948)
Interest element of finance lease rental payments		(9,207)	(27,241)
Dividend on preference shares		-	(3,235)
Hong Kong tax refunded		2,473	-
Overseas taxes paid		(2,069)	(14,720)
Net cash from/(used in) operating activities		<u>458,627</u>	<u>(307,079)</u>
Cash flows from investing activities			
Sale of property, plant and equipment		13,114	8,307
Sale of available-for-sale financial assets		228	3,936
Sale of held-to-maturity investments		15,290	1,942
Purchase of property, plant and equipment		(63,754)	(117,417)
Purchase of available-for-sale financial assets		(52)	(30)
Purchase of held-to-maturity investments		(17,781)	(13,403)
(Increase)/decrease in portfolio investments		(22,847)	2,366
Disposal of subsidiaries	22	2,130,202	-
Acquisition of non-controlling interests		(14,123)	-
Decrease in amounts due by jointly controlled entities		2,304	372
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement		(1,522,412)	113,854
Purchase of intangible assets		(1,960)	(7,110)
(Increase)/decrease in other non-current assets		(1,228)	7,195
Interest received		4,477	11,919
Income from available-for-sale financial assets		7	3
Dividends received from portfolio investments		287	535
Dividend received from an associated company		2,599	-
Dividend received from a jointly controlled entity		524	547
Net cash from investing activities		<u>524,875</u>	<u>13,016</u>
Cash flows from financing activities			
New loans		559,840	176,098
Repayment of loans		(441,223)	(83,763)
Redemption of preference shares		-	(45,689)
Capital element of finance lease rental payments		(26,342)	(35,445)
Dividends paid to shareholders		-	(28,187)
Dividend paid to non-controlling interests		(2,017)	(842)
Net cash from/(used in) financing activities		<u>90,258</u>	<u>(17,828)</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,088,254	1,778,453
Currency translation adjustments		(4,286)	9,090
Cash and cash equivalents at end of period		<u>2,157,728</u>	<u>1,475,652</u>
Analysis of cash and cash equivalents			
Bank balances and deposits maturing within three months from the date of placement		2,157,842	1,475,795
Bank overdrafts		(114)	(143)
		<u>2,157,728</u>	<u>1,475,652</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)
For the six months ended 30th June 2010

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
Balance at 31st December 2009	62,579	3,882,105	3,944,684	23,723	3,968,407
Total comprehensive income for the period	-	1,289,981	1,289,981	7,059	1,297,040
Transactions with owners					
Acquisition of non-controlling interests	-	8,205	8,205	(22,328)	(14,123)
Dividend paid to non-controlling interests	-	-	-	(2,017)	(2,017)
Balance at 30th June 2010	62,579	5,180,291	5,242,870	6,437	5,249,307
Balance at 31st December 2008	62,579	4,324,492	4,387,071	34,292	4,421,363
Total comprehensive (loss)/ income for the period	-	(242,299)	(242,299)	796	(241,503)
Transactions with owners					
2008 final dividend	-	(28,187)	(28,187)	-	(28,187)
Dividend paid to non-controlling interests	-	-	-	(842)	(842)
Balance at 30th June 2009	62,579	4,054,006	4,116,585	34,246	4,150,831

Notes to the Condensed Interim Financial Information

1. General Information

Orient Overseas (International) Limited (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered office is 33rd floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong.

The Company has its listing on the Main Board of The Stock Exchange of Hong Kong Limited.

On 18th January 2010, the Board announced that the Company had entered into the Sale and Purchase Agreement with CapitaLand China (RE) Holdings Co., Ltd. to sell its entire interest in Orient Overseas Developments Limited and its subsidiaries and jointly controlled entities (collectively referred to as the “Disposal Group”) and the assignment and transfer of the shareholder’s loan for an aggregate consideration of US\$2.2 billion, receivable in cash. The transaction was completed on 10th February 2010. After transaction costs, the gain arising on the disposal was approximately US\$1.0 billion which had been recognised in the consolidated profit and loss account for the six months ended 30th June 2010.

Analysis of the results, cash flows, assets and liabilities of the Disposal Group is presented in notes 10 and 22.

This interim financial information was approved by the Board of Directors on 4th August 2010.

2. Basis of Preparation

The interim financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value and in accordance with HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2009.

2. Basis of Preparation (Continued)

The adoption of new/revised HKFRS

In 2010, the Group adopted the new standards, amendments and interpretations of Hong Kong Financial Reporting Standards below, which are relevant to its operations.

HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 36 Amendment	Impairment of Assets
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations
HKFRS 8 Amendment	Operating Segments

Annual improvements to HKFRS published in May 2009

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations
HKFRS 8 Amendment	Operating Segments

The Group has assessed the impact of the adoption of these new standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts except for HKAS 27 (Revised) as set out below:

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the consolidated profit and loss account.

The adoption of HKAS 27 (Revised) has resulted in a difference between the consideration paid and the relevant share of the carrying net asset value acquired from the non-controlling interests of US\$8,205,000 which is now recorded in equity.

2. Basis of Preparation (Continued)

Standards, interpretations and amendments to existing standards that are relevant but not yet effective

New or revised standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 32 Amendment	Classification of Rights Issues	1st February 2010
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1st July 2010
HKAS 24 (Revised)	Related Party Disclosure	1st January 2011
HK(IFRIC) – Int 14 Amendment	Prepayment of a minimum funding requirement	1st January 2011
HKFRS 9	Financial instruments	1st January 2013
Annual improvement to HKFRS published in May 2010		
HKFRS 3 (Revised)	Business combinations	1st July 2010
HKAS 1	Presentation of Financial Statements	1st January 2011
HKAS 27	Consolidated and Separate Financial Statements	1st January 2011
HKAS 34	Interim Financial Reporting	1st January 2011
HKFRS 7	Financial Instruments : Disclosure	1st January 2011

The Group has not early adopted the above standards, amendments and interpretations and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of accounts will result.

3. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual accounts for the year ended 31st December 2009.

4. Critical Accounting Estimates and Judgements

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2009.

5. Revenue

US\$'000	2010	2009
Container transport and logistics	2,720,717	2,053,268
Others	<u>11,899</u>	<u>11,870</u>
	<u>2,732,616</u>	<u>2,065,138</u>

The principal activities of the Group are container transport and logistics.

Revenue comprises turnover which includes gross freight, charterhire, service and other income from the operation of the container transport and logistics and rental income from the investment property.

6. Operating Profit/(Loss)

US\$'000	2010	2009	
	Continuing operations	Continuing operations	Discontinued operation
Operating profit/(loss) is arrived at after crediting :			
Interest income from banks	5,944	6,633	679
Interest income from held-to-maturity investments	2,723	1,184	-
Gross rental income from an investment property	11,899	11,870	-
Profit on disposal of property, plant and equipment	232	-	-
Profit on disposal of held-to-maturity investments	492	-	-
Profit on disposal of available-for-sale financial assets	-	1,407	-
Gain on interest rate swap contracts	712	-	-
Gain on foreign exchange forward contracts	-	8,047	-
Portfolio investment income	<u>155</u>	<u>8,113</u>	<u>-</u>
and after charging :			
Depreciation			
Owned assets	84,963	56,417	1,819
Leased assets	42,899	35,286	-
Operating lease rental expense			
Vessels and equipment	151,146	277,413	-
Land and buildings	11,046	12,739	791
Rental outgoings in respect of an investment property	5,591	5,363	-
Loss on interest rate swap contracts	-	3,043	-
Loss on currency option contracts	-	376	-
Loss on foreign exchange forward contracts	2,086	-	-
Loss on disposal of property, plant and equipment	-	1,509	-
Loss on disposal of held-to-maturity investments	-	664	-
Amortisation of intangible assets	4,937	3,220	11
Amortisation of leasehold land and land use rights	229	173	44
Exchange loss	<u>7,518</u>	<u>3,461</u>	<u>465</u>

7. Key Management Compensation

US\$'000	2010	2009
Salaries and other short-term employee benefits	3,893	3,262
Pension costs - defined contribution plans	<u>171</u>	<u>296</u>
	<u>4,064</u>	<u>3,558</u>

8. Finance Costs

US\$'000	2010	2009
Interest expense	(13,932)	(20,901)
Amount capitalised under assets	<u>507</u>	<u>1,392</u>
Net interest expense	(13,425)	(19,509)
Dividend on preference shares	<u>-</u>	<u>(1,604)</u>
	<u>(13,425)</u>	<u>(21,113)</u>

9. Taxation

US\$'000	2010	2009
Current taxation		
Hong Kong taxation	(9)	-
Overseas taxation	<u>(6,862)</u>	<u>(11,280)</u>
	(6,871)	(11,280)
Deferred taxation		
Overseas taxation	<u>(5,591)</u>	<u>3,038</u>
	<u>(12,462)</u>	<u>(8,242)</u>

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the period. These rates range from 12% to 47% (2009: 8% to 52%) and the rate applicable for Hong Kong profits tax is 16.5% (2009: 16.5%).

10. Discontinued Operation

US\$'000	2010	2009
(i) Results		
Revenue	-	1,647
Operating costs	-	(3,645)
Gross loss	-	(1,998)
Other operating income	-	679
Other operating expenses	-	(8,616)
Operating loss	-	(9,935)
Finance costs	-	(1,887)
Share of profits less losses of jointly controlled entities	-	155
Loss before taxation	-	(11,667)
Taxation	-	(140)
Loss after taxation	-	(11,807)
Profit on disposal of subsidiaries (note 22)	<u>1,004,354</u>	-
Profit/(loss) from discontinued operation	<u>1,004,354</u>	<u>(11,807)</u>
(ii) Cash flows		
Operating cash flows	-	(256,287)
Investing cash flows	1,004,354	(34,098)
Financing cash flows	-	(43,912)
Total cash flows	<u>1,004,354</u>	<u>(334,297)</u>

11. Interim and Special Dividends

The Board of Directors declares an interim dividend for 2010 of US11.5 cents (2009: nil) per ordinary share. In addition, the Board of Directors proposes a special dividend of US40 cents per ordinary share as a result of the disposal of the Group's property development business in the People's Republic of China.

12. Earnings/(Loss) Per Ordinary Share

The calculation of basic and diluted earnings/(loss) per ordinary share is based on the Group's profit/(loss) attributable to equity holders of the Company divided by the number of ordinary shares in issue during the period.

The basic and diluted earnings/(loss) per ordinary share are the same since there are no potential dilutive shares.

US\$'000	2010	2009
Number of ordinary shares in issue (thousands)	<u>625,793</u>	<u>625,793</u>
Group's profit/(loss) from continuing operations attributable to :		
Equity holders of the Company	280,274	(220,149)
Non-controlling interests	<u>7,065</u>	<u>890</u>
	<u>287,339</u>	<u>(219,259)</u>
Earnings/(loss) per share from continuing operations attributable to equity holders of the Company (US cents)	<u>44.8</u>	<u>(35.1)</u>
Group's profit/(loss) from discontinued operation attributable to :		
Equity holders of the Company	1,004,354	(11,699)
Non-controlling interests	<u>-</u>	<u>(108)</u>
	<u>1,004,354</u>	<u>(11,807)</u>
Earnings/(loss) per share from discontinued operation attributable to equity holders of the Company (US cents)	<u>160.5</u>	<u>(1.9)</u>

13. Capital Expenditure

US\$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts :					
Balance at 31st December 2009	3,798,048	150,000	10,175	53,104	4,011,327
Currency translation adjustments	81	-	207	(1)	287
Additions	190,282	-	-	1,960	192,242
Disposals	(14,797)	-	-	-	(14,797)
Depreciation and amortisation	(127,862)	-	(229)	(4,937)	(133,028)
Balance at 30th June 2010	<u>3,845,752</u>	<u>150,000</u>	<u>10,153</u>	<u>50,126</u>	<u>4,056,031</u>
Balance at 31st December 2008	3,780,945	175,000	14,201	47,098	4,017,244
Currency translation adjustments	129	-	1	1	131
Fair value loss	-	(15,000)	-	-	(15,000)
Additions	120,412	-	-	7,110	127,522
Disposals	(9,816)	-	-	-	(9,816)
Depreciation and amortisation	(93,522)	-	(217)	(3,231)	(96,970)
Balance at 30th June 2009	<u>3,798,148</u>	<u>160,000</u>	<u>13,985</u>	<u>50,978</u>	<u>4,023,111</u>

14. Debtors and Prepayments

US\$'000	30th June 2010	31st December 2009
Trade receivables	321,454	241,667
Less : Provision for impairment	<u>(5,943)</u>	<u>(5,664)</u>
Trade receivables - net	315,511	236,003
Other debtors	52,010	39,364
Other prepayments	76,226	80,321
Utility and other deposits	6,863	7,518
Tax recoverable	<u>11,635</u>	<u>17,028</u>
	<u>462,245</u>	<u>380,234</u>

14. Debtors and Prepayments (Continued)

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 days. Trade receivables with overdue balances are requested to settle all outstanding balances before any further credit is granted. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due date of invoices, is as follows:

US\$'000	30th June 2010	31st December 2009
Below one month	304,218	223,184
Two to three months	11,293	12,397
Four to six months	-	422
	<u>315,511</u>	<u>236,003</u>

15. Derivative Financial Instruments

US\$'000	30th June 2010	31st December 2009
Assets		
Non-current assets		
Interest rate swap contracts	<u>6,004</u>	<u>-</u>
Current assets		
Interest rate swap contracts	<u>317</u>	<u>2,965</u>
Liabilities		
Non-current liabilities		
Interest rate swap contract	(2,824)	-
Foreign exchange forward contract	<u>(8,196)</u>	<u>-</u>
	<u>(11,020)</u>	<u>-</u>
Current liability		
Foreign exchange forward contract	<u>-</u>	<u>(6,110)</u>

16. Share Capital

US\$'000	30th June 2010	31st December 2009
Authorised :		
900,000,000 ordinary shares of US\$0.10 each	90,000	90,000
65,000,000 convertible redeemable preferred shares of US\$1 each	65,000	65,000
50,000,000 redeemable preferred shares of US\$1 each	<u>50,000</u>	<u>50,000</u>
	<u>205,000</u>	<u>205,000</u>
Issued and fully paid :		
625,793,297 (2009: 625,793,297) ordinary shares of US\$0.10 each	<u>62,579</u>	<u>62,579</u>

17. Reserves

US\$'000	Share premium	Contributed surplus	Capital redemption reserve	Asset revaluation reserve		Foreign exchange translation reserve	Retained profit	Total
				Vessels	Available-for-sale financial assets			
Balance at 31st December 2009	172,457	88,547	4,696	1,915	44,398	44,563	3,525,529	3,882,105
Total comprehensive income/(loss) for the period	-	-	-	(1,915)	8,218	(950)	1,284,628	1,289,981
Acquisition of non-controlling interests	-	-	-	-	-	-	8,205	8,205
Balance at 30th June 2010	172,457	88,547	4,696	-	52,616	43,613	4,818,362	5,180,291
Balance at 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492
Total comprehensive income/(loss) for the period	-	-	-	-	(14,873)	4,422	(231,848)	(242,299)
2008 final dividend	-	-	-	-	-	-	(28,187)	(28,187)
Balance at 30th June 2009	172,457	88,547	4,696	9,948	38,512	43,871	3,695,975	4,054,006
Total comprehensive income/(loss) for the period	-	-	-	(8,033)	5,886	692	(170,446)	(171,901)
Balance at 31st December 2009	172,457	88,547	4,696	1,915	44,398	44,563	3,525,529	3,882,105

18. Creditors and Accruals

US\$'000	30th June 2010	31st December 2009
Trade payables	237,038	171,111
Other creditors	56,232	61,328
Accrued expenses	388,789	306,988
Deferred revenue	64,104	61,656
	<u>746,163</u>	<u>601,083</u>

The ageing analysis of the Group's trade payables, prepared in accordance with date of invoices, is as follows:

US\$'000	30th June 2010	31st December 2009
Below one month	188,444	117,856
Two to three months	44,173	49,532
Four to six months	3,272	3,463
Over six months	1,149	260
	<u>237,038</u>	<u>171,111</u>

19. Borrowings

US\$'000	30th June 2010	31st December 2009
Non-current		
Bank loans		
- secured	895,076	491,225
- unsecured	90,611	21,190
Loans from non-controlling interests		
- secured	-	139,100
- unsecured	-	18,232
Finance lease obligations	<u>1,560,793</u>	<u>1,466,220</u>
	<u>2,546,480</u>	<u>2,135,967</u>
Current		
Bank overdrafts, unsecured	114	145
Bank loans		
- secured	154,096	146,623
- unsecured	32,308	121,042
Loans from non-controlling interests		
- secured	-	106,500
- unsecured	-	9,562
Finance lease obligations	<u>50,796</u>	<u>48,183</u>
	<u>237,314</u>	<u>432,055</u>
Total borrowings	<u>2,783,794</u>	<u>2,568,022</u>

20. Commitments

(a) Capital commitments

US\$'000	30th June 2010	31st December 2009
Contracted but not provided for		
- Continuing operations	662,899	711,803
- Discontinued operation	<u>-</u>	<u>6,289</u>
	662,899	718,092
Authorised but not contracted for		
- Continuing operations	<u>13,868</u>	<u>16,587</u>
	<u>676,767</u>	<u>734,679</u>

(b) Operating lease commitments

The future aggregate minimum lease rental expenses under non-cancellable operating leases are payable in the following years :

US\$'000	Vessels and equipment	Land and buildings	Total
As at 30th June 2010			
2010/11	171,408	29,546	200,954
2011/12	97,822	16,350	114,172
2012/13	83,531	10,139	93,670
2013/14	78,428	5,187	83,615
2014/15	77,510	1,589	79,099
2015/16 onwards	<u>461,769</u>	<u>83</u>	<u>461,852</u>
	<u>970,468</u>	<u>62,894</u>	<u>1,033,362</u>
As at 31st December 2009			
2010	187,810	31,124	218,934
2011	133,427	21,943	155,370
2012	83,747	12,890	96,637
2013	81,220	6,171	87,391
2014	77,872	3,902	81,774
2015 onwards	<u>500,097</u>	<u>1,375</u>	<u>501,472</u>
	<u>1,064,173</u>	<u>77,405</u>	<u>1,141,578</u>

21. Segment Information

The principal activities of the Group are container transport and logistics. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Trans-Atlantic, Asia/Europe, Asia/Australia and Intra-Asia trades, and integrated services over the management and control of effective storage and flow of goods. In accordance with the Group's internal financial reporting provided to the chief operating decision-makers, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are container transport and logistics and others.

21. Segment Information (Continued)

Operating segments

The segment results for the six months ended 30th June 2010 are as follows:

US\$'000	Continuing operations				Discontinued operation	
	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
Revenue	<u>2,720,717</u>	<u>12,375</u>	<u>(476)</u>	<u>2,732,616</u>	<u>-</u>	<u>2,732,616</u>
Operating profit	302,811	7,109	-	309,920	-	309,920
Finance costs	(13,079)	(346)	-	(13,425)	-	(13,425)
Share of profits of jointly controlled entities	653	-	-	653	-	653
Share of profits of associated companies	2,653	-	-	2,653	-	2,653
Profit before taxation	<u>293,038</u>	<u>6,763</u>	<u>-</u>	<u>299,801</u>	<u>-</u>	<u>299,801</u>
Taxation	(7,237)	(5,225)	-	(12,462)	-	(12,462)
Profit after taxation	<u>285,801</u>	<u>1,538</u>	<u>-</u>	<u>287,339</u>	<u>-</u>	<u>287,339</u>
Profit on disposal of subsidiaries	-	-	-	-	1,004,354	1,004,354
Profit for the period	<u>285,801</u>	<u>1,538</u>	<u>-</u>	<u>287,339</u>	<u>1,004,354</u>	<u>1,291,693</u>
Capital expenditure	192,242	-	-	192,242	-	192,242
Depreciation	127,862	-	-	127,862	-	127,862
Amortisation	5,166	-	-	5,166	-	5,166

21. Segment Information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2009 are as follows :

US\$'000	Continuing operations				Discontinued operation	Group
	Container transport and logistics	Others	Elimination	Sub-total	Property development	
Revenue	<u>2,053,268</u>	<u>12,366</u>	<u>(496)</u>	<u>2,065,138</u>	<u>1,647</u>	<u>2,066,785</u>
Operating (loss)/profit	(196,636)	4,932	-	(191,704)	(9,935)	(201,639)
Finance costs	(20,723)	(390)	-	(21,113)	(1,887)	(23,000)
Share of profits of jointly controlled entities	619	-	-	619	155	774
Share of profits of associated companies	1,181	-	-	1,181	-	1,181
(Loss)/profit before taxation	<u>(215,559)</u>	<u>4,542</u>	<u>-</u>	<u>(211,017)</u>	<u>(11,667)</u>	<u>(222,684)</u>
Taxation	(7,948)	(294)	-	(8,242)	(140)	(8,382)
(Loss)/profit for the period	<u>(223,507)</u>	<u>4,248</u>	<u>-</u>	<u>(219,259)</u>	<u>(11,807)</u>	<u>(231,066)</u>
Capital expenditure	127,211	-	-	127,211	311	127,522
Depreciation	91,703	-	-	91,703	1,819	93,522
Amortisation	3,393	-	-	3,393	55	3,448

Others mainly represent property investment and corporate level activities including central treasury management and administrative function.

Inter-segment transfers or transactions are conducted at prices and terms mutually agreed amongst those business segments.

21. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2010 are as follows:

	Container transport and logistics	Others	Total
US\$'000			
As at 30th June 2010			
Segment assets	4,859,073	3,919,725	8,778,798
Jointly controlled entities	2,302	-	2,302
Associated companies	60,117	-	60,117
Total assets	<u>4,921,492</u>	<u>3,919,725</u>	<u>8,841,217</u>
Segment liabilities	<u>(3,472,286)</u>	<u>(119,624)</u>	<u>(3,591,910)</u>
As at 31st December 2009			
Segment assets	4,698,468	1,299,250	5,997,718
Jointly controlled entities	4,465	-	4,465
Associated companies	59,737	-	59,737
	<u>4,762,670</u>	<u>1,299,250</u>	<u>6,061,920</u>
Assets held for sale (note 22)			<u>1,268,254</u>
Total assets			<u>7,330,174</u>
Segment liabilities	<u>(3,152,987)</u>	<u>(66,374)</u>	<u>(3,219,361)</u>
Liabilities directly associated with assets held for sale (note 22)			<u>(142,406)</u>
Total liabilities			<u>(3,361,767)</u>

Others primarily include assets and liabilities of property and corporate level activities. Other assets consist primarily of investment property, available-for-sale financial assets, held-to-maturity investments, loan to an investee company and portfolio investments together with restricted bank balances and cash and bank balances that are managed at corporate level. Other liabilities primarily include creditors and accruals, deferred tax liabilities, borrowings and derivative financial instruments related to corporate level activities.

21. Segment Information (Continued)

Geographical information

The Group's two reportable operating segments operate in four main geographical areas, even though they are managed on a worldwide basis. Freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory.

The Group's total assets mainly include container vessels and containers which are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, non-current assets by geographical areas are not presented.

US\$'000	Revenue	Capital expenditure
Six months ended 30th June 2010		
Asia	1,816,014	3,356
North America	500,678	849
Europe	349,151	156
Australia	66,773	47
Unallocated*	-	187,834
	<u>2,732,616</u>	<u>192,242</u>
Six months ended 30th June 2009		
Continuing operations :		
Asia	1,310,150	8,319
North America	427,776	2,086
Europe	270,744	156
Australia	56,468	5
Unallocated*	-	116,645
	<u>2,065,138</u>	<u>127,211</u>
Discontinued operation	<u>1,647</u>	<u>311</u>
	<u>2,066,785</u>	<u>127,522</u>

* Unallocated capital expenditure comprises additions to vessels, dry-docking, containers and intangible assets.

22. Disposal of Subsidiaries

US\$'000	2010	2009
Net assets disposed		
Property, plant and equipment	104,010	-
Prepayments of lease premiums	3,467	-
Goodwill	23,599	-
Jointly controlled entities	9,804	-
Deferred tax assets	592	-
Inventories	218	-
Properties under development and for sale	855,886	-
Debtors and prepayments	8,554	-
Cash and bank balances	262,124	-
Total assets	<u>1,268,254</u>	<u>-</u>
Borrowings, secured	(87,565)	-
Deferred taxation liabilities	(11,377)	-
Creditors and accruals	(39,639)	-
Amount due to a jointly controlled entity	(1,800)	-
Current taxation	(2,025)	-
Total liabilities	<u>(142,406)</u>	<u>-</u>
Net assets	1,125,848	-
Profit on disposal	<u>1,004,354</u>	<u>-</u>
Cash consideration, net	<u>2,130,202</u>	<u>-</u>

Results for First Half 2010

For the first six months of 2010 Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to shareholders of US\$1,284.6 million. This is a US\$1,516.4 million increase compared to the loss attributable to shareholders of US\$231.8 million for the corresponding period of 2009.

The profit attributable to shareholders for the first half of 2010 includes a net profit on sale of the Group’s PRC property development business (“OODL”) of US\$1,004.4 million. The loss attributable to shareholders in the prior comparative period also included a US\$15 million negative revaluation of Wall Street Plaza, whereas, based on the independent valuation received, no revaluation adjustment of Wall Street Plaza was made as at 30th June 2010.

OOIL INTERIM RESULTS ANALYSIS		
<i>(US\$'000)</i>	2010	2009
Profit/(loss) before tax from continuing activities	299,801	(196,017)
Loss before tax from discontinued activities	-	(11,667)
Revaluation of Wall Street Plaza	-	(15,000)
Profit/(Loss) Before Tax for the Period Ended 30th June	299,801	(222,684)
Taxation on continuing activities	(12,462)	(8,242)
Taxation on discontinued activities	-	(140)
Net Profit from sale of OODL	1,004,354	-
Non-controlling Interests	(7,065)	(782)
Profit/(Loss) Attributable to Shareholders	1,284,628	(231,848)

Review of Operations

Following last year’s extremely difficult trading conditions, 2010 started positively for the container transportation sector with an improved supply/demand balance and upward pressure on freight rates. Despite the modest pace of the global economic recovery, we have seen rapid growth in demand over the first six months of the year. Demand was initially driven by a rebuilding of inventories following a run-down in holdings over the course of 2009, and more recently from stock levels being built ahead of anticipated strong consumer demand in the year-end shopping season.

The strong demand has assisted with the absorption of new-build capacity delivering in the first half of the year, and has helped increase and hold rates at levels that will see the industry return to profitability in 2010. Slow steaming, while primarily undertaken for the environmental and cost-saving benefits, has also reduced the level of excess capacity in the industry.

OOCL's total liftings for the half year were 11.6% higher than in the first six months of 2009, while freight revenue per TEU was 24.2% higher reflecting the improved rate environment this year.

ORIENT OVERSEAS CONTAINER LINE						
	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2010	Q2 2009	<i>change</i>	1H 2010	1H 2009	<i>change</i>
LIFTINGS (TEU's) :						
Trans-Pacific	313,174	279,589	+ 12.0%	583,435	558,966	+ 4.4%
Asia / Europe	190,291	170,614	+ 11.5%	371,501	334,914	+ 10.9%
Trans-Atlantic	89,029	84,219	+ 5.7%	176,219	169,597	+ 3.9%
Intra-Asia / Australasia	588,862	486,413	+ 21.1%	1,098,942	935,520	+ 17.5%
<i>TOTAL ALL SERVICES</i>	1,181,356	1,020,835	+ 15.7%	2,230,097	1,998,997	+ 11.6%
TOTAL REVENUES (USD 000's) :						
Trans-Pacific	510,043	343,822	+ 48.3%	893,932	753,802	+ 18.6%
Asia / Europe	326,164	142,623	+ 128.7%	603,566	292,442	+ 106.4%
Trans-Atlantic	143,112	114,140	+ 25.4%	271,484	245,293	+ 10.7%
Intra-Asia / Australasia	412,608	268,985	+ 53.4%	757,088	532,200	+ 42.3%
<i>TOTAL ALL SERVICES</i>	1,391,927	869,570	+ 60.1%	2,526,070	1,823,737	+ 38.5%

Liftings increased by 4.4% on our Trans-Pacific services compared with the corresponding period last year. Total revenue increased by 18.6% and average revenue per TEU increased 13.6% compared to the first half of 2009. Average revenue per TEU increased consistently throughout the period to a more sustainable level.

From the trough in the second quarter of 2009, our Asia / Europe services made a steady recovery in the second half of last year and a general positive momentum, despite rate volatility, carried forward well into 2010. In the first half of 2010, lifting levels were up 10.9% while revenue per TEU almost doubled from the previous low of the corresponding period of last year.

Liftings increased by 16.4% on our Intra-Asia services compared with the first half of 2009, due to a strong economic recovery in emerging economies in Asia. Revenue grew by 36.1%, with average revenue per TEU increasing by 16.9%. Liftings on our Australasia service increased by 24.0% compared with the same period last year.

Liftings on our Trans-Atlantic services increased 3.9%, while total revenue increased 10.7% against the same period last year, or 6.6% growth in average revenue per TEU. Stabilization of the market and a better balance of supply and demand helped with our performance in the first half of the year.

Bunker price remained steady, around US\$465 per ton for the first half of 2010.

During the first half of 2010 the Group took delivery of five “P” Class 4,578 TEU Panamax size vessels (*OOCL Le Havre*, *OOCL Charleston*, *OOCL Guangzhou*, *OOCL Savannah*, and *OOCL Jakarta*) and four “SX” Class 8,063 TEU vessels (*OOCL Seoul*, *OOCL Washington*, *OOCL London*, and *OOCL Luxembourg*). No new orders for vessels were placed in the first half of 2010 and no new deliveries are scheduled for the second half of the year.

With the sale of the Group's PRC property development activities conducted under OODL, the Group's remaining activities relate to management of the Group's liquidity and investments. Within our portfolio we retain two unlisted property investments, namely Wall Street Plaza in New York, and Beijing Oriental Plaza in Beijing.

The vacancy rate of Wall Street Plaza was 8.4% at the end of June and operations are in line with expectations. As at 30th June 2010, there was no change in the existing US\$150 million valuation of Wall Street Plaza. Beijing Oriental Plaza is also performing as forecast. While it continues to make modest profits at the project level, Beijing Oriental Plaza is not expected to make a meaningful contribution to Group profitability in the near term.

Looking Forward

While the strengthened demand experienced in the first half of the year has seen a welcome return to profitability for the industry, some caution is warranted to the extent that the demand has been driven by inventory level changes and is not necessarily indicative of actual underlying consumer demand during the period. Should second-half demand for consumer products and semi-finished goods prove to be as strong as is being anticipated, conditions for the container industry should remain positive for the remainder of the year and into 2011.

While it is hoped that initial indications of improved consumer confidence and demand grow, we have yet to see the full effects of the sovereign debt crisis in Europe, of the generally slow growth in OECD economies, and of the ongoing withdrawal of various governments' stimulus programs. While progress has been made in absorbing the new-build capacity coming on-stream, projected capacity increases continue to exceed forecast demand growth into 2011 and beyond, with the global economic recovery continuing at a subdued pace.

Nevertheless, OOCL will continue to seek to meet its customers' needs and expectations through the reintroduction of tonnage on its various trade routes as market conditions improve. This will be done in a manner that is mindful of the need to operate profitably and for the business to produce a fair and reasonable return on capital.

The result for the first half of the year has been pleasing given the difficult environment we faced last year. While the outlook for the remainder of the year is generally positive, the industry's reaction to supply and demand conditions in the fourth quarter will be key to the full-year result and for sentiment going into 2011.

Interim and Special Dividends

The Directors are pleased to announce the payment of a total dividend of US51.5 cents (HK401.7 cents at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the six months ended 30th June 2010, which is comprised of an interim dividend of US11.5 cents (HK89.7 cents) and a special dividend of US40 cents (HK312.0 cents) as a result of the disposal of the Group's property development business in the People's Republic of China, to be paid on 21st September 2010 to the shareholders of the Company whose names appear on the register of members of the Company on 6th September 2010. Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 9th September 2010.

Closure of Register of Members

The register of members of the Company will be closed from 3rd September 2010 to 6th September 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend and the special dividend, transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited not later than 4:30 p.m. on 2nd September 2010.

Purchase, Sale or Redemption of Shares

During the six-month period ended 30th June 2010, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

Pre-emptive Rights

No pre-emptive rights exist under Bermudan law in relation to the issue of new shares by the Company.

Corporate Governance

Compliance with the Code on Corporate Governance Practices

The Board of Directors (the “Board”) and management of the Company are committed to maintaining high standards of corporate governance and the Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value. The Company has adopted its own code on corporate governance practices (the “CG Code”) which in addition to applying the principles as set out in the Code on Corporate Governance Practices (the “SEHK Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles to be applied by the Group and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the six months ended 30th June 2010, the Company has complied with the SEHK Code, except that there is no separation of the role of Chairman and Chief Executive Officer. Mr. TUNG Chee Chen currently assumes the role of both Chairman and Chief Executive Officer of the Company. The executive members of the Board currently consist of chief executive officers of its principal divisions and there is effective separation of the roles between chief executives of its principal divisions and the Chief Executive Officer of the Company. The Board considers that further separation of the roles of Chief Executive Officer and Chairman would represent duplication and is not necessary for the time being.

Audit Committee

The members of the Audit Committee currently comprise four Independent Non-Executive Directors, with the Head of Internal Audit of the Company as the secretary and the Company Secretary as the assistant secretary.

The Audit Committee has reviewed the Group’s interim results for the six months ended 30th June 2010.

Remuneration Committee

The members of the Remuneration Committee currently comprise the Chairman and two Independent Non-Executive Directors of the Company, with the Company Secretary as the secretary of the Committee.

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors (the “Securities Code”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standards set out in both the Model Code and the Securities Code throughout the period from 1st January 2010 to 30th June 2010.

Publication of Results Announcement and Interim Report

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (“HKEx”) at www.hkexnews.hk and the Company at www.ooilgroup.com. The 2010 Interim Report will be despatched to shareholders of the Company on or around 27th August 2010 and will also be available on the HKEx’s website and the Company’s website.

Employee Information

As at 30th June 2010 the Group has 7,458 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group’s salary and discretionary bonus schemes based on the performance of OOCL which are regularly reviewed. Other benefits are also provided including medical insurance and pension funds and social and recreational activities are arranged around the world.

Directors

As at the date of this announcement, our Executive Directors are Messrs. TUNG Chee Chen, CHOW Philip Yiu Wah, Kenneth Gilbert CAMBIE and TUNG Lieh Sing Alan; our Non-Executive Director is Mr. KING Roger and our Independent Non-Executive Directors are Mr. Simon MURRAY, Mr. CHANG Tsann Rong Ernest, Professor WONG Yue Chim Richard and Mr. CHENG Wai Sun Edward.

Forward Looking Statements

This announcement contains forward looking statements. Statements which are not of historical facts, including statements of the Company's beliefs and expectations, are forward looking statements. They are based upon current plans, estimates and projections and, therefore, no undue reliance should be placed upon them. Forward looking statements are correct only as of the day on which they are made. The Company has no obligation and does not undertake to update any of them publicly in the light of fresh information or of future events. Forward looking statements contain inherent risks, uncertainties and assumptions. The Company warns that should any of these risks or uncertainties ever materialise or that any of the assumptions should prove incorrect or should any number of important factors or events occur or not occur, then the actual results of the Company may differ materially from those either expressed or implied in any of these forward looking statements.

On behalf of the Board
Orient Overseas (International) Limited
TUNG Chee Chen
Chairman

Hong Kong, 4th August 2010

† *For identification only*

Website : <http://www.ooilgroup.com>