



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 2009

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 2009, 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 2009

US\$'000	Note	2009	2008
Revenue	5	2,066,785	3,203,723
Operating costs		<u>(2,048,619)</u>	<u>(2,775,581)</u>
Gross profit		18,166	428,142
Fair value loss from an investment property		(15,000)	(10,000)
Other operating income		27,144	35,635
Other operating expenses		<u>(231,949)</u>	<u>(236,157)</u>
Operating (loss)/profit	6	(201,639)	217,620
Finance costs	8	(23,000)	(45,931)
Share of profits less losses of jointly controlled entities		774	1,591
Share of profits of associated companies		<u>1,181</u>	<u>2,311</u>
(Loss)/profit before taxation		(222,684)	175,591
Taxation	9	<u>(8,382)</u>	<u>(15,626)</u>
(Loss)/profit for the period		<u>(231,066)</u>	<u>159,965</u>
(Loss)/profit attributable to :			
Equity holders of the Company		(231,848)	158,250
Minority interests		<u>782</u>	<u>1,715</u>
		<u>(231,066)</u>	<u>159,965</u>
(Loss)/earnings per ordinary share (US cents)			
Basic and diluted	11	<u>(37.0)</u>	<u>25.3</u>
Interim dividend	10	<u>-</u>	<u>40,677</u>

Condensed Consolidated Statement of Comprehensive Income (unaudited)
For the six months ended 30th June 2009

US\$'000	2009	2008
(Loss)/profit for the period	<u>(231,066)</u>	<u>159,965</u>
Other comprehensive income:		
Available-for-sale financial assets		
- Change in fair value	(14,099)	14,291
- Assets revaluation reserve realised	(774)	-
Currency translation adjustments		
- Group	4,393	36,950
- Jointly controlled entities	5	532
- Associated companies	24	3,300
- Deferred taxation	-	(1,802)
- Minority interests	<u>14</u>	<u>1,079</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(10,437)</u>	<u>54,350</u>
Total comprehensive (loss)/income for the period	<u><u>(241,503)</u></u>	<u><u>214,315</u></u>
Total comprehensive (loss)/income attributable to :		
Equity holders of the Company	(242,299)	211,521
Minority interests	<u>796</u>	<u>2,794</u>
	<u><u>(241,503)</u></u>	<u><u>214,315</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

As at 30th June 2009

US\$'000	Note	30th June 2009	31st December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,798,148	3,780,945
Investment property	12	160,000	175,000
Prepayments of lease premiums	12	13,985	14,201
Jointly controlled entities		10,608	10,748
Associated companies		56,270	57,163
Intangible assets	12	50,978	47,098
Deferred taxation assets		942	1,008
Pension and retirement assets		24,142	21,868
Restricted bank balances		202	92,759
Bank deposit		55,200	55,200
Other non-current assets		<u>181,614</u>	<u>195,427</u>
		4,352,089	4,451,417
Current assets			
Properties under development and for sale		833,360	826,889
Inventories		81,309	89,905
Debtors and prepayments	13	368,970	440,237
Portfolio investments		51,677	54,043
Derivative financial instruments	14	2,818	6,126
Restricted bank balances		16,593	28,108
Cash and bank balances		<u>1,492,208</u>	<u>1,804,910</u>
		2,846,935	3,250,218
Total assets		<u>7,199,024</u>	<u>7,701,635</u>
EQUITY			
Equity holders			
Share capital	15	62,579	62,579
Reserves	16	<u>4,054,006</u>	<u>4,324,492</u>
		4,116,585	4,387,071
Minority interests		<u>34,246</u>	<u>34,292</u>
Total equity		<u>4,150,831</u>	<u>4,421,363</u>
LIABILITIES			
Non-current liabilities			
Borrowings	18	2,165,317	2,218,251
Deferred taxation liabilities		33,797	37,689
Pension and retirement liabilities		<u>3,190</u>	<u>3,931</u>
		2,202,304	2,259,871
Current liabilities			
Creditors and accruals	17	602,560	836,535
Derivative financial instruments	14	5,069	13,937
Borrowings	18	225,264	153,895
Current taxation		<u>12,996</u>	<u>16,034</u>
		845,889	1,020,401
Total liabilities		<u>3,048,193</u>	<u>3,280,272</u>
Total equity and liabilities		<u>7,199,024</u>	<u>7,701,635</u>
Net current assets		<u>2,001,046</u>	<u>2,229,817</u>
Total assets less current liabilities		<u>6,353,135</u>	<u>6,681,234</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)
For the six months ended 30th June 2009

US\$'000	2009	2008
Cash flows from operating activities		
Cash (used in)/generated from operations	(248,935)	223,338
Interest paid	(12,948)	(19,906)
Interest element of finance lease rental payments	(27,241)	(38,384)
Dividend on preference shares	(3,235)	(1,982)
Overseas taxes paid	(14,720)	(10,358)
Net cash (used in)/from operating activities	<u>(307,079)</u>	<u>152,708</u>
Cash flows from investing activities		
Sale of property, plant and equipment	8,307	18,515
Sale of available-for-sale financial assets	3,936	54
Sale of held-to-maturity investments	1,942	-
Purchase of property, plant and equipment	(117,417)	(421,133)
Purchase of available-for-sale financial assets	(30)	(20)
Purchase of held-to-maturity investments	(13,403)	-
Decrease in portfolio investments	2,366	125,294
Decrease/(increase) in amounts due by jointly controlled entities	372	(1,174)
Decrease/(increase) in restricted bank balances and bank deposits maturing more than three months from the date of placement	113,854	(102,271)
Purchase of intangible assets	(7,110)	(6,619)
Decrease/(increase) in other non-current assets	7,195	(199)
Interest received	11,919	27,994
Income from available-for-sale financial assets	3	17
Dividends received from portfolio investments	535	396
Dividends received from jointly controlled entities	547	1,264
Net cash from/(used in) investing activities	<u>13,016</u>	<u>(357,882)</u>
Cash flows from financing activities		
New loans	176,098	258,567
Repayment of loans	(83,763)	(183,794)
Redemption of preference shares	(45,689)	(10,145)
Capital element of finance lease rental payments	(35,445)	(27,884)
Contributions from minority interests	-	1,871
Dividends paid to shareholders	(28,187)	(84,433)
Dividend paid to minority interests	(842)	-
Net cash used in financing activities	<u>(17,828)</u>	<u>(45,818)</u>
Net decrease in cash and cash equivalents	(311,891)	(250,992)
Cash and cash equivalents at beginning of period	1,778,453	1,855,289
Currency translation adjustments	9,090	9,837
Cash and cash equivalents at end of period	<u>1,475,652</u>	<u>1,614,134</u>
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	1,475,795	1,614,328
Bank overdrafts	(143)	(194)
	<u>1,475,652</u>	<u>1,614,134</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)
For the six months ended 30th June 2009

US\$'000	Equity holders			Minority interests	Total
	Share capital	Reserves	Sub-total		
At 31st December 2008	62,579	4,324,492	4,387,071	34,292	4,421,363
Total comprehensive loss for the period	-	(242,299)	(242,299)	796	(241,503)
2008 final dividend	-	(28,187)	(28,187)	-	(28,187)
Dividend paid to minority interests	-	-	-	(842)	(842)
At 30th June 2009	62,579	4,054,006	4,116,585	34,246	4,150,831
At 31st December 2007	62,579	4,113,789	4,176,368	14,937	4,191,305
Total comprehensive income for the period	-	211,521	211,521	2,794	214,315
2007 final dividend	-	(84,433)	(84,433)	-	(84,433)
Contributions from minority interests	-	-	-	1,871	1,871
At 30th June 2008	62,579	4,240,877	4,303,456	19,602	4,323,058

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.

This interim financial information was approved by the Board of Directors on 6th August 2009.

2. Basis of Preparation

The interim financial information has 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 2008.

The adoption of new / revised HKFRS

In 2009, the Group adopted the new standards, amendments and interpretations of Hong Kong Financial Reporting Standards (“HKFRS”) below, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments

2. Basis of Preparation (Continued)

The adoption of new / revised HKFRS (Continued)

Annual improvements to HKFRS published in October 2008

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 10 Amendment	Events after the Reporting Period
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 34 Amendment	Interim Financial Reporting
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKAS 40 Amendment	Investment Property
HKFRS 7 Amendment	Financial Instruments: Disclosures

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 the presentation of the consolidated statement of comprehensive income to present the non-owner consolidated changes in equity as required under HKAS 1 (Revised) and the segment information as required under HKFRS 8.

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

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners	1st July 2009
HKAS 7 Amendment	Statement of Cash Flows	1st January 2010
HKAS 17 Amendment	Leases	1st January 2010
HKAS 36 Amendment	Impairment of Assets	1st January 2010
HKFRS 8 Amendment	Operating Segments	1st January 2010

2. Basis of Preparation (Continued)

Standards, interpretations and amendments to existing standards that are not yet effective (Continued)

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 2008.

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 2008 except as stated below.

Impairment of container vessels, containers, chassis and computer software

The Group's major operating assets represent container vessels, containers, chassis and computer software ("Operating Assets"). Management performs review for impairment of the Operating Assets whenever events or changes in circumstances indicate that the carrying amounts of the Operating Assets may not be recoverable.

The recoverable amounts of Operating Assets are the higher of their value-in-use and fair value less costs to sell. The fair values of the assets were determined by independent valuers based on market transactions at the balance sheet date less cost of disposal. While the value-in-use calculations require the use of estimates on the projections of cash inflows from the continuing use of the Operating Assets, when applicable, including the amount to be received for the disposal and discount rate. All these items have been historically volatile and may impact the results of the value-in-use calculations.

Based on the management's best estimates for the value-in-use calculations, there was no impairment of Operating Assets noted during the period.

5. Revenue

US\$'000	2009	2008
Container transport and logistics	2,053,268	3,175,693
Property investment and development	<u>13,517</u>	<u>28,030</u>
	<u>2,066,785</u>	<u>3,203,723</u>

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

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

6. Operating (Loss)/Profit

US\$'000	2009	2008
Operating profit is arrived at after crediting :		
Interest income from banks	7,312	25,201
Interest income from held-to-maturity investments	1,184	-
Gross rental income from an investment property	11,870	14,186
Profit on disposal of property, plant and equipment	-	1,046
Profit on disposal of available-for-sale financial assets	1,407	-
Gain on foreign exchange forward contracts	8,047	603
Portfolio investment income	8,113	-
Exchange gain	-	6,291
and after charging :		
Depreciation		
Owned assets	58,236	62,226
Leased assets	35,286	33,575
Operating lease rental expense		
Vessels and equipment	277,413	271,677
Land and buildings	13,530	13,623
Rental outgoings in respect of an investment property	5,363	5,704
Portfolio investment loss	-	2,218
Loss on interest rate swap contracts	3,043	290
Loss on currency option contracts	376	-
Loss on disposal of property, plant and equipment	1,509	-
Loss on disposal of held-to-maturity investments	664	-
Amortisation of intangible assets	3,231	3,421
Amortisation of leasehold land and land use rights	217	892
Exchange loss	3,926	-

7. Key Management Compensation

US\$'000	2009	2008
Salaries and other short-term employee benefits	3,262	6,345
Pension costs - defined contribution plans	<u>296</u>	<u>565</u>
	<u>3,558</u>	<u>6,910</u>

8. Finance Costs

US\$'000	2009	2008
Interest expense	(25,306)	(46,002)
Amount capitalised under assets	<u>3,910</u>	<u>2,053</u>
Net interest expense	(21,396)	(43,949)
Dividend on preference shares	<u>(1,604)</u>	<u>(1,982)</u>
	<u>(23,000)</u>	<u>(45,931)</u>

9. Taxation

US\$'000	2009	2008
Current taxation		
Overseas taxation	(11,414)	(10,488)
Deferred taxation		
Overseas taxation	<u>3,032</u>	<u>(5,138)</u>
	<u>(8,382)</u>	<u>(15,626)</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 8% to 52% (2008: 4% to 52%) and the rate applicable for Hong Kong profits tax is 16.5% (2008: 16.5%).

10. Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for 2009 (2008: US6.5 cents per ordinary share).

At a meeting held on 19th March 2009, the Directors proposed a final dividend of US4.5 cents per ordinary share amounting to US\$28,187,000 for the year ended 31st December 2008, which was paid on 18th May 2009 and have been reflected as appropriations of retained profit for the six months ended 30th June 2009.

11. (Loss)/Earnings Per Ordinary Share

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

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

	2009	2008
Number of ordinary shares in issue (thousands)	<u>625,793</u>	<u>625,793</u>
Group's (loss)/profit attributable to equity holders (US\$'000)	<u>(231,848)</u>	<u>158,250</u>
(Loss)/earnings per share (US cents)	<u>(37.0)</u>	<u>25.3</u>

12. Capital Expenditure

US\$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts :					
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	<u>(93,522)</u>	<u>-</u>	<u>(217)</u>	<u>(3,231)</u>	<u>(96,970)</u>
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>
At 31st December 2007	3,350,844	200,000	8,710	39,696	3,599,250
Currency translation adjustments	5,494	-	421	-	5,915
Fair value loss	-	(10,000)	-	-	(10,000)
Additions	422,949	-	-	6,619	429,568
Disposals	(17,469)	-	-	-	(17,469)
Depreciation and amortisation	<u>(95,801)</u>	<u>-</u>	<u>(219)</u>	<u>(3,421)</u>	<u>(99,441)</u>
At 30th June 2008	<u>3,666,017</u>	<u>190,000</u>	<u>8,912</u>	<u>42,894</u>	<u>3,907,823</u>

13. Debtors and Prepayments

US\$'000	30th June 2009	31st December 2008
Trade receivables	214,603	289,203
Less : Provision for impairment	<u>(5,459)</u>	<u>(4,072)</u>
Trade receivables - net	209,144	285,131
Other debtors	53,406	50,594
Other prepayments	74,746	72,349
Utility and other deposits	8,451	9,208
Tax recoverable	<u>23,223</u>	<u>22,955</u>
	<u>368,970</u>	<u>440,237</u>

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 2009	31st December 2008
Below one month	197,900	255,626
Two to three months	11,244	24,693
Four to six months	<u>-</u>	<u>4,812</u>
	<u>209,144</u>	<u>285,131</u>

14. Derivative Financial Instruments

US\$'000	30th June 2009	31st December 2008
Assets/(liabilities)		
Interest rate swap contracts	<u>2,818</u>	<u>6,126</u>
Foreign exchange forward contracts	(5,069)	(12,464)
Currency option contracts	<u>-</u>	<u>(1,473)</u>
	<u>(5,069)</u>	<u>(13,937)</u>

15. Share Capital

US\$'000	30th June 2009	31st December 2008
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 (2008: 625,793,297) ordinary shares of US\$0.10 each	<u>62,579</u>	<u>62,579</u>

16. Reserves

US\$'000	Share premium	Contributed surplus	Asset revaluation reserve		Available-for-sale financial assets	Foreign exchange translation reserve	Retained profit	Total
			Capital redemption reserve	Vessels				
At 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492
Total comprehensive loss for the period	-	-	-	-	(14,873)	4,422	(231,848)	(242,299)
2008 final dividend	-	-	-	-	-	-	(28,187)	(28,187)
At 30th June 2009	172,457	88,547	4,696	9,948	38,512	43,871	3,695,975	4,054,006
At 31st December 2007	172,457	88,547	4,696	9,948	19,063	10,238	3,808,840	4,113,789
Total comprehensive income for the period	-	-	-	-	14,291	38,980	158,250	211,521
2007 final dividend	-	-	-	-	-	-	(84,433)	(84,433)
At 30th June 2008	172,457	88,547	4,696	9,948	33,354	49,218	3,882,657	4,240,877
Total comprehensive income for the period	-	-	-	-	20,031	(9,769)	114,087	124,349
2008 interim dividend	-	-	-	-	-	-	(40,734)	(40,734)
At 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492

17. Creditors and Accruals

US\$'000	30th June 2009	31st December 2008
Trade payables	185,159	159,436
Other creditors	46,742	43,728
Accrued expenses	338,418	586,744
Deferred revenue	32,241	46,627
	<u>602,560</u>	<u>836,535</u>

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

US\$'000	30th June 2009	31st December 2008
Below one month	127,245	103,227
Two to three months	49,782	47,894
Four to six months	7,346	7,873
Over six months	786	442
	<u>185,159</u>	<u>159,436</u>

18. Borrowings

US\$'000	30th June 2009	31st December 2008
Non-current		
Bank loans		
- Secured	516,197	455,585
- Unsecured	7,472	63,000
Loans from minority interests, secured	151,913	154,394
Redeemable preference shares and premium	-	35,057
Finance lease obligations	<u>1,489,735</u>	<u>1,510,215</u>
	<u>2,165,317</u>	<u>2,218,251</u>
Current		
Bank overdrafts, unsecured	143	262
Bank loans		
- secured	90,551	65,949
- unsecured	69,556	4,389
Other loans, secured	-	6
Loans from minority interests, secured	4,963	4,963
Redeemable preference shares and premium	-	10,632
Finance lease obligations	<u>60,051</u>	<u>67,694</u>
	<u>225,264</u>	<u>153,895</u>
Total borrowings	<u>2,390,581</u>	<u>2,372,146</u>

19. Commitments

(a) Capital commitments

US\$'000	30th June 2009	31st December 2008
Contracted but not provided for	908,253	1,004,763
Authorised but not contracted for	<u>16,821</u>	<u>69,458</u>
	<u>925,074</u>	<u>1,074,221</u>

(b) Operating lease commitments

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

US\$'000	Vessels and equipment	Land and buildings	Total
As at 30th June 2009			
2009/10	224,581	27,661	252,242
2010/11	162,181	20,547	182,728
2011/12	91,689	8,421	100,110
2012/13	79,270	4,864	84,134
2013/14	74,275	2,607	76,882
2014/15 onwards	<u>498,040</u>	<u>1,197</u>	<u>499,237</u>
	<u>1,130,036</u>	<u>65,297</u>	<u>1,195,333</u>
As at 31st December 2008			
2009	320,040	29,833	349,873
2010	177,960	23,019	200,979
2011	122,425	14,526	136,951
2012	79,297	4,984	84,281
2013	76,891	2,804	79,695
2014 onwards	<u>534,245</u>	<u>2,731</u>	<u>536,976</u>
	<u>1,310,858</u>	<u>77,897</u>	<u>1,388,755</u>

20. Segment Information

The principal activities of the Group are container transport and logistics and property investment and development. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Transatlantic, 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-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are container transport and logistics and property investment and development.

20. Segment Information (Continued)

Operating segments

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

US\$'000	Container transport and logistics	Property investment and development	Others*	Elimination	Group
Revenue	<u>2,053,268</u>	<u>14,013</u>	<u>-</u>	<u>(496)</u>	<u>2,066,785</u>
Operating profit/(loss)	(196,636)	(20,114)	15,111	-	(201,639)
Finance costs	(20,723)	(2,277)	-	-	(23,000)
Share of profits of jointly controlled entities	619	155	-	-	774
Share of profits of associated companies	1,181	-	-	-	1,181
(Loss)/profit before taxation	<u>(215,559)</u>	<u>(22,236)</u>	<u>15,111</u>	<u>-</u>	<u>(222,684)</u>
Taxation	(7,948)	(434)	-	-	(8,382)
(Loss)/profit for the period	<u>(223,507)</u>	<u>(22,670)</u>	<u>15,111</u>	<u>-</u>	<u>(231,066)</u>
Capital expenditure	127,211	311	-	-	127,522
Depreciation	91,703	1,819	-	-	93,522
Amortisation	3,393	55	-	-	3,448

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

20. Segment Information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2008 are as follows :

US\$'000	Container transport and logistics	Property investment and development	Others*	Elimination	Group
Revenue	<u>3,175,693</u>	<u>28,493</u>	<u>-</u>	<u>(463)</u>	<u>3,203,723</u>
Operating profit/(loss)	215,650	(4,106)	6,076	-	217,620
Finance costs	(39,230)	(6,701)	-	-	(45,931)
Share of profits of jointly controlled entities	997	594	-	-	1,591
Share of profits of associated companies	2,311	-	-	-	2,311
Profit/(loss) before taxation	<u>179,728</u>	<u>(10,213)</u>	<u>6,076</u>	<u>-</u>	<u>175,591</u>
Taxation	(17,604)	1,978	-	-	(15,626)
Profit/(loss) for the period	<u>162,124</u>	<u>(8,235)</u>	<u>6,076</u>	<u>-</u>	<u>159,965</u>
Capital expenditure	411,769	17,799	-	-	429,568
Depreciation	95,679	122	-	-	95,801
Amortisation	3,592	721	-	-	4,313

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

20. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2009 are as follows:

	Container transport and logistics	Property investment and development	Total
US\$'000			
As at 30th June 2009			
Segment assets	4,644,475	1,535,049	6,179,524
Jointly controlled entities	3,533	7,075	10,608
Associated companies	<u>56,270</u>	<u>-</u>	56,270
	<u>4,704,278</u>	<u>1,542,124</u>	6,246,402
Other assets			952,622
			<u>7,199,024</u>
Segment liabilities	(2,845,763)	(193,588)	(3,039,351)
Other liabilities	<u>-</u>	<u>-</u>	(8,842)
	<u>(2,845,763)</u>	<u>(193,588)</u>	(3,048,193)
As at 31st December 2008			
Segment assets	4,869,914	1,863,236	6,733,150
Jointly controlled entities	3,831	6,917	10,748
Associated companies	<u>57,163</u>	<u>-</u>	57,163
	<u>4,930,908</u>	<u>1,870,153</u>	6,801,061
Other assets			900,574
			<u>7,701,635</u>
Segment liabilities	(2,837,631)	(427,880)	(3,265,511)
Other liabilities	<u>-</u>	<u>-</u>	(14,761)
	<u>(2,837,631)</u>	<u>(427,880)</u>	(3,280,272)

Other assets primarily include portfolio investments, held-to-maturity investments, derivative financial instruments together with restricted bank balances and cash and bank balances that are managed at corporate level. While other liabilities primarily include derivative financial instruments.

20. Segment Information (Continued)

Geographical analysis

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 2009		
Asia	1,311,797	8,630
North America	427,776	2,086
Europe	270,744	156
Australia	56,468	5
Unallocated*	-	116,645
	<u>2,066,785</u>	<u>127,522</u>
Six months ended 30th June 2008		
Asia	2,144,356	33,363
North America	563,827	7,929
Europe	436,419	585
Australia	59,121	49
Unallocated*	-	387,642
	<u>3,203,723</u>	<u>429,568</u>

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

Certain comparative figures have been restated to conform with the adoption of HKFRS 8: Operating Segments.

Results for First Half 2009

For the first six months of 2009 Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a loss before tax of US\$222.7 million including a US\$15 million negative revaluation of Wall Street Plaza. This is a US\$398.3 million reversal compared to the profit before tax of US\$175.6 million for the corresponding period of 2008, which included a US\$10 million revaluation loss of Wall Street Plaza in that period.

OOIL INTERIM RESULTS ANALYSIS		
<i>(US\$'000)</i>	2009	2008
Profit/(Loss) from Operating Activities		
- Container Transport and Logistics	(196,636)	215,650
- Property Investment and Development	(5,114)	5,894
- Unallocated	15,111	6,076
Total Operating Profit/(Loss) Excluding Property Revaluation	(186,639)	227,620
Revaluation of Wall Street Plaza	(15,000)	(10,000)
Total Operating Profit/(Loss)	(201,639)	217,620
Finance Costs and Other Items	(21,045)	(42,029)
Profit/(Loss) Before Tax for the Period Ended 30th June	(222,684)	175,591
Taxation	(8,382)	(15,626)
Minority Interests	(782)	(1,715)
Profit/(Loss) Attributable to Shareholders	(231,848)	158,250

Total Operating Loss excluding the revaluation of Wall Street Plaza of US\$186.6 million was US\$414.2 down as compared to the first half of 2008. This loss arose from the difficult trading conditions faced by the Container Transport and Logistics business. That business incurred an operating loss of US\$196.6 million for the first half of 2009 compared to a profit of US\$215.7 million for the equivalent 2008 period.

Review of Operations

The deterioration in the performance of the Container Transport and Logistics operations was a result of dramatically reduced revenue as business volumes suffered across all trade lines. With the United States and other OECD countries officially in recession during the period, freight rates and volumes continued the decline that started at the end of last year. The continued delivery of new-build capacity into the market aggravated the supply/demand imbalance in the industry despite many carriers suspending services and laying-up vessels.

By 30th June, OOCL had been able to reduce capacity by approximately 14% compared to the end of December. Capacity reduction came from redelivery of chartered vessels at maturity in the first half of this year, and from operational adjustments.

With a dramatic fall in demand in January and ongoing weakness in consumer demand particularly in OECD countries as economies moved to recessionary conditions all trades have been affected. As a consequence, OOCL's total liftings decreased by 17.2%, and overall revenue per TEU declined by 24.1%, versus the 2008 half-year period.

ORIENT OVERSEAS CONTAINER LINE						
	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2009	Q2 2008	<i>change</i>	1H 2009	1H 2008	<i>change</i>
LIFTINGS (TEU's) :						
Trans-Pacific	279,589	331,248	- 15.6%	558,966	660,744	- 15.4%
Asia / Europe	170,614	213,821	- 20.2%	334,914	405,725	- 17.5%
Trans-Atlantic	84,219	108,194	- 22.2%	169,597	207,907	- 18.4%
Intra-Asia / Australasia	486,413	603,001	- 19.3%	935,520	1,141,037	- 18.0%
TOTAL ALL SERVICES	1,020,835	1,256,264	- 18.7%	1,998,997	2,415,413	- 17.2%
TOTAL REVENUES (USD 000's) :						
Trans-Pacific	343,822	543,102	- 36.7%	753,802	1,039,700	- 27.5%
Asia / Europe	142,623	367,440	- 61.2%	292,442	710,961	- 58.9%
Trans-Atlantic	114,140	186,792	- 38.9%	245,293	355,747	- 31.0%
Intra-Asia / Australasia	268,985	418,817	- 35.8%	532,200	797,049	- 33.2%
TOTAL ALL SERVICES	869,570	1,516,151	- 42.6%	1,823,737	2,903,457	- 37.2%

Liftings decreased by 15.4% on our Trans-Pacific services compared with the corresponding period last year. Total revenue decreased by 27.5% and average revenues per TEU decreased 14.3% compared to the first half of 2008. Average revenue per TEU fell consistently for the first five months of the year showing some signs of stabilisation, albeit at an unsustainably low level in June. Market demand in the first quarter was below expectations, with market rates continuing the marked decline first experienced in December last year.

The global economic recession also saw liftings on our Asia - Europe services well down on 2008, with a 17.5% reduction on the equivalent period last year. Freight rates for these services decreased markedly as increased industry capacity competed for reduced demand volume. Average Revenue per TEU for the first half of the year was only 50% of what it was for the first half of 2008.

Our Trans-Atlantic services, which make up only 8.5% of our total liftings, also experienced reduced volume in the first half of 2009 compared to the first half of 2008. Volumes were down 18.4%, while revenue was down 31.0% due to the same pressure on freight rates experienced on other trades.

While volumes on our Intra-Asia and Australasia services had held up well last year until the fourth quarter, the global slowdown saw liftings on those services down 18.0% for the first half of the year compared 2008. Revenue was down 33.2%, with average Revenue per TEU being down by 18.6% for the six months year-on-year, reflecting the competition for volume amongst carriers.

Bunker fuel prices have increased steadily from the US\$240 per ton at the beginning of the year to US\$400 per ton by the end of June. The majority of our freight contracts with longer term commitments remain subject to fuel price adjustments though recovery only partially covers actual cost.

During the first half of 2009 the Group took delivery of one more “P” Class 4,578 TEU Panamax size vessel, the *OOCL Norfolk*, from Samsung Heavy Industries Co. Ltd. in South Korea. OOCL has a further nine “P” Class and four “SX” Class 8,063 TEU vessels to be delivered from Samsung through the remainder of 2009 and 2010. Committed financing for all these vessels is in place. Additionally we have six 8,600 TEU newbuild vessels from Hudong – Zhonghua Shipyard (Group) Co. Ltd. scheduled for delivery from late 2010 on. Adequate resources will continue to be reserved to ensure that the delivery of the vessels on order does not impose any undue financial burden upon the Group as a whole.

The Group’s property development and investment activities are conducted under OODL. Our property development activities are focused in the Greater Shanghai and Greater Bohai (Beijing/Tianjin) areas of China. For property investment, we currently have three investments in properties, namely Wall Street Plaza in New York, Beijing Oriental Plaza in Beijing, and Kunshan Huaqiao Double-Tree by Hilton in Jiangsu Province, China.

Wall Street Plaza, our 100% owned investment property in the city of New York has continued to perform solidly despite deterioration in the Manhattan commercial property rental market. As at 30th June 2009, Wall Street Plaza was valued at US\$160 million, a US\$15 million reduction on the valuation as at 31st December 2008.

The Hilton Double-Tree Hotel in Kunshan opened in January this year. While initial occupancy levels have been disappointing, we expect better operating performance as the economic recovery gathers momentum and business conditions for the surrounding community improve.

The near term focus of our property development activities in China continues to be on execution of existing projects. While we expect to be ready to launch presales of selected residential products in Kunshan and Shanghai by early 2010, we do not expect resumption of material earnings until 2011 onwards.

Given the location, quality, mix, expected timing of completion and our ability to phase sales to meet market demand, we remain confident that the existing projects will contribute significantly to Group profits as they come to fruition.

Looking Forward

While there are signs that the worst of the downturn may be behind us, a rebound in the global economy is expected to be subdued. Sentiment should improve as the rate of slowdown abates, but higher levels of consumer consumption may take longer to emerge. The traditional peak season in the third quarter is likely to be relatively muted, though upside exists should European and especially United States retailers restock ahead of the festive season.

Cost pressures will continue with energy prices having crept up again over the course of the second quarter, and repositioning costs having increased with lower backhaul volumes. Despite competitive conditions remaining intense, we are seeking an improvement in freight revenues with our recently announced rate restorations.

We will be well positioned for the eventual upswing through management of our fleet capacity and its deployment, and through our intense focus on costs. We have financing in place for all of our new vessels delivering over the remainder of 2009 and into 2010. Our customer base remains solid and operationally we remain sound, supported by our ongoing investment in information technology.

While the result for the first half of the year has been disappointing and the outlook for the remainder of the year and into 2010 remains challenging, the eventual pick-up in demand as the global economy recovers will improve industry dynamics. Positive sentiment should see freight rates rise, and global trade volume growth will redress the current supply/demand imbalance.

Interim Dividend

The Directors do not recommend the payment of any dividend on the ordinary shares of the Company for the first six months of the year.

Purchase, Sale or Redemption of Shares

During the six-month period ended 30th June 2009, 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 2009, 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 Audit Committee currently comprises 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 2009.

Remuneration Committee

The Remuneration Committee currently comprises 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 2009 to 30th June 2009.

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 2009 Interim Report will be despatched to shareholders of the Company on or around 25th August 2009 and will also be available on the HKEx’s website and the Company’s website.

Employee Information

As at 30th June 2009 the Group has 7,911 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 the Company 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, Kenneth Gilbert CAMBIE, CHOW Philip Yiu Wah 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, 6th August 2009

† *For identification only*

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