

INTERIM RESULTS

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to present the interim report, including the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June 2009. The interim report has been reviewed by the Company's Audit Committee. During the period, the Group's core businesses faced many challenges as a result of substantial decline in global trade. The market competition in terminal, container leasing and container manufacturing industries had become more intense, making business operations even more difficult. Even though the decline in trading activities turned moderate in the second quarter of 2009, it is still difficult to predict when the economy will recover. The Group expects that its core businesses to confront with continuous challenges in the second half of 2009.

The Group's unaudited condensed consolidated interim financial information as set out on pages 3 to 29 has also been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), except that the scope of their review did not extend to the Group's shares of net assets and result of a listed associate, China International Marine Containers (Group) Co., Ltd. ("CIMC") because CIMC did not engage its auditor to perform a review. Accordingly, the independent review report has been qualified in this respect.

The Group's shares of net assets and results of CIMC, which have been accounted for under equity method based on its published interim financial information, have been disclosed in notes 3(a) and 3(b) respectively to the unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Balance Sheet

As at 30th June 2009

	Note	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,666,817	1,627,590
Investment properties		3,614	1,679
Leasehold land and land use rights		60,705	60,660
Intangible assets		4,756	4,688
Jointly controlled entities		668,550	642,149
Loans to jointly controlled entities		87,250	123,904
Associates		698,145	708,508
Loans to associates		30,663	23,835
Available-for-sale financial assets		303,000	323,000
Finance lease receivables		1,544	2,000
Deferred income tax assets		1,251	1,204
Derivative financial instruments	5	16,135	24,215
Other non-current assets	6	75,679	–
		3,618,109	3,543,432
Current assets			
Inventories		4,107	5,376
Trade and other receivables	7	304,115	232,265
Current income tax recoverable		1,015	975
Available-for-sale financial assets		20,581	2,119
Restricted bank deposits	8	–	77,435
Cash and cash equivalents	8	418,126	351,606
		747,944	669,776
Total assets		4,366,053	4,213,208

Unaudited Condensed Consolidated Balance Sheet (Continued)

As at 30th June 2009

	Note	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	9	28,792	28,792
Reserves		2,539,216	2,492,047
Proposed final dividend		–	31,026
Interim dividend declared		41,802	–
		2,609,810	2,551,865
Minority interests		112,562	94,438
Total equity		2,722,372	2,646,303
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		16,145	12,776
Long term borrowings	10	1,351,942	1,356,955
Other long term liabilities		1,789	2,922
		1,369,876	1,372,653
Current liabilities			
Trade and other payables	11	157,582	123,531
Current income tax liabilities		3,319	3,341
Current portion of long term borrowings	10	71,188	56,406
Short term bank loans	10	41,716	10,974
		273,805	194,252
Total liabilities		1,643,681	1,566,905
Total equity and liabilities		4,366,053	4,213,208
Net current assets		474,139	475,524
Total assets less current liabilities		4,092,248	4,018,956

The accompanying notes on pages 9 to 29 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Income Statement

For the six months ended 30th June 2009

	Note	Six months ended 30th June	
		2009 US\$'000	2008 US\$'000
Revenue		159,028	162,065
Cost of sales		(86,019)	(77,676)
Gross profit		73,009	84,389
Investment income		12,925	13,081
Administrative expenses		(28,480)	(24,970)
Other operating income		6,262	17,756
Other operating expenses		(6,164)	(2,709)
Operating profit	12	57,552	87,547
Finance income	13	3,136	2,280
Finance costs	13	(22,997)	(24,778)
Operating profit after finance income and costs		37,691	65,049
Share of profits less losses of			
— jointly controlled entities		42,634	59,723
— associates		27,898	37,822
Profit on disposal of a jointly controlled entity	14	5,516	—
Profit before income tax		113,739	162,594
Income tax expenses	15	(7,608)	(5,983)
Profit for the period		106,131	156,611
Profit attributable to:			
Equity holders of the Company		104,509	153,152
Minority interests		1,622	3,459
		106,131	156,611
Interim dividend	16	41,802	78,890
Earnings per share for profit attributable to equity holders of the Company			
— basic	17	US4.66 cents	US6.82 cents
— diluted	17	US4.66 cents	US6.81 cents

The accompanying notes on pages 9 to 29 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2009

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Profit for the period	106,131	156,611
Other comprehensive income		
Exchange differences arising on translation of financial statements of foreign subsidiaries, jointly controlled entities and associates	5,146	86,333
Net fair value loss on available-for-sale financial assets	(7,093)	(37,968)
Release of reserve upon disposal of an available-for-sale financial asset	(85)	(2,044)
Fair value adjustment upon transfer from property, plant and equipment to investment properties	294	–
Share of reserves of jointly controlled entities and associates		
— revaluation reserve	(13,609)	(10,584)
— hedging reserve	(326)	345
— other reserves	233	(26,049)
Other comprehensive (loss)/income for the period	(15,440)	10,033
Total comprehensive income for the period	90,691	166,644
Total comprehensive income attributable to:		
Equity holders of the Company	88,971	158,594
Minority interests	1,720	8,050
	90,691	166,644

The accompanying notes on pages 9 to 29 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2009

	Capital and reserves attributable to the equity holders of the Company US\$'000	Minority interests US\$'000	Total US\$'000
Total equity at 1st January 2009	2,551,865	94,438	2,646,303
Total comprehensive income for the period	88,971	1,720	90,691
Capital contribution from a minority shareholder of a subsidiary	–	21,461	21,461
Dividends paid to			
— equity holders of the Company	(31,026)	–	(31,026)
— minority shareholders of subsidiaries	–	(5,057)	(5,057)
	57,945	18,124	76,069
Total equity at 30th June 2009	2,609,810	112,562	2,722,372
Total equity at 1st January 2008	2,712,393	62,266	2,774,659
Total comprehensive income for the period	158,594	8,050	166,644
Issue of shares on exercise of share options	207	–	207
Acquisition of a business	–	9,980	9,980
Dividends paid to			
— equity holders of the Company	(139,686)	–	(139,686)
— minority shareholders of subsidiaries	–	(4,310)	(4,310)
	19,115	13,720	32,835
Total equity at 30th June 2008	2,731,508	75,986	2,807,494

The accompanying notes on pages 9 to 29 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2009

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Net cash generated from operating activities	86,165	131,000
Net cash used in investing activities	(56,579)	(551,311)
Net cash generated from financing activities	37,418	223,778
Net increase/(decrease) in cash and cash equivalents	67,004	(196,533)
Cash and cash equivalents at 1st January	351,606	386,867
Effect of foreign exchange rate changes	(484)	559
Cash and cash equivalents at 30th June	418,126	190,893
Analysis of balances of cash and cash equivalents:		
Time deposits	200,692	85,683
Bank balances and cash	217,434	105,210
	418,126	190,893

The accompanying notes on pages 9 to 29 are an integral part of these unaudited condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

COSCO Pacific Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in the businesses of managing and operating container terminals, container leasing, management and sale, container manufacturing, logistics, and their related businesses. The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, Church Street, Hamilton, HM 11, Bermuda.

The intermediate holding company of the Company is China COSCO Holdings Company Limited (“China COSCO”), a company established in the People’s Republic of China (the “PRC”) with its H-Shares and A-Shares listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively. The parent company of China COSCO is China Ocean Shipping (Group) Company (“COSCO”), a state-owned enterprise established in the PRC.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2009 (the “Unaudited Condensed Consolidated Interim Financial Information”) has been approved for issue by the Board on 27th August 2009.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual audited consolidated financial statements for the year ended 31st December 2008 (the “2008 Annual Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

Adoption of new HKFRSs

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those used in the 2008 Annual Financial Statements, except that the Group has adopted the following new and revised standards and amendments to existing standards (collectively the “new HKFRSs”) issued by the HKICPA which are relevant to the Group’s operations and mandatory for the financial year ending 31st December 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new HKFRSs (Continued)

Improvements to existing standards

HKAS 1 Amendment	Presentation of Financial Statements
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 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKAS 40 Amendment	Investment Property

The adoption of the above new HKFRSs in the current period did not have any significant effect on the Unaudited Condensed Consolidated Interim Financial Information or result in any substantial changes in the Group's significant accounting policies except for certain revised presentation and disclosures in the Unaudited Condensed Consolidated Interim Financial Information.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31st December 2009 and not early adopted by the Group. The Group will apply these standards, interpretations and amendments as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will be resulted.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. The following operating segments were identified in accordance with the Group's businesses:

- (i) container terminal and related businesses including terminal operation, container handling, transportation and storage;
- (ii) container leasing, management, sale and related businesses;
- (iii) container manufacturing and related businesses; and
- (iv) logistics and related businesses.

The performance of the operating segments were assessed based on their segment profit/(loss) attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the Unaudited Condensed Consolidated Interim Financial Information.

Additions to non-current assets comprise additions to property, plant and equipment, leasehold land and land use rights, intangible assets, investments in jointly controlled entities and associates, and other non-current assets.

Segment assets

	Container terminal and related businesses	Container management, sale and related businesses	Container manufacturing and related businesses	Logistics and related businesses	Segment total	Corporate	Elimination of inter-segment loans	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 30th June 2009								
Segment assets	1,770,289	1,478,354	562,376	249,666	4,060,685	351,084	(45,716)	4,366,053
Segment assets include:								
Jointly controlled entities	418,884	–	–	249,666	668,550	–	–	668,550
Associates (note a)	135,769	–	562,376	–	698,145	–	–	698,145
Available-for-sale financial assets	323,581	–	–	–	323,581	–	–	323,581
At 31st December 2008								
Segment assets	1,610,103	1,474,658	585,928	225,793	3,896,482	391,794	(75,068)	4,213,208
Segment assets include:								
Jointly controlled entities	406,572	–	9,784	225,793	642,149	–	–	642,149
Associates (note a)	132,364	–	576,144	–	708,508	–	–	708,508
Available-for-sale financial assets	323,000	–	–	–	323,000	2,119	–	325,119

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

3. SEGMENT INFORMATION (Continued)

Segment revenue, results and other information

	Container terminal and related businesses US\$'000	Container leasing, management, sale and related businesses US\$'000	Container manufacturing and related businesses US\$'000	Logistics and related businesses US\$'000	Segment total US\$'000	Corporate US\$'000	Elimination of inter-segment finance (income)/ costs US\$'000	Total US\$'000
Six months ended 30th June 2009								
Revenue — external sales	44,623	114,405	–	–	159,028	–	–	159,028
Segment profit/(loss) attributable to equity holders of the Company	44,662	37,049	29,322	17,020	128,053	(23,544)	–	104,509
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	286	79	–	–	365	6,596	(3,825)	3,136
Finance costs	(6,637)	(6,756)	–	–	(13,393)	(13,429)	3,825	(22,997)
Share of profits less losses of								
— jointly controlled entities	25,614	–	–	17,020	42,634	–	–	42,634
— associates (note b)	4,092	–	23,806	–	27,898	–	–	27,898
Profit on disposal of a jointly controlled entity	–	–	5,516	–	5,516	–	–	5,516
Income tax expenses	(170)	(183)	–	–	(353)	(7,255)	–	(7,608)
Depreciation and amortisation	(8,176)	(39,667)	–	–	(47,843)	(230)	–	(48,073)
Provision for impairment of property, plant and equipment	–	(3,040)	–	–	(3,040)	–	–	(3,040)
Other non-cash expenses	(2)	(455)	–	–	(457)	(409)	–	(866)
Additions to non-current assets	(138,143)	(47,259)	–	–	(185,402)	(9)	–	(185,411)
Six months ended 30th June 2008								
Revenue — external sales	40,700	121,365	–	–	162,065	–	–	162,065
Segment profit/(loss) attributable to equity holders of the Company	69,593	52,691	29,126	16,229	167,639	(14,487)	–	153,152
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	175	512	–	–	687	2,854	(1,261)	2,280
Finance costs	(4,577)	(12,101)	–	–	(16,678)	(9,361)	1,261	(24,778)
Share of profits less losses of								
— jointly controlled entities	43,494	–	–	16,229	59,723	–	–	59,723
— associates (note b)	8,696	–	29,126	–	37,822	–	–	37,822
Income tax expenses	(310)	(818)	–	–	(1,128)	(4,855)	–	(5,983)
Depreciation and amortisation	(6,412)	(39,078)	–	–	(45,490)	(258)	–	(45,748)
Provision for impairment of property, plant and equipment	–	(23)	–	–	(23)	–	–	(23)
Other non-cash expenses	(5)	(47)	–	–	(52)	(187)	–	(239)
Additions to non-current assets	(157,603)	(304,452)	(259,360)	–	(721,415)	(263)	–	(721,678)

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

3. SEGMENT INFORMATION (Continued)

Notes:

- (a) As at 30th June 2009, the Group's share of the unaudited net assets of CIMC, a listed associate of the Group, amounted to US\$562,376,000 (31st December 2008: US\$576,144,000).
- (b) For the six months ended 30th June 2009, the Group's share of unaudited profit (net of income tax expenses) of CIMC amounted to US\$23,806,000 (2008: US\$29,126,000).
- (c) Geographical information

In respect of container leasing, management, sale and related businesses, the movements of containers and generator sets of the Group and those managed on behalf of third parties under operating leases or finance leases are known through report from the lessees but the Group is not able to control the movements of containers and generator sets except to the degree that the movements are restricted by the terms of the leases or where safety of the containers and generator sets is concerned. It is therefore impracticable to present geographical information on revenue of these related businesses.

The Group's non-current assets are primarily dominated by its containers and generator sets. These containers and generator sets are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is also impractical to present the geographical information of these non-current assets.

The activities of the container terminal and related businesses as conducted by certain subsidiaries of the Group are predominantly carried out in Mainland China, Hong Kong and Greece.

The activities of the Group's jointly controlled entities and associates are predominantly carried out in the following geographical areas:

Business segments	Geographical areas
Container terminal and related businesses	Mainland China, Hong Kong, Singapore, Belgium and Egypt
Container manufacturing and related businesses	Mainland China
Logistics and related businesses	Mainland China, Hong Kong, Dubai and New York

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

4. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June 2009, the Group acquired property, plant and equipment of US\$97,140,000 (2008: US\$418,087,000) and disposed of property, plant and equipment and transferred to inventories with a total net book value of US\$7,767,000 (2008: US\$34,376,000).

5. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Interest rate swap contracts — fair value hedges (note)	16,135	24,215

Note:

The notional principal amount of the related interest rate swap contracts amounted to US\$200,000,000 (2008: US\$200,000,000) which were committed with the interest rates ranging from 1.05% to 1.16% (2008: 1.05% to 1.16%) per annum above the London Interbank Offered Rate. These interest rate swap contracts had been designated as a hedge of the fair value of the notes issued by the Group (note 10).

6. OTHER NON-CURRENT ASSETS

Included in other non-current assets was the upfront concession fee of Euro 50,000,000 incurred in respect of the concession agreement with Piraeus Port Authority S.A. ("PPA") for the concession of Pier 2 and 3 of the Piraeus Port in Greece for a term of 35 years ("Concession"). The Concession would commence on 1st October 2009.

The total consideration payable to PPA over the 35-year term of the Concession was estimated to be approximately Euro 831,000,000 in present value terms and the capital commitments amounted to approximately Euro 236,000,000 in present value terms.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

7. TRADE AND OTHER RECEIVABLES

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Trade receivables (note a)		
— third parties	34,691	32,719
— fellow subsidiaries (notes b and c)	30,604	26,367
— jointly controlled entities (note b)	978	450
— related companies (note b)	364	227
	66,637	59,763
Less: provision for impairment	(390)	(417)
	66,247	59,346
Other receivables, deposits and prepayments	90,275	78,414
Rent receivable collected on behalf of owners of managed containers (note d)	37,905	39,525
Current portion of finance lease receivables	927	943
Amounts due from (note b)		
— fellow subsidiaries	90	165
— jointly controlled entities (note e)	93,591	53,544
— associates (note e)	9,609	323
— investee companies (note e)	3,528	–
— related companies	5	5
— minority shareholders of subsidiaries	1,938	–
	304,115	232,265

Notes:

- (a) The Group grants credit periods of 30 to 90 days to its customers. The ageing analysis of the trade receivables (net of provision) was as follows:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Within 30 days	21,612	24,762
31-60 days	23,831	23,412
61-90 days	16,322	6,832
Over 90 days	4,482	4,340
	66,247	59,346

- (b) The amounts due from fellow subsidiaries, jointly controlled entities, associates, investee companies, related companies and minority shareholders of subsidiaries are unsecured and interest free. Trading balances have credit periods ranging from 30 to 90 days while other balances have no fixed terms of repayment.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

7. TRADE AND OTHER RECEIVABLES (Continued)

- (c) The balance mainly represented container leasing income receivable from fellow subsidiaries and included a receivable balance from COSCO Container Lines Company Limited ("COSCON"), a fellow subsidiary, of US\$27,506,000 (31st December 2008: US\$24,218,000). During the six months ended 30th June 2009, the container leasing income from COSCON and the other fellow subsidiaries amounted to US\$67,131,000 (2008: US\$67,571,000) and US\$6,000 (2008: US\$ Nil) respectively.
- (d) The balance represented the unsettled billings to be collected by the Group in respect of the leases of those containers managed on behalf of third parties.
- (e) The amounts receivable mainly represented dividend and interest receivable from the jointly controlled entities, associates and investee companies.

8. CASH AND CASH EQUIVALENTS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Total time deposits, bank balances and cash (note)	418,126	429,041
Restricted bank deposits included in current assets	–	(77,435)
	418,126	351,606
Representing:		
Time deposits	200,692	161,684
Bank balances and cash	217,434	189,922
	418,126	351,606

Note:

As at 30th June 2009, cash and cash equivalents of US\$118,662,000 (31st December 2008: US\$68,331,000) were denominated in Renminbi and United States dollars which are held by certain subsidiaries of the Group with bank accounts operating in the PRC where exchange controls apply.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

9. SHARE CAPITAL

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Authorised:		
3,000,000,000 (31st December 2008: 3,000,000,000) ordinary shares of HK\$0.10 each	38,462	38,462
Issued and fully paid:		
2,245,029,298 (31st December 2008: 2,245,029,298) ordinary shares of HK\$0.10 each	28,792	28,792

Note:

Share options

Movements of the share options, which have been granted under the share option schemes adopted by the Company on 23rd May 2003, during the period are set out below:

Category	Exercise price HK\$	Number of Share Options					Outstanding as at 30th June 2009
		Outstanding as at 1st January 2009	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period	Outstanding as at 30th June 2009	
Directors	9.54	800,000	–	–	–	800,000	
	13.75	5,250,000	–	–	–	5,250,000	
	19.30	2,300,000	–	–	–	2,300,000	
Continuous contract employees	9.54	1,611,000	–	–	(4,000)	1,607,000	
	13.75	14,072,000	–	–	(250,000)	13,822,000	
	19.30	14,580,000	–	(10,000)	(320,000)	14,250,000	
Others	9.54	50,000	–	–	–	50,000	
	13.75	4,120,000	–	–	–	4,120,000	
	19.30	–	–	10,000	–	10,000	
		42,783,000	–	–	(574,000)	42,209,000	

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

10. BORROWINGS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Long term borrowings — unsecured	1,423,130	1,413,361
Amounts due within one year included under current liabilities	(71,188)	(56,406)
	1,351,942	1,356,955
Short term bank loans — unsecured	41,716	10,974

Notes:

(a) The analysis of long term borrowings is as follows:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Wholly repayable within five years		
— Bank loans	1,000,302	588,258
— Notes	313,928	321,391
	1,314,230	909,649
Not wholly repayable within five years		
— Bank loans	108,900	503,712
	1,423,130	1,413,361

(b) The maturity of long term borrowings is as follows:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Bank loans		
Within one year	71,188	56,406
Between one and two years	97,214	89,595
Between two and five years	862,540	760,354
Over five years	78,260	185,615
	1,109,202	1,091,970
Notes		
Between two and five years	313,928	321,391
	1,423,130	1,413,361

Notes with principal amount of US\$300,000,000 were issued by a subsidiary of the Company to investors on 3rd October 2003. The notes carried a fixed interest yield of 5.96% per annum and were issued at a price of 99.367 per cent of their principal amount with a fixed coupon rate of 5.875% per annum, resulting in a discount on issue of US\$1,899,000. The notes bear interest from 3rd October 2003, payable semi-annually in arrear on 3rd April and 3rd October of each year, commencing on 3rd April 2004. The notes are guaranteed unconditionally and irrevocably by the Company and listed on the Singapore Exchange Limited.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

11. TRADE AND OTHER PAYABLES

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Trade payables (note a)		
— third parties	13,061	9,029
— fellow subsidiaries (note b)	156	140
— jointly controlled entities (notes b and c)	–	2
— subsidiaries of an associate (notes b and c)	11,649	60
— related companies (note b)	14	1
— minority shareholders of subsidiaries (note b)	1,260	1,089
	26,140	10,321
Other payables and accruals	49,952	49,555
Payable to owners of managed containers (note d)	35,203	39,897
Current portion of other long term liabilities	2,267	2,267
Dividend payable	31,029	34
Amounts due to (note b)		
— fellow subsidiaries	78	3
— jointly controlled entities	–	8
— subsidiaries of an associate	7	–
— related companies	2	–
— minority shareholders of subsidiaries	12,904	21,446
	157,582	123,531

Notes:

(a) The ageing analysis of trade payables was as follows:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Within 30 days	13,423	4,920
31-60 days	6,260	745
61-90 days	356	296
Over 90 days	6,101	4,360
	26,140	10,321

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

11. TRADE AND OTHER PAYABLES (Continued)

- (b) The amounts due to fellow subsidiaries, jointly controlled entities, subsidiaries of an associate, related companies and minority shareholders of subsidiaries are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers while the other balances have no fixed terms of repayment.
- (c) The balances represented the amounts payable to jointly controlled entities and subsidiaries of an associate of the Group in respect of the purchases of containers (note 20(a)(viii)).
- (d) The balance represented the rental income of the managed containers collected, net of the direct operating expenses of the managed containers paid by the Group on behalf of third parties and the management fee income entitled by the Group.

12. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Crediting		
Dividend income from		
— a listed investment	—	132
— unlisted investments	12,889	12,924
Rental income from investment properties	36	25
Profit on disposal of an available-for-sale financial asset	85	1,959
Profit on disposal of property, plant and equipment	330	763
Write back of provision for impairment of trade receivables, net	42	1,658
Charging		
Depreciation and amortisation	48,073	45,748
Provision for impairment of property, plant and equipment	3,040	23

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

13. FINANCE INCOME AND COSTS

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Finance income		
Interest income on		
— bank balances and deposits	544	1,604
— loans to a jointly controlled entity and associates	2,592	676
	3,136	2,280
Finance costs		
Interest expenses on		
— bank loans	(15,294)	(15,775)
— notes wholly repayable within five years	(8,157)	—
— notes not wholly repayable within five years	—	(9,313)
Fair value loss on derivative financial instruments	(8,080)	(174)
Fair value adjustment of notes attributable to interest rate risk	7,639	426
	(441)	252
Amortised amount of		
— discount on issue of notes	(90)	(96)
— transaction costs on bank loans and notes	(86)	(91)
	(24,068)	(25,023)
Less: amount capitalised in construction in progress	1,617	291
	(22,451)	(24,732)
Other incidental borrowing costs and charges	(546)	(46)
	(22,997)	(24,778)
Net finance costs	(19,861)	(22,498)

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

14. PROFIT ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY

A wholly owned subsidiary of the Group entered into a sale and purchase agreement to dispose of its entire 20% shareholding interest in Shanghai CIMC Reefer Containers Co.,Ltd ("Shanghai CIMC Reefer"), a then jointly controlled entity, at a consideration of US\$16,400,000 to CIMC, an associate. The transaction was completed in January 2009 and resulted in a profit of US\$5,516,000.

15. INCOME TAX EXPENSES

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Current income tax		
— China mainland taxation	3,933	348
— Overseas taxation	353	(407)
	4,286	(59)
Deferred income tax charge	3,322	6,042
	7,608	5,983

The Group's shares of income tax expenses of jointly controlled entities and associates of US\$8,671,000 (2008: US\$9,610,000) and US\$7,558,000 (2008: US\$4,142,000) are included in the Group's shares of profits less losses of jointly controlled entities and associates respectively.

No Hong Kong profits tax has been provided as the Group does not have estimated assessable profit for the period (2008: US\$Nil).

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

As at 30th June 2009, deferred income tax liabilities of US\$3,120,000 (31st December 2008: US\$3,132,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries totalling US\$10,399,000 (31st December 2008: US\$10,440,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and the related temporary difference will not be reversed or will not be taxable in the foreseeable future.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

16. INTERIM DIVIDEND

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Interim dividend, declared, of US1.862 cents (2008: US3.514 cents) per ordinary share	41,802	78,890

Notes:

- (a) At a meeting held on 8th April 2009, the directors recommended the payment of a final dividend of HK10.7 cents (equivalent to US1.382 cents) per ordinary share for the year ended 31st December 2008 with a scrip dividend alternative. The dividend was paid on 20th July 2009 and had been reflected as an appropriation of retained profits in year 2009.
- (b) At a meeting held on 27th August 2009, the directors declared an interim cash dividend of HK14.4 cents (equivalent to US1.862 cents) per ordinary share. The interim cash dividend declared is not reflected as dividend payable in the Unaudited Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2009.

17. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2009	2008
Profit attributable to equity holders of the Company	US\$104,509,000	US\$153,152,000
Weighted average number of ordinary shares in issue during the period	2,245,029,298	2,244,984,584
Basic earnings per share	US4.66 cents	US6.82 cents

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

17. EARNINGS PER SHARE (Continued)

(b) Diluted

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share for the six months ended 30th June 2009, and the diluted earnings per share is equal to the basic earnings per share for the six months ended 30th June 2009.

In 2008, diluted earnings per share was calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding share options granted by the Company had been exercised.

	Six months ended 30th June 2008
Profit attributable to equity holders of the Company	US\$153,152,000
Weighted average number of ordinary shares in issue during the period	2,244,984,584
Adjustments for assumed issuance of shares on exercise of share options during the period	3,222,696
Weighted average number of ordinary shares for diluted earnings per share	2,248,207,280
Diluted earnings per share	US\$6.81 cents

18. FINANCIAL GUARANTEE CONTRACTS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Bank guarantee to an associate	34,600	37,057

The directors of the Company consider that it is not probable for a claim to be made against the Group under the above guarantee as at the balance sheet date.

The fair value of the guarantee contracts is not material and has not been recognised.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

19. CAPITAL COMMITMENTS

Other than those disclosed in note 6, the Group had the following significant capital commitments at 30th June 2009:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Authorised but not contracted for:		
— Containers	17,719	89,545
— Computer system under development	1,282	749
— Other property, plant and equipment	437,991	464,142
	456,992	554,436
Contracted but not provided for:		
— Investments (note)	578,793	585,225
— Containers	—	6,388
— Other property, plant and equipment	53,813	83,714
	632,606	675,327
The Group's share of capital commitments of the jointly controlled entities themselves not included in the above are as follows:		
Authorised but not contracted for	28,358	17,031
Contracted but not provided for	17,496	8,108
	45,854	25,139

Note:

The capital commitments in respect of investments of the Group as at 30th June 2009 are as follows:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Investments in:		
— Qingdao Qianwan Container Terminal Co., Ltd.	64,997	64,997
— Antwerp Gateway NV	69,036	75,490
— Dalian Port Container Terminal Co., Ltd.	42,741	42,724
— COSCO Ports (Nansha) Limited	177,925	177,854
— Tianjin Port Euroasia International Terminal Co., Ltd.	102,753	102,713
— Others	58,087	58,218
	515,539	521,996
Terminal projects in:		
— Shanghai Yangshan Port Phase II	58,549	58,526
— Others	4,705	4,703
	63,254	63,229
	578,793	585,225

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

20. RELATED PARTY TRANSACTIONS

The Group is controlled by China COSCO which owns 50.96% of the Company's shares as at 30th June 2009. The parent company of China COSCO is COSCO.

COSCO itself is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 "Related Party Disclosures" issued by the HKICPA, other state-owned enterprises and their subsidiaries (other than COSCO group companies), directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO and its subsidiaries, other state-owned enterprises and their subsidiaries directly or indirectly controlled by PRC government, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO as well as their close family members.

In addition to those disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period.

(a) Sales/purchases of goods and services

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Container rental income from (note i)		
— fellow subsidiaries	67,137	67,571
— other state-owned enterprises	162	157
Compensation for loss of containers from a fellow subsidiary (note ii)	516	628
Handling, storage and transportation income from (note iii)		
— fellow subsidiaries	1,928	2,528
— a jointly controlled entity	514	740
Management fee and service fee income from (note iv)		
— jointly controlled entities	1,938	1,840
— associates	53	153
— an investee company	26	54
Container terminal handling and storage income received from fellow subsidiaries and an associate of the parent company (note v)	3,817	4,431
Logistics services fee to a minority shareholder of a subsidiary (note vi)	(509)	(1,602)
Electricity expense and supply of fuel from a minority shareholder of a subsidiary (note vii)	(537)	(776)
Purchase of containers from (note viii)		
— subsidiaries of CIMC	(19,854)	(99,431)
— jointly controlled entities	—	(37,353)
Proceeds on disposal of a jointly controlled entity to CIMC (note 14)	16,400	—

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

20. RELATED PARTY TRANSACTIONS (Continued)

(a) Sales/purchases of goods and services (Continued)

Notes:

- (i) The Group has conducted container leasing business with COSCON, other fellow subsidiaries and other state-owned enterprises. The container rental income was charged based on terms agreed between the Group and the respective parties in concern.
- (ii) During the period, the Group had compensation received and receivable of US\$516,000 (2008: US\$628,000) from COSCON for the loss of containers under operating leases, resulting in a profit of US\$90,000 (2008: US\$106,000).
- (iii) The handling, storage and transportation income received from fellow subsidiaries and a jointly controlled entity of the Group were conducted at terms as set out in the agreements entered into between the Group and these fellow subsidiaries and the jointly controlled entity.
- (iv) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited, a jointly controlled entity of the Group, during the period. Management fee was charged and agreed at HK\$20,000,000 (equivalent to US\$2,580,000) (2008: HK\$20,000,000 (equivalent to US\$2,566,000)) per annum.

Other management fee and service fee income charged to jointly controlled entities, associates and an investee company were agreed between the Group and the respective parties in concern.

- (v) The container terminal handling and storage income received from fellow subsidiaries and an associate of COSCO in relation to the cargoes shipped from/to Zhangjiagang, Yangzhou and Quanzhou ports were conducted by the Group by reference to rates as set out by the Ministry of Communications of the PRC.
- (vi) The logistics service fee paid to a minority shareholder of a subsidiary was charged at rates as mutually agreed.
- (vii) Electricity expense and supply of fuel from a minority shareholder of a subsidiary were charged at rates as mutually agreed.
- (viii) The purchases of containers from subsidiaries of CIMC and jointly controlled entities of the Group were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

20. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with state-owned banks

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Bank deposits balances		
— in China mainland	118,662	68,345
— outside China mainland	271,365	228,703
Long term bank loans		
— in China mainland	198,465	169,053
— outside China mainland	436,837	436,700
Short term bank loans		
— in China mainland	41,716	10,974

The deposits and loans with state-owned banks were in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern.

(c) Balances with other state-owned enterprises

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Other payable to state-owned enterprises	6,715	5,760

The balance represented the port construction levies collected by subsidiaries of the Group on behalf of the port authorities in Zhangjiagang and Quanzhou pursuant to a notice issued by the Ministry of Communications of the PRC. The balance is unsecured, interest free and has no fixed terms of repayment.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

20. RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Salaries, bonuses and other allowances	1,848	1,714
Contribution to retirement benefit schemes	4	3
	1,852	1,717

Key management includes directors of the Company and five (2008: four) senior management members of the Group.

21. EVENT AFTER THE BALANCE SHEET DATE

On 27th August 2009, COSCO Pacific Logistics Company Limited ("CP Logistics"), a wholly owned subsidiary of the Company, entered into an equity transfer agreement with China COSCO, pursuant to which CP Logistics conditionally agreed to sell and China COSCO conditionally agreed to purchase CP Logistics' entire 49% equity interest in COSCO Logistics Co., Ltd. ("COSCO Logistics"), a jointly controlled entity of the Group, at a cash consideration of RMB2,000,000,000. Apart from the aforesaid cash consideration, CP Logistics is entitled to receive a special distribution of an additional cash amount equivalent to 273/365 (representing the first nine months of 2009) of 49% of 90% of the audited consolidated net profit after tax and minority interest of COSCO Logistics for the year ending 31st December 2009 as shown in the audited consolidated accounts of COSCO Logistics for the year ending 31st December 2009 prepared in accordance with the accounting standards in the PRC (the "Special Distribution"), payment of which shall be made by COSCO Logistics on or before 30th June 2010, and coordinated by China COSCO. The disposal constituted a major disposal and connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the completion will be subject to the approval by the independent shareholders of the Company. The estimated pre-tax gain, which had not taken into account the Special Distribution and after direct expenses, would be approximately US\$102,500,000.