

(UNAUDITED BUT
REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2002

1. GENERAL INFORMATION

1.1 Going concern issue

Although the economic crisis has eased to a certain extent in the current period, its remaining adverse effects are expected to continue to impact on business environment. However, the financial statements under report have been prepared on the going concern basis assuming that the realisation of assets and settlement of liabilities and obligations will occur in the ordinary course of the businesses of the Company and subsidiaries.

1.2 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the related statements of earnings, changes in shareholders’ equity and cash flows, as in the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Precious Shipping Public Company Limited and subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated

financial statements for the year ended 31 December 2001. There have been no changes in the composition of the Group during the current period.

(UNAUDITED BUT REVIEWED)

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2001.

Earnings per share

The earnings per share were calculated as follows :-

	CONSOLIDATED/THE COMPANY ONLY		
	For the three-month period ended 31 March 2002		
	Earnings	Number of shares	Earnings per share
	(Thousand Baht)	(Thousand shares)	(Baht)
Basic earnings per share			
Net earnings attributable to ordinary shareholders	114,671	52,000	<u>2.21</u>
Dilution effect			
Redeemable convertible debentures - Exchange gain on RCDs	<u>(10,852)</u>	<u>80,527</u>	
Diluted earnings per share			
Net earnings attributable to ordinary shareholders assuming conversion of dilutive securities	<u>103,819</u>	<u>132,527</u>	<u>0.78</u>

(UNAUDITED BUT REVIEWED)

2 CURRENT INVESTMENTS - TIME DEPOSITS

Time deposits as at 31 March 2002 of Baht 5 million and USD 0.23 million (31 December 2001 : Baht 5 million and USD 0.23 million) which were pledged at banks to secure letters of guarantee issued by the banks in favor of charterers, local government authorities and service providers required in the normal course of business by the Company and subsidiaries.

3 TRADE ACCOUNTS RECEIVABLE

The balances of trade accounts receivable are classified by aging as follows :-

	(Unit : Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	31 March 2002	31 December 2001	31 March 2002	31 December 2001
Less than 3 months	98,196	110,083	-	-
3 - 6 months	15,449	2,314	-	-
6 - 12 months	7,036	3,768	-	-
More than 12 months	96,694	96,202	2,031	2,066
Total	217,375	212,367	2,031	2,066
Less : Allowance for doubtful accounts	(90,311)	(91,548)	(2,031)	(2,066)
Trade accounts receivable - net	127,064	120,819	-	-

4 RELATED PARTY TRANSACTIONS

During the periods the Company had significant business transactions with its subsidiaries, associated and related companies (related by way of common shareholders and/or directors). Such transactions, have been concluded on the terms and basis as stipulated in the agreements between the Company and those companies, were in the normal course of business. The transactions include advances to Nedtex Limited and Precious Storage Terminals Limited charging interest at a rate of 8 percent per annum and advances to/from subsidiary and associated companies on which no interest is charged. The transactions are summarised below :-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 31 March			
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Interest income	-	-	408	390
Administrative expenses	-	-	1,653	1,581
<u>Transactions with related companies</u>				
Rental and related expenses	463	467	232	233
Air ticket expenses	3,377	3,218	601	574

The outstanding balances of the above transactions have been separately shown in the balance sheets. Details of balances are as follows :-

(Unit : Thousand Baht)

	THE COMPANY ONLY			
	31 December			31 March
	<u>2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>2002</u>
<u>Receivable from and advances to subsidiaries</u>				
Precious Hills Limited	130,364	23,362	31,370	122,356
Great Circle Shipping Agency Limited	147,172	8,823	10,236	145,759
Precious Capitals Limited	169,867	98,728	109,818	158,777
Precious Jasmines Limited	163,328	166,325	180,614	149,039
Precious Orchids Limited	62,694	18,091	43,736	37,049
Precious Seas Limited	67,713	76,748	119,328	25,133
Precious Resorts Limited	85,065	68,604	59,241	94,428
Precious Shipping (Mauritius) Limited	52,344	11,870	36,689	27,525
Precious Trees Limited	31,929	19,168	22,930	28,167
Precious Stars Limited	112,896	52,013	39,302	125,607
Precious Ponds Limited	17,379	10,134	25,843	1,670
Precious Cliffs Limited	33,632	46,798	41,590	38,840

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

THE COMPANY ONLY

	31 December			31 March
	2001	Increase	Decrease	2002
Geepee Corporation Limited	38,759	82	10,963	27,878
Precious Shipping (Panama) S.A.	8,063	156,382	151,392	13,053
Precious Storage Terminals Limited	5,289	19,414	24,102	601
Nedtex Limited	9,383	10,576	13,052	6,907
Precious Rivers Limited	10,470	54,329	49,622	15,177
Precious Lakes Limited	3,977	9	-	3,986
Precious Shipping (UK) Limited	25,492	147,587	164,007	9,072
Regidor Pte. Limited	344	27	-	371
Thebes Pte. Limited	327	17	-	344
Precious Mountains Limited	-	58,885	39,512	19,373
Precious Comets Limited	-	1	-	1
Precious Ornaments Limited	-	1	-	1
Total	<u>1,176,487</u>	<u>1,047,974</u>	<u>1,173,347</u>	<u>1,051,114</u>
<i>Payable to and advances from subsidiaries</i>				
Precious Shipping (Singapore) Pte. Limited	349,191	245,545	230,399	364,337
Precious Wishes Limited	251,583	74,895	81,725	244,753
Precious Metals Limited	207,717	30,979	15,662	223,034
Precious Minerals Limited	139,955	-	12	139,943
Precious Cities Limited	139,478	-	-	139,478
Precious Stones Shipping Limited	137,697	-	-	137,697
Precious Flowers Limited	121,942	34,170	59,329	96,783
Precious Forests Limited	95,029	50,949	22,817	123,161
Precious Planets Limited	146,201	79,227	57,449	167,979
Precious Diamonds Limited	72,054	51,225	48,949	74,330
Precious Lagoons Limited	46,037	56,929	45,221	57,745
Precious Opals Limited	23,906	-	1	23,905
Precious Lands Limited	21,353	-	-	21,353
Precious Rubies Limited	66,764	-	248	66,516

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

THE COMPANY ONLY

	31 December			31 March
	2001	Increase	Decrease	2002
Precious Sapphires Limited	2,132	531	539	2,124
Precious Pearls Limited	20,936	29,006	17,564	32,378
Precious Mountains Limited	4,098	-	4,098	-
Precious Garnets Limited	20,250	18,754	15,195	23,809
Precious Oceans Limited	49,384	29,654	13,233	65,805
Precious Emeralds Limited	11,622	34,874	32,057	14,439
Precious Ventures Limited	32,958	69,486	69,903	32,541
Total	<u>1,960,287</u>	<u>806,224</u>	<u>714,401</u>	<u>2,052,110</u>

The outstanding balances of the amounts due from/to subsidiaries represent current accounts between the Company and those companies. The Company's management believes that no allowance for doubtful accounts is necessary.

Details of subordinated interest-free loans from subsidiaries, which are repayable within 2006, were as follows :-

(Unit : Thousand Baht)

THE COMPANY ONLY

	31 March	31 December
	2002	2001
Precious Cliffs Limited	143,000	143,000
Precious Capitals Limited	143,000	143,000
Precious Jasmines Limited	100,750	100,750
Precious Stars Limited	96,525	96,525
Precious Seas Limited	95,693	95,693
Precious Orchids Limited	57,850	57,850
Precious Ponds Limited	21,450	21,450
Precious Lakes Limited	4,550	4,550
Total	<u>662,818</u>	<u>662,818</u>

(UNAUDITED BUT REVIEWED)

5 INVESTMENTS

These represent investments in the following subsidiary, associated and other companies

:-

(Unit : Thousand Baht)

			CONSOLIDATED		THE COMPANY ONLY	
	Percentage of	Cost	Equity Method		Equity Method	
	Ownership	Method	31 March	31 December	31 March	31 December
	2002/2001	2002/2001	2002	2001	2002	2001
<i>Investments accounted for under equity method</i>						
<i>Subsidiaries</i>						
Precious Shipping (Singapore)						
Pte. Limited	100.00	363,338			566,634	558,760
Precious Metals Limited	99.99	250,000			326,485	318,426
Precious Wishes Limited	99.99	229,999			291,275	287,979
Precious Capitals Limited	99.99	199,999			172,848	154,429
Precious Oceans Limited	99.99	175,000			310,268	296,807
Precious Minerals Limited	99.99	140,000			138,066	137,961
Precious Stones Shipping Limited	99.99	140,000			137,719	137,720
Precious Mountains Limited	99.99	139,999			172,975	166,895
Precious Hills Limited	99.99	139,999			235,128	230,730
Precious Resorts Limited	99.99	139,999			151,177	144,316
Precious Lagoons Limited	99.99	139,999			170,076	159,399
Precious Cities Limited	99.99	139,999			139,473	139,473
Precious Cliffs Limited	99.99	139,999			67,906	58,405
Great Circle Shipping Agency Limited	99.99	121,995			(36,122)	(32,039)
Precious Stars Limited	99.99	105,000			90,753	83,901
Precious Seas Limited	99.99	100,000			184,578	161,045
Precious Planets Limited	99.99	100,000			159,691	156,384
Precious Jasmines Limited	99.99	97,999			195,300	186,962
Precious Ventures Limited	99.99	79,999			123,634	114,345
Precious Diamonds Limited	99.99	55,000			141,111	137,306
Precious Orchids Limited	99.99	51,999			126,757	109,449
Precious Rivers Limited	99.99	44,000			42,800	38,121
Precious Forests Limited	99.99	39,999			83,719	66,912
Precious Trees Limited	99.99	39,999			20,570	14,808

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership	Cost Method	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			31 March	31 December	31 March	31 December
			2002	2001	2002	2001
Precious Flowers Limited	99.99	38,999			118,708	112,671
Precious Pearls Limited	99.99	38,999			92,513	84,731
Precious Emeralds Limited	99.99	32,000			85,040	80,441
Precious Ponds Limited	99.99	31,999			64,346	52,472
Precious Garnets Limited	99.99	30,999			91,299	83,798
Precious Rubies Limited	99.99	24,000			65,720	65,926
Precious Lands Limited	99.99	24,000			21,284	21,251
Precious Opals Limited	99.99	24,000			23,937	23,937
Precious Lakes Limited	99.99	24,000			(3,450)	(3,459)
Precious Sapphires Limited	99.99	23,999			1,829	3,073
Geepee Corporation Limited	99.88	5,874			2,090	2,660
Precious Storage Terminals Limited	69.99	4,199			(11,599)	(11,739)
Nedtex Limited	69.99	648			(13,004)	(13,061)
Precious Shipping (UK) Limited	99.99	250			6,636	6,045
Precious Shipping (Panama) S.A.	99.99	250			136	30
Precious Shipping (Mauritius) Limited	99.99	250			(61,130)	(24,847)
Precious Comets Limited	99.40	99			(33)	(33)
Precious Ornaments Limited	99.40	99			(34)	(34)
Thebes Pte. Limited	100.00	0.0365			12	16
Regidor Pte. Limited	100.00	0.0503			(16)	(26)
Total net investments in subsidiaries		3,478,984			4,497,105	4,312,346
Investments accounted for under equity method					4,622,493	4,397,584
Share of losses over investments					(125,388)	(85,238)
Total net investments in subsidiaries					4,497,105	4,312,346

(UNAUDITED BUT REVIEWED)

		(Unit : Thousand Baht)					
		CONSOLIDATED		THE COMPANY ONLY			
		Equity Method		Equity Method			
		31 March	31 December	31 March	31 December	31 March	31 December
		2002	2001	2002	2001	2002	2001
	Percentage of Ownership 2002/2001	Cost Method 2002/2001					
<i>Other investments</i>							
International Seaports Pte. Limited	33.33	17,225	22,955	22,955	22,955	22,955	22,955
Dhamra Port Company Private Limited	26.37	91,765	91,754	91,754	-	-	-
Southern LPG Limited	39.96	31,716	19,365	19,365	-	-	-
Kakinada Seaports Limited (Formerly known as "Cocanada Port Company Private Limited")	16.65	15,285	15,285	15,285	-	-	-
Total		<u>155,991</u>	<u>149,359</u>	<u>149,359</u>	<u>22,955</u>	<u>22,955</u>	<u>22,955</u>
Less : Provision for possible loss on Investments			(27,780)	-	-	-	-
Net other investments			<u>121,579</u>	<u>149,359</u>	<u>22,955</u>	<u>22,955</u>	<u>22,955</u>

The Company has presented share of losses from subsidiaries over investments by net off the amounts due from/to subsidiaries in the balance sheets.

As at 31 March 2002, the Company has pledged the shares of twenty subsidiaries amounting to Baht 3,109 million, stated under the equity method, with banks to secure the long-term loans referred to in Note 7.

The Company and subsidiaries have recorded investments in three overseas associated companies under the equity method upto 31 December 2000 since the Company and subsidiaries are making efforts to sell these investments and the investment in other company. This is to comply with the conditions of the debt restructuring agreement. Therefore, the above investments have been reclassified to other investments in current assets. On conservative basis, the Company has set up the provision for possible loss on other investments of Baht 27.8 million during the current quarter.

6 VESSELS, CONDOMINIUM AND EQUIPMENT

The subsidiaries have mortgaged thirty vessels and certain condominium units with banks to secure long-term loans as referred to in Note 7.

During the current quarter, a subsidiary disposed of its vessel with a gain of Baht 11.4 million.

(UNAUDITED BUT REVIEWED)

7. LONG-TERM LOANS

These long-term loans are the loans resulting from the restructuring of debts under the debt restructuring agreements dated 6 July 2000 and 10 July 2000.

The outstanding balances of loans as at 31 March 2002 and 31 December 2001 were as follows:

	(Unit : Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	31 March 2002	31 December 2001	31 March 2002	31 December 2001
Original loans	2,099,185	2,395,492	12,093	60,677
Commercial loans	1,654,792	1,701,730	1,654,792	1,701,730
Less : Current portion	(497,573)	(590,107)	(12,093)	(54,651)
Long-term portion	<u>3,256,404</u>	<u>3,507,115</u>	<u>1,654,792</u>	<u>1,707,756</u>

Original loans

As at 31 March 2002, the Company and its twenty subsidiaries had outstanding original loans from various banks and financial institutions aggregating approximately Baht 277.5 million and USD 41.76 million (31 December 2001 : Baht 289.6 million, USD 47.14 million and INR 15 million) on which interest is charged at fixed and floating rates specified in the agreements. According to the repayment schedule, the loans will be repaid in quarterly installments commencing 31 March 2000 until the end of 2005. During the current quarter, the Company and certain subsidiaries repaid approximately Baht 12.1 million and USD 5.38 million and INR 15 million (For the year ended 31 December 2001 : Baht 65.7 million and USD 22.73 million).

As at 31 March 2002, these loans are secured by the following :-

- The mortgage of twenty-nine vessels belonging to subsidiaries and the condominium units of a subsidiary (Note 6).
- The pledge of the shares of nineteen subsidiaries (Note 5).
- The guarantees of twenty-five subsidiaries by Precious Shipping Public Company Limited.

d) The assignment of the insurance policies of the subsidiaries' twenty-nine vessels.

(UNAUDITED BUT REVIEWED)

Commercial loans

These are Thai Baht loans which the Company shall, by no later than each of the repayment dates specified below, repay an aggregate principal amount of at least equal to the amounts specified below :-

<u>Repayment Date</u>	<u>Equivalent to Million US dollar</u>
31 December 2001	7.0
25 July 2004	40.0

The commercial loans carry interest at fixed rates per annum. If the Company fails to repay at the applicable repayment dates, interest rate will be increased by 1% per year from those dates. The loans are finally due for repayment on 17 July 2005. During the current quarter, the Company repaid approximately Baht 46.9 million (For the year ended 31 December 2001 : Baht 42.7 million). These loans are secured by the pledge of the share of a subsidiary (Note 5), the mortgage and the assignment of the insurance policy of one vessel of a subsidiary (Note 6). The Company has to comply with certain conditions and restrictions provided in the above loan agreements such as :-

- a) Maintenance of debt service coverage ratio of at least 1.25 : 1 and debt to equity ratio of not exceeding 2 : 1 and funded debt ratio not exceeding 4 : 1.
- b) Certain amounts of cash flow surplus shall be used for loans repayment.
- c) Not create or permit to subsist any security interest on the whole or any part of its present or future assets, except for permitted security interest.
- d) Limit the acquisition of assets and investments at the amount as defined in the agreements.
- e) Not permit the reduction of the Company's share capital.

8 REDEEMABLE CONVERTIBLE DEBENTURES

These redeemable convertible debentures (RCDs) were issued under the terms of the debt restructuring agreement dated 17 July 2000.

(UNAUDITED BUT REVIEWED)

On 17 July 2000, the Company issued Thai Baht 589,503,000 and USD 20,936,297 of zero coupon RCDs. Under the terms and conditions of the Thai Baht's and US dollar's RCDs, the Company has an option to redeem the debentures within a period of thirty months from the issue date. In the first six months from the issue date, the redemption amount payable by the Company is 41.67% of the face value of the RCDs. In the next quarter such redemption amount is increased to 53.34% of the face value and it is increased by 5.83% per quarter thereafter. There is a call option (pre-redeemable call option at discount) granted to the Company and is not the obligation of the Company.

If the RCDs are not redeemed by the Company during the above redemption period, the RCD holders have the option to convert them to equity shares of the Company at 95% of the average closing market price of the Company's shares during the month immediately preceding the conversion. If the Thai Baht RCD holders do not exercise the option to convert them within a fixed conversion period, the Company has the obligation to redeem the RCDs through a payment of 0.01% of the face value of the RCDs. The USD RCD holders have no such redemption right.

Recognition and Fair Valuation of RCDs

The Company recognises the RCDs as compound instruments containing both a liability and an equity element. The fair value of the straight debt component of RCDs is recorded as a liability (which will increase in line with their conversion value and fall in accordance with their pre-redeemable call option value) and the difference between the straight debt value and the face value of the RCDs is recognised as a part of equity under the heading "Unrealised gain on redeemable convertible debentures".

The liability element of the RCDs as at 31 March 2002 has been computed as 76.66% of the face value of the RCDs (31 December 2001 : 70.83%) and can be summarised as follows :-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED / THE COMPANY ONLY	
	31 March 2002	31 December 2001
Redeemable convertible debentures - zero coupon		
- US dollar - USD 14,627,381	638,014	648,866
- Thai Baht	479,703	479,703
Less : Unrealised gain on redeemable convertible debentures	(260,875)	(329,203)
Redeemable convertible debentures - liability element	<u>856,842</u>	<u>799,366</u>

In respect of the issuance of the RCDs as referred to above, the Company increased its authorised share capital by 136,800,000 shares in order to reserve the shares for the exercise of conversion of RCDs.

During the current quarter, the Company did not redeem the above RCDs.

During the first quarter of 2000, the USD RCDs of USD 204,084 was redeemed at the amount of USD 75,000 and THB RCDs of Baht 76.8 million was redeemed at the amount of Baht 27.2 million. The redemption was resulted in a total gain of Baht 55 million which was recorded as an extraordinary item in the earnings statement.

9 EXCHANGE GAINS (LOSSES)

Exchange gains (losses) for the three-month periods ended 31 March 2002 and 2001 were below :-

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 31 March			
	2002	2001	2002	2001
Realised exchange gains (losses)	2,691	13,322	(1,595)	2,301
Unrealised exchange gains (losses)	40,577	(124,327)	11,509	(36,052)
Exchange gains (losses) - net	43,268	(111,005)	9,914	(33,751)

(UNAUDITED BUT REVIEWED)

10 FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' activities predominantly involve the shipping businesses and carries cargo operations to various locations worldwide. As a result, all of the revenues, operating profits (losses) and assets as reflected in these financial statements pertain mainly to the aforementioned industry segment and geographic area.

11. CONTINGENT LIABILITIES

- a) As at 31 March 2002, the Company is contingently liable as guarantor for the payment of subsidiaries' loans totalling approximately USD 41.49 million and Baht 277.50 million (31 December 2001 : USD 45.77 million and Baht 289.55 million)
- b) As at 31 March 2002, the Company is contingently liable as guarantor for the payment of two related companies' loans totalling approximately USD 6.5 million (31 December 2001 : INR 15 million and USD 6.5 million).
- c) As at 31 March 2002, the Company and subsidiaries are defendants against maritime claims whereby total liabilities may aggregate up to USD 0.7 million (31 December 2001 : USD 0.8 million). The ultimate outcome of these claims cannot be determined at this time, but management anticipate that no material liability will arise. Accordingly, no provision has been provided in the accounts.

12 FINANCIAL INSTRUMENTS

The Company and subsidiaries do not hold or issue derivative instruments for speculative or trading purposes.

121 Foreign Currency Risk

Almost all revenues and expenditures of the Company and subsidiaries are denominated in U.S. dollars, which provides a natural hedge against the currency risk associated with transactions in U.S. dollars. Consequently, the Company and subsidiaries are exposed to a currency risk in respect of its financial instruments denominated in other currencies. The Company and subsidiaries has certain secured/unsecured baht loans which are not hedged. Therefore, the Company and subsidiaries remain exposed to risk from the appreciation of the Thai Baht against

the US dollar. However, the Company's management has decided to maintain an open position of this exposure, after due consideration.

(UNAUDITED BUT REVIEWED)

The Company is not exposed to any currency risk from the US dollar redeemable convertible debentures, as these are wholly denominated in US dollar. The Company has issued Thai Baht redeemable convertible debentures. However as there is no repayment obligation under these RCDs, the currency risk is applicable only on the pre-redeemable call option value.

Exchange rate applied for translation of foreign currency liabilities as at 31 March 2002 is USD 1 : Baht 43.6178.

12.2 Interest Rate Risk

Since the redeemable convertible debentures are zero coupon, there is no interest rate risk associated with these financial instruments.

As at 31 March 2002 the Company and subsidiaries had the following financial assets and financial liabilities exposed to interest rate risk :-

(Unit : Thousand Baht)

	Amounts of assets/liabilities					Average interest rate (% p.a.)			
	Floating interest rate	Fixed interest maturing in		Non-interest bearing	Total	Floating		Fixed	
		1 year or less	Over 1 year			THB	USD	THB	USD
Financial assets :-									
Cash and cash equivalents	237,681	-	-	4,388	242,069	-	0.75%	-	-
Current investments									
- Time deposits	-	14,777	-	-	14,777	-	-	1.75%	1.4%
Trade accounts receivable									
- net	-	-	-	127,064	127,064				
Receivable from and advances to related companies	-	-	-	16,843	16,843				
Total	237,681	14,777	-	148,295	400,753				
Financial liabilities :-									
Long-term loans	2,099,185	-	1,654,792	-	3,753,977	5-7%	3.25%	7.0%	-
Trade accounts payable	-	-	-	104,381	104,381				
Redeemable convertible debentures	-	-	-	856,842	856,842				
Total	2,099,185	-	1,654,792	961,223	4,715,200				

(UNAUDITED BUT REVIEWED)

123 Credit Risk

The Company has established a credit policy of evaluating the creditworthiness of its charterers and other parties and restricts its dealings to only sound parties along with tight and adequate documentation to minimize the risk of financial loss from default. The Company's management believes that the maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the balance sheets.

124 Fair Value

Since the majority of financial assets are short-term and loans carry interest at rates close to current market rates, the management believes that the fair value of the Company's and subsidiaries' financial assets and liabilities do not materially differ from their carrying value.

13 RECLASSIFICATION

Certain amounts in the financial statements for the three-month period ended 31 March 2001 and for the year ended 31 December 2001 have been reclassified to conform to the current period classifications, with no effect on previously reported net earnings or shareholders' equity.

14 APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved by the Company's directors.