

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Going concern issue

Although the economic crisis in Thailand and other countries in South East Asia 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, retained earnings, 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 2000. There have been no changes in the composition of the Group during the current period.

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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 2000.

Earnings per share

The earnings per share were calculated as follows :-

	CONSOLIDATED/THE COMPANY ONLY					
	For the three-month period			For the six-month period		
	ended 30 June 2001			ended 30 June 2001		
	Earnings	Number of	Earnings	Earnings	Number of	Earnings
	(Thousand Baht)	(Thousand shares)	per share (Baht)	(Thousand Baht)	(Thousand shares)	per share (Baht)
Basic earnings per share						
Net earnings attributable to ordinary shareholders	232,002	52,000	<u>4.46</u>	276,238	52,000	<u>5.31</u>
Dilution effect						
Redeemable convertible debentures		137,591			139,853	
- Gain on redemption	(61,597)			(116,692)		
- Exchange loss on RCDs	6,211			36,781		
Diluted earnings per share						
Net earnings attributable to ordinary shareholders assuming conversion of dilutive securities	<u>176,616</u>	<u>189,591</u>	<u>0.93</u>	<u>196,327</u>	<u>191,853</u>	<u>1.02</u>

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Change in accounting policy

The Company and subsidiaries have changed their accounting policy regarding the depreciation of revaluation surplus which were charged to the earnings statement in accordance with the amendment of Thai Accounting Standard No. 32 in relation to "Property, Plant and Equipment" in the financial statements for the year ended 31 December 2000. However, in the financial statements for the three-month and six-month periods ended 30 June 2000, the Company and subsidiaries still recorded depreciation on the revaluation surplus as a deduction from retained earnings. This was because the Accounting Standard had not yet been revised during that period. This accounting change, which has been accounted for retroactively in the financial statements for the three-month and six-month periods ended 30 June 2000 as presented herein for comparative purposes, has the effect of decreasing net earnings for the three-month and six-month periods ended 30 June 2000 by approximately Baht 4.9 million (Baht 0.09 per share) and Baht 7.8 million (Baht 0.15 per share), respectively.

2 CASH ON HAND AND AT BANKS

Included in fixed deposits as at 30 June 2001, were deposits of Baht 1.2 million and USD 0.56 million (31 December 2000 : Baht 2.6 million and USD 0.62 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)

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	30 June 2001	31 December 2000	30 June 2001	31 December 2000
Less than 3 months	61,959	77,915	-	-
3 - 6 months	13,759	2,510	-	-
6 - 12 months	12,954	10,950	-	162
More than 12 months	94,929	71,743	2,112	1,854
Total	183,601	163,118	2,112	2,016
Less : Allowance for doubtful accounts	(63,949)	(58,399)	(1,654)	(1,579)
Trade accounts receivable - net	<u>119,652</u>	<u>104,719</u>	<u>458</u>	<u>437</u>

(UNAUDITED BUT REVIEWED)

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 Ltd. and Precious Storage Terminals Ltd. charging interest at a rate of 8% per annum and advances to/from subsidiary and associated companies on which no interest is charged. The transactions are summarised below :-

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	FOR THE THREE-MONTH PERIODS ENDED 30 JUNE			
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Vessel operating income	-	-	-	284
Interest income	-	-	290	472
Administrative expenses	-	-	1,581	1,250
Interest expenses	-	-	-	30,500
<u>Transactions with related companies</u>				
Rental and related expenses	550	527	279	270
Air ticket expenses	3,309	4,513	1,100	1,228

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	FOR THE SIX-MONTH PERIODS ENDED 30 JUNE			
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Vessel operating income	-	-	-	3,919
Interest income	-	-	680	830
Administrative expenses	-	-	3,162	2,473
Interest expenses	-	-	-	60,999
<u>Transactions with related companies</u>				
Rental and related expenses	1,017	933	512	479
Air ticket expenses	6,527	7,763	1,674	1,721

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 March			30 June	31 December
	<u>2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>2001</u>	<u>2000</u>
<u>Amounts due from subsidiaries</u>					
Precious Hills Limited	173,445	34,028	46,215	161,258	183,817
Great Circle Shipping Agency Limited	160,370	4,615	14,673	150,312	181,837
Precious Capitals Limited	156,186	152,522	143,304	165,404	151,159
Precious Jasmines Limited	167,912	124,834	107,623	185,123	147,987
Precious Orchids Limited	88,185	73,629	84,831	76,983	86,826
Precious Seas Limited	75,816	152,993	148,803	80,006	72,318
Precious Resorts Limited	75,607	60,611	32,324	103,894	65,775
Precious Shipping (Mauritius) Limited	76,751	123	-	76,874	76,028
Precious Trees Limited	51,531	54,879	55,026	51,384	62,340
Precious Stars Limited	60,985	75,721	72,214	64,492	55,689
Precious Ponds Limited	35,215	43,915	51,515	27,615	48,812
Precious Cliffs Limited	51,170	43,867	40,176	54,861	46,415
Geepee Corporation Limited	32,804	5,900	-	38,704	32,764

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

THE COMPANY ONLY

	31 March 2001	Increase	Decrease	30 June 2001	31 December 2000
Precious Oceans Limited	-	-	-	-	29,205
Precious Shipping (Panama) S.A.	(6,988)	103,878	94,819	2,071	18,888
Precious Storage Terminals Limited	14,765	11,334	11,126	14,973	14,675
Precious Emeralds Limited	10,761	44,847	36,460	19,148	14,432
Nedtex Limited	12,771	7,280	7,336	12,715	12,944
Precious Ventures Limited	-	-	-	-	10,191
Precious Rivers Limited	5,073	59,992	45,221	19,844	5,337
Precious Lakes Limited	4,096	33	26	4,103	4,122
Precious Shipping (UK) Limited	-	-	-	-	3,141
Regidor Pte. Limited	54	122	9	167	180
Thebes Pte. Limited	116	110	9	217	167
Precious Mountains Limited	2,042	55,508	56,838	712	-
Total	<u>1,248,667</u>	<u>1,110,741</u>	<u>1,048,548</u>	<u>1,310,86</u>	<u>1,325,049</u>
				<u>0</u>	

Amounts due to subsidiaries

Precious Shipping (Singapore) Pte. Limited	291,285	447,653	442,235	296,703	271,938
Precious Wishes Limited	249,266	148,811	147,271	250,806	237,490
Precious Metals Limited	188,907	53,185	36,661	205,431	173,332
Precious Minerals Limited	139,976	27	31	139,972	139,976
Precious Cities Limited	139,516	8	31	139,493	139,516
Precious Stones Shipping Limited	137,700	69	57	137,712	137,700
Precious Flowers Limited	97,365	147,523	122,674	122,214	82,521
Precious Forests Limited	86,689	43,414	42,386	87,717	81,139
Precious Planets Limited	75,978	108,619	84,019	100,578	71,470
Precious Diamonds Limited	52,477	37,873	29,542	60,808	43,844
Precious Lagoons Limited	29,679	115,431	102,981	42,129	43,559
Precious Opals Limited	23,747	8	31	23,724	23,747
Precious Lands Limited	21,362	58	52	21,368	21,362
Precious Rubies Limited	27,960	57,705	43,111	42,554	21,334
Precious Sapphires Limited	11,316	69,186	78,958	1,544	18,352
Precious Pearls Limited	10,122	71,376	61,905	19,593	6,451
Precious Garnets Limited	22,494	28,177	21,817	28,854	5,370

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	THE COMPANY ONLY				
	31 March 2001	Increase	Decrease	30 June 2001	31 December 2000
Precious Mountains Limited	-	-	-	-	4,288
Precious Comets Limited	14	16	30	-	11
Precious Ornaments Limited	14	16	30	-	11
Precious Oceans Limited	(10,562)	61,426	34,321	16,543	-
Precious Ventures Limited	(3,338)	88,170	73,045	11,787	-
Precious Shipping (UK) Limited	(13,157)	185,514	155,284	17,073	-
Total	<u>1,578,810</u>	<u>1,664,265</u>	<u>1,476,472</u>	<u>1,766,60</u>	<u>1,523,411</u>
				3	

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	
	30 June 2001	31 December 2000
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 OTHER RECEIVABLE

On 26 August 1999, the Company entered into sale and purchase of shares agreement with a foreign company ("the purchaser") to sell its investment in common shares of a foreign company of 1,250,000 shares (par value SGD 1 per share) at a selling price of SGD 2,210,000. The purchaser will pay to the Company in 29 monthly installments (comprising of principal plus interest thereon at 12% per annum) commencing on 30 September 1999.

On 6 September 1999 the purchaser entered into a shares pledge agreement with the Company. According to the agreement, the purchaser pledged the above common shares to the Company as collateral security for the due and punctual payment and performance by the purchaser in connection with the sale and purchase of shares agreement.

The purchaser has defaulted in debt repayment for a certain period. The Company has therefore set up a full provision of Baht 59 million in the first quarter of 2001.

6 INVESTMENTS

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

(Unit : Thousand Baht)						
	Percentage of Ownership 2001/2000	Cost Method 2001/2000	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 June 2001	31 December 2000	30 June 2001	31 December 2000
<i>Investments in subsidiaries</i>						
Precious Shipping (Singapore)						
Pte. Limited	100.00	363,338			533,967	527,760
Precious Metals Limited	99.99	250,000			297,924	278,707
Precious Wishes Limited	99.99	229,999			256,095	260,821
Precious Capitals Limited	99.99	199,999			119,462	86,361
Precious Oceans Limited	99.99	175,000			274,300	240,964
Precious Minerals Limited	99.99	140,000			137,745	137,536
Precious Stones Shipping Limited	99.99	140,000			137,779	137,801
Precious Mountains Limited	99.99	139,999			141,783	141,970
Precious Hills Limited	99.99	139,999			219,912	199,814

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership 2001/2000	Cost Method 2001/2000	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 June 2001	31 December 2000	30 June 2001	31 December 2000
Precious Resorts Limited	99.99	139,999			131,957	131,533
Precious Lagoons Limited	99.99	139,999			140,178	135,704
Precious Cities Limited	99.99	139,999			139,489	139,500
Precious Cliffs Limited	99.99	139,999			51,835	48,393
Great Circle Shipping Agency Limited	99.99	121,995			(29,294)	(18,639)
Precious Stars Limited	99.99	105,000			62,238	54,019
Precious Seas Limited	99.99	100,000			122,383	84,795
Precious Planets Limited	99.99	100,000			144,266	124,150
Precious Jasmines Limited	99.99	97,999			162,739	142,110
Precious Ventures Limited	99.99	79,999			93,361	67,492
Precious Diamonds Limited	99.99	55,000			115,241	86,959
Precious Orchids Limited	99.99	51,999			86,663	71,430
Precious Rivers Limited	99.99	44,000			24,813	24,492
Precious Forests Limited	99.99	39,999			48,875	41,752
Precious Trees Limited	99.99	39,999			9,356	1,948
Precious Flowers Limited	99.99	38,999			105,453	75,506
Precious Pearls Limited	99.99	38,999			82,769	65,571
Precious Emeralds Limited	99.99	32,000			65,974	48,799
Precious Ponds Limited	99.99	31,999			42,462	21,178
Precious Garnets Limited	99.99	30,999			87,452	65,639
Precious Rubies Limited	99.99	24,000			62,486	45,200
Precious Lands Limited	99.99	24,000			21,251	21,279
Precious Opals Limited	99.99	24,000			23,957	23,966
Precious Lakes Limited	99.99	24,000			(3,432)	(3,391)
Precious Sapphires Limited	99.99	23,999			2,196	(15,987)
Geepee Corporation Limited	99.88	5,874			22,946	34,287
Precious Storage Terminals Limited	69.99	4,199			(12,917)	(12,051)
Nedtex Limited	69.99	648			(12,885)	(10,778)
Precious Shipping (UK) Limited	99.99	250			8,569	4,472
Precious Shipping (Panama) S.A.	99.99	250			(37)	(239)
Precious Shipping (Mauritius) Limited	99.99	250			600	891

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership 2001/2000	Cost Method 2001/2000	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 June 2001	31 December 2000	30 June 2001	31 December 2000
Precious Comets Limited	99.40	99			(18)	(7)
Precious Ornaments Limited	99.40	99			(19)	(7)
Thebes Pte. Limited	100.00	0.0365			(91)	33
Regidor Pte. Limited	100.00	0.0503			(186)	(9)
Total net investments in subsidiaries		<u>3,478,984</u>			<u>3,919,597</u>	<u>3,511,724</u>
Investments in subsidiaries					3,978,476	3,572,832
Share of losses over investments					(58,879)	(61,108)
Total net investments in subsidiaries					<u>3,919,597</u>	<u>3,511,724</u>
<u>Investments in associated and other companies</u>						
International Seaports Pte. Limited	33.33	17,225	22,955	17,225	22,955	17,225
Dhamra Port Company Private Ltd.	26.37	109,334	110,511	105,775	-	-
Southern LPG Ltd.	39.96	43,549	29,373	28,117	-	-
Cocanada Port Company Private Ltd.	16.65	18,667	18,667	17,868	-	-
Total investments in associated companies		<u>188,775</u>	<u>181,506</u>	<u>168,985</u>	<u>22,955</u>	<u>17,225</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 30 June 2001 the Company has pledged the shares of nineteen subsidiaries amounting to Baht 2,370 million with banks to secure the long-term loans referred to in Note 8.

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.

(UNAUDITED BUT REVIEWED)

7. VESSELS, CONDOMINIUM AND EQUIPMENT

The subsidiaries have mortgaged thirty-four vessels and certain condominium units with bank to secure long-term loans as referred to in Note 8.

During the current quarter, a subsidiary company disposed of a vessel with gaining of Baht 15.8 million.

8 LONG-TERM LOANS

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

The outstanding balances of loans as at 30 June 2001 and 31 December 2000 were as follows:

	(Unit : Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2001	31 December 2000	30 June 2001	31 December 2000
Original loans	3,020,649	3,405,284	137,077	160,406
Commercial loan	1,736,292	1,744,415	1,736,292	1,744,415
Less : Current portion	(691,732)	(817,346)	(51,622)	(45,351)
Long-term portion	<u>4,065,209</u>	<u>4,332,353</u>	<u>1,821,747</u>	<u>1,859,470</u>

Original loans

As at 30 June 2001, the Company and twenty-five of its subsidiaries had outstanding original loans from various banks and financial institutions aggregating approximately USD 59.32 million, Baht 2,050.94 million and INR 15 million (31 December 2000 : USD 69.87 million, Baht 2,099.68 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. The Company and certain subsidiaries paid back loans of approximately Baht 27.77 million and USD 5.83 million in the first quarter and Baht 20.97 million and USD 4.72 million in the current quarter (For the year ended 31 December 2000 : Baht 188.74 million and USD 21.58 million).

(UNAUDITED BUT REVIEWED)

These loans are secured by the following :-

- a) The mortgage of thirty-three vessels belonging to subsidiaries and the condominium units of a subsidiary.
- b) The pledge of the shares of nineteen subsidiaries.
- c) The guarantees of twenty-five subsidiaries by Precious Shipping Public Company Limited.
- d) The assignment of the insurance policies for twenty-seven of the subsidiaries' vessels.

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. These loans are secured by the mortgage and the assignment of the insurance policy of one vessel of a subsidiary. The Company has to comply with certain conditions and restrictions provided in the above loan agreements such as :-

- a) The 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.

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9 REDEEMABLE CONVERTIBLE DEBENTURES

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

On 17 July 2000, the Company issued USD 20,936,297 and Thai Baht 589,503,000 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. This 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 30 June 2001 has been computed as 59.17% of the par value of the RCDs (31 December 2000 : 41.67%) and can be summarised as follows :-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED / THE COMPANY ONLY	
	30 June 2001	31 December 2000
Redeemable convertible debentures - zero coupon		
- US dollar - USD 20,936,297		909,465
- USD 18,402,935	834,789	
- Thai Baht	509,703	589,503
Less : Unrealised gain on redeemable convertible debentures	(548,956)	(874,348)
Redeemable convertible debentures - liability element	<u>795,536</u>	<u>624,620</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 first quarter of the current year, 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. In addition, the USD RCDs of USD 2,329,278 was redeemed at the amount of USD 970,526 and THB RCDs of Baht 3 million was redeemed at the amount of Baht 1.4 million in the current quarter. The redemption was resulted in a total gain of Baht 61.6 million and Baht 116.7 million which was recorded as an extraordinary item in the earnings statement for the three-month and six-month periods ended 30 June 2001, respectively.

10 EXCHANGE (GAINS) LOSSES Exchange (gains) losses for the three-month and six-month periods ended 30 June 2001 and 2000 were below :-

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	FOR THE THREE-MONTH PERIODS ENDED 30 JUNE			
	2001	2000	2001	2000
Realised exchange (gains)/losses	(2,546)	95	(6,836)	(6,050)
Unrealised exchange losses	32,684	166,956	9,402	97,047
Exchange losses - net	<u>30,138</u>	<u>167,051</u>	<u>2,566</u>	<u>90,997</u>

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	FOR THE SIX-MONTH PERIODS ENDED 30 JUNE			
	2001	2000	2001	2000
Realised exchange gains	(2,054)	(5,066)	(5,070)	(12,591)
Unrealised exchange losses	143,197	200,465	41,387	118,372
Exchange losses - net	<u>141,143</u>	<u>195,399</u>	<u>36,317</u>	<u>105,781</u>

11. STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flows, cash and cash equivalents include cash on hand and deposits at financial institutions with an original maturity of 3 months or less and not subject to restriction.

Cash and cash equivalents as reflected in the statements of cash flows for three-month periods ended 30 June 2001 and 2000 consist of the following :-

	CONSOLIDATED		THE COMPANY ONLY	
	2001	2000	2001	2000
Cash on hand and at banks	376,354	288,768	33,950	50,123
Less : Amounts with maturity of more than 3 months and amounts pledged	(26,508)	(27,370)	(14,001)	(12,951)
Cash and cash equivalents	<u>349,846</u>	<u>261,398</u>	<u>19,949</u>	<u>37,172</u>

12. 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.

(UNAUDITED BUT REVIEWED)

13 CONTINGENT LIABILITIES

- a) As at 30 June 2001, the Company is contingently liable as guarantor for the payment of subsidiaries' loans totalling approximately USD 56.29 million and Baht 314.65 million (31 December 2000 : USD 66.17 million and Baht 355.26 million)
- b) As at 30 June 2001, the Company is contingently liable as guarantor for the payment of related companies' loans totalling approximately INR 51.6 million and USD 6.5 million (31 December 2000 : INR 51.60 million and USD 6.86 million).
- c) As at 30 June 2001, the Company and subsidiaries are defendants against maritime claims whereby total liabilities may aggregate up to 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.

14 FINANCIAL INSTRUMENTS

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

141 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 consideration of this exposure.

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 call option value.

(UNAUDITED BUT REVIEWED)

142 Interest Rate Risk

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

As at 30 June 2001 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 (%)			
	Floating	Fixed interest maturing in		Non-interest bearing	Total				
	interest Rate	1 year or less	Over 1 year			Floating		Fixed	
						THB	USD	THB	USD
Financial assets :-									
Cash at banks	345,107	26,508	-	4,739	376,354	-	3.0-4.0	2.0	4.0
Trade accounts receivable	-	-	-	119,652	119,652				
Total	345,107	26,508	-	124,391	496,006				
Financial liabilities :-									
Long-term loans	2,705,998	-	2,050,943	-	4,756,941	-	5.20	6.15	-
Trade accounts payable									
- Related companies	-	-	-	5,782	5,782				
- Other	-	-	-	115,818	115,818				
Redeemable convertible debentures	-	-	-	795,536	795,536				
Total	2,705,998	-	2,050,943	917,136	5,674,077				

143 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.

144 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.

(UNAUDITED BUT REVIEWED)

15. SUBSEQUENT EVENTS

In July 2001, the Company has redeemed USD 2,210,910 redeemable convertible debentures for an amount of USD 921,286. In addition, a subsidiary has disposed of a vessel at the amount approximately of Baht 39 million. These transactions will be recorded in the third quarter of 2001.

16. RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2000 and the three-month and six-month periods ended 30 June 2000 have been reclassified to conform to the current period classifications, with no effect on previously reported net earnings or shareholders' equity, except for the effect of the change in accounting policy as referred to in Note 1.4.

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

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