

(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 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 nine-month period		
	ended 30 September 2001			ended 30 September 2001		
	Earnings	Number of	Earnings	Earnings	Number of	Earnings
	(Thousand	shares	per share	(Thousand	shares	per share
	Baht)	(Thousand	(Baht)	Baht)	(Thousand	(Baht)
		shares)			shares)	
Basic earnings per share						
Net earnings attributable to ordinary shareholders	294,892	52,000	<u>5.67</u>	571,130	52,000	<u>10.98</u>
Dilution effect						
Redeemable convertible debentures		102,093			131,889	
- Gain on redemption of RCDs	(102,377)			(219,069)		
- Exchange loss on RCDs	(13,142)			23,693		
Diluted earnings per share						
Net earnings attributable to ordinary shareholders assuming conversion of dilutive securities	<u>179,373</u>	<u>154,093</u>	<u>1.16</u>	<u>375,700</u>	<u>183,889</u>	<u>2.04</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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 2000 as presented herein for comparative purposes, has the effect of decreasing net earnings for the three-month and nine-month periods ended 30 September 2000 by approximately Baht 10.9 million (Baht 0.21 per share) and Baht 18.7 million (Baht 0.36 per share), respectively.

2 CASH ON HAND AND AT BANKS

Included in fixed deposits as at 30 September 2001, were deposits of Baht 5 million and USD 0.48 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.

(UNAUDITED BUT REVIEWED)

3 TRADE ACCOUNTS RECEIVABLE

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

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 September 2001	31 December 2000	30 September 2001	31 December 2000
Less than 3 months	165,242	77,915	-	-
3 - 6 months	4,618	2,510	-	-
6 - 12 months	12,340	10,950	-	162
More than 12 months	93,755	71,743	2,073	1,854
Total	275,955	163,118	2,073	2,016
Less : Allowance for doubtful accounts	(88,889)	(58,399)	(2,073)	(1,579)
Trade accounts receivable - net	187,066	104,719	-	437

During the current quarter, the Company and subsidiaries set up a provision for doubtful accounts of Baht 24.9 million.

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 :-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 September			
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statement:				
Interest income	-	-	1,445	665
Administrative expenses	-	-	1,581	1,227
Interest expenses	-	-	-	4,421
<u>Transactions with related companies</u>				
Rental and related expenses	521	497	262	248
Air ticket expenses	2,529	3,606	541	519

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the nine-month periods ended 30 September			
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statement:				
Vessel operating income	-	-	-	3,919
Interest income	-	-	2,125	1,495
Administrative expenses	-	-	4,743	3,700
Interest expenses	-	-	-	65,421
<u>Transactions with related companies</u>				
Rental and related expenses	1,539	1,430	774	728
Air ticket expenses	9,056	11,369	2,215	2,240

(UNAUDITED BUT REVIEWED)

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				
	30 June 2001	Increase	Decrease	30 September 2001	31 December 2000
<i>Amounts due from subsidiaries</i>					
Precious Hills Limited	161,258	22,325	41,810	141,773	183,817
Great Circle Shipping Agency Limited	150,312	3,142	3,327	150,127	181,837
Precious Capitals Limited	165,404	61,132	57,145	169,391	151,159
Precious Jasmines Limited	185,123	67,049	56,822	195,350	147,987
Precious Orchids Limited	76,983	30,870	39,043	68,810	86,826
Precious Seas Limited	80,006	81,845	98,318	63,533	72,318
Precious Resorts Limited	103,894	37,286	68,273	72,907	65,775
Precious Shipping (Mauritius) Limited	76,874	316	25,302	51,888	76,028
Precious Trees Limited	51,384	96,523	114,207	33,700	62,340
Precious Stars Limited	64,492	72,585	53,914	83,163	55,689
Precious Ponds Limited	27,615	61,250	77,044	11,821	48,812
Precious Cliffs Limited	54,861	40,845	58,843	36,863	46,415
Geepee Corporation Limited	38,704	619	-	39,323	32,764
Precious Oceans Limited	-	-	-	-	29,205
Precious Shipping (Panama) S.A.	2,071	26,700	17,856	10,915	18,888
Precious Storage Terminals Limited	14,973	11,574	13,518	13,029	14,675
Precious Emeralds Limited	19,148	10,659	21,683	8,124	14,432
Nedtex Limited	12,715	7,975	8,086	12,604	12,944
Precious Ventures Limited	-	-	-	-	10,191
Precious Rivers Limited	19,844	25,112	29,713	15,243	5,337
Precious Lakes Limited	4,103	-	128	3,975	4,122
Precious Shipping (UK) Limited	(17,073)	236,863	184,287	35,503	3,141
Regidor Pte. Limited	167	9	15	161	180
Thebes Pte. Limited	217	10	14	213	167
Precious Sapphires Limited	(1,544)	3,661	1,448	669	-
Total	1,291,531	898,350	970,796	1,219,085	1,325,049

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	THE COMPANY ONLY				
	30 June 2001	Increase	Decrease	30 September 2001	31 December 2000
<i>Amounts due to subsidiaries</i>					
Precious Shipping (Singapore) Pte. Limited	296,703	271,076	233,196	334,583	271,938
Precious Wishes Limited	250,806	71,523	79,188	243,141	237,490
Precious Metals Limited	205,431	13,307	18,478	200,260	173,332
Precious Minerals Limited	139,972	-	-	139,972	139,976
Precious Cities Limited	139,493	-	-	139,493	139,516
Precious Stones Shipping Limited	137,712	-	-	137,712	137,700
Precious Flowers Limited	122,214	31,296	52,133	101,377	82,521
Precious Forests Limited	87,717	48,252	31,062	104,907	81,139
Precious Planets Limited	100,578	102,111	78,415	124,274	71,470
Precious Diamonds Limited	60,808	22,471	17,299	65,980	43,844
Precious Lagoons Limited	42,129	36,495	31,413	47,211	43,559
Precious Opals Limited	23,724	196	-	23,920	23,747
Precious Lands Limited	21,368	-	-	21,368	21,362
Precious Rubies Limited	42,554	40,784	15,590	67,748	21,334
Precious Sapphires Limited	-	-	-	-	18,352
Precious Pearls Limited	19,593	36,688	33,184	23,097	6,451
Precious Garnets Limited	28,854	26,695	31,765	23,784	5,370
Precious Mountains Limited	(712)	47,883	42,561	4,610	4,288
Precious Comets Limited	-	-	-	-	11
Precious Ornaments Limited	-	-	-	-	11
Precious Oceans Limited	16,543	43,068	26,228	33,383	-
Precious Ventures Limited	11,787	51,390	43,566	19,611	-
Total	<u>1,747,274</u>	<u>843,235</u>	<u>734,078</u>	<u>1,856,431</u>	<u>1,523,411</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.

(UNAUDITED BUT REVIEWED)

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

	(Unit : Thousand Baht)	
	THE COMPANY ONLY	
	30 September 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>

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.

(UNAUDITED BUT REVIEWED)

6 INVESTMENTS

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

		(Unit : Thousand Baht)			
		CONSOLIDATED		THE COMPANY ONLY	
		Equity Method		Equity Method	
		30 September	31 December	30 September	31 December
		2001	2000	2001	2000
		2001/2000	2001/2000	2001	2000
<i>Investments in subsidiaries</i>					
Precious Shipping (Singapore)					
Pte. Limited	100.00	363,338		547,419	527,760
Precious Metals Limited	99.99	250,000		309,162	278,707
Precious Wishes Limited	99.99	229,999		266,882	260,821
Precious Capitals Limited	99.99	199,999		143,244	86,361
Precious Oceans Limited	99.99	175,000		287,681	240,964
Precious Minerals Limited	99.99	140,000		137,859	137,536
Precious Stones Shipping Limited	99.99	140,000		137,744	137,801
Precious Mountains Limited	99.99	139,999		155,520	141,970
Precious Hills Limited	99.99	139,999		224,861	199,814
Precious Resorts Limited	99.99	139,999		135,726	131,533
Precious Lagoons Limited	99.99	139,999		147,008	135,704
Precious Cities Limited	99.99	139,999		139,488	139,500
Precious Cliffs Limited	99.99	139,999		57,315	48,393
Great Circle Shipping Agency Limited	99.99	121,995		(27,958)	(18,639)
Precious Stars Limited	99.99	105,000		76,766	54,019
Precious Seas Limited	99.99	100,000		149,569	84,795
Precious Planets Limited	99.99	100,000		172,336	124,150
Precious Jasmines Limited	99.99	97,999		170,752	142,110
Precious Ventures Limited	99.99	79,999		113,647	67,492
Precious Diamonds Limited	99.99	55,000		125,878	86,959
Precious Orchids Limited	99.99	51,999		101,465	71,430
Precious Rivers Limited	99.99	44,000		31,964	24,492

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership 2001/2000	Cost Method 2001/2000	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 September	31 December	30 September	31 December
			2001	2000	2001	2000
Precious Forests Limited	99.99	39,999			70,372	41,752
Precious Trees Limited	99.99	39,999			14,992	1,948
Precious Flowers Limited	99.99	38,999			107,086	75,506
Precious Pearls Limited	99.99	38,999			86,091	65,571
Precious Emeralds Limited	99.99	32,000			75,017	48,799
Precious Ponds Limited	99.99	31,999			52,258	21,178
Precious Gemets Limited	99.99	30,999			83,319	65,639
Precious Rubies Limited	99.99	24,000			68,521	45,200
Precious Lands Limited	99.99	24,000			21,277	21,279
Precious Opals Limited	99.99	24,000			23,952	23,966
Precious Lakes Limited	99.99	24,000			(3,446)	(3,391)
Precious Sapphires Limited	99.99	23,999			1,106	(15,987)
Geepee Corporation Limited	99.88	5,874			5,680	34,287
Precious Storage Terminals Limited	69.99	4,199			(12,613)	(12,051)
Nedtex Limited	69.99	648			(13,973)	(10,778)
Precious Shipping (UK) Limited	99.99	250			6,879	4,472
Precious Shipping (Panama) S.A.	99.99	250			(85)	(239)
Precious Shipping (Mauritius) Limited	99.99	250			(25,302)	891
Precious Comets Limited	99.40	99			(19)	(7)
Precious Ornaments Limited	99.40	99			(19)	(7)
Thebes Pte. Limited	100.00	0.0365			(106)	33
Regidor Pte. Limited	100.00	0.0503			(201)	(9)
Total net investments in subsidiaries		<u>3,478,984</u>			<u>4,165,114</u>	<u>3,511,724</u>
Investments in subsidiaries					4,248,835	3,572,832
Share of losses over investments					(83,721)	(61,108)
Total net investments in subsidiaries					<u>4,165,114</u>	<u>3,511,724</u>

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership 2001/2000	Cost Method 2001/2000	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 September 2001	31 December 2000	30 September 2001	31 December 2000
<i>Investments in associated and other companies</i>						
International Seaports Pte. Limited	33.33	17,225	22,955	17,225	22,955	17,225
Dhamra Port Company Private Ltd.	26.37	91,765	91,754	105,775	-	-
Southern LPG Ltd.	39.96	31,716	19,365	28,117	-	-
Kakinada Seaports Limited (Formerly known as “Cocanada Port Company Private Ltd.”)	16.65	15,285	15,285	17,868	-	-
Total investments in associated companies		155,991	149,359	168,985	22,955	17,225

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 September 2001 the Company has pledged the shares of twenty subsidiaries amounting to Baht 2,834 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.

7. VESSELS, CONDOMINIUM AND EQUIPMENT

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

During the current quarter, certain subsidiary companies disposed of three vessels with gaining of Baht 20.8 million.

(UNAUDITED BUT REVIEWED)

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 September 2001 and 31 December 2000 were as follows:

			(Unit : Thousand Baht)	
	CONSOLIDATED		THE COMPANY ONLY	
	30 September 2001	31 December 2000	30 September 2001	31 December 2000
Original loans	2,721,638	3,405,284	122,943	160,406
Commercial loan	1,736,292	1,744,415	1,736,292	1,744,415
Less : Current portion	(617,798)	(817,346)	(52,769)	(45,351)
Long-term portion	<u>3,840,132</u>	<u>4,332,353</u>	<u>1,806,466</u>	<u>1,859,470</u>

Original loans

As at 30 September 2001, the Company and twenty-one of its subsidiaries had outstanding original loans from various banks and financial institutions aggregating approximately USD 54 million, Baht 2,038.39 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 48.74 million and USD 10.55 million in the first six months and Baht 12.55 million and USD 5.32 million in the current quarter (For the year ended 31 December 2000 : Baht 188.74 million and USD 21.58 million).

These loans are secured by the following :-

- The mortgage of thirty vessels belonging to subsidiaries and the condominium units of a subsidiary.
- The pledge of the shares of nineteen subsidiaries.

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- c) The guarantees of twenty-five subsidiaries by Precious Shipping Public Company Limited.
- d) The assignment of the insurance policies for thirty 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 pledge of the share of a subsidiary, 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 nine 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 September 2001 has been computed as 65% 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 September 2001	31 December 2000
Redeemable convertible debentures - zero coupon		
- US dollar - USD 20,936,297		909,465
- USD 14,627,381	651,368	
- Thai Baht	503,703	589,503
Less : Unrealised gain on redeemable convertible debentures	(404,275)	(874,348)
Redeemable convertible debentures - liability element	<u>750,796</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 six month of the current year, the USD RCDs of USD 2,533,362 was redeemed at the amount of USD 1,045,526 and THB RCDs of Baht 79.8 million was redeemed at the amount of Baht 28.6 million. In addition, the USD RCDs of USD 3,775,554 was redeemed at the amount of USD 1,573,273 and THB RCDs of Baht 6 million was redeemed at the amount of Baht 2.5 million in the current quarter. The redemption was resulted in a total gain of Baht 102.4 million and Baht 219.1 million which was recorded as an extraordinary item in the earnings statement for the three-month and nine-month periods ended 30 September 2001, respectively.

(UNAUDITED BUT REVIEWED)

10 EXCHANGE (GAINS) LOSSES

Exchange (gains) losses for the three-month and nine-month periods ended 30 September 2001 and 2000 were below :-

	(Unit : Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 September			
	2001	2000	2001	2000
Realised exchange losses	586	13,013	3,565	12,840
Unrealised exchange (gains) losses	(55,641)	291,021	(14,502)	60,584
Exchange (gains) losses - net	(55,055)	304,034	(10,937)	73,424

	(Unit : Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	For the nine-month periods ended 30 September			
	2001	2000	2001	2000
Realised exchange losses	19,653	126,979	6,334	112,226
Unrealised exchange losses	66,435	372,454	19,046	66,979
Exchange losses - net	86,088	499,433	25,380	179,205

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 September 2001 and 2000 consist of the following :-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2001	2000	2001	2000
Cash on hand and at banks	285,223	260,000	35,029	23,901
Less : Amounts with maturity of more than 3 months and amounts pledged	(26,061)	(28,518)	(13,760)	(13,154)
Cash and cash equivalents	<u>259,162</u>	<u>231,482</u>	<u>21,269</u>	<u>10,747</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.

13 CONTINGENT LIABILITIES

- As at 30 September 2001, the Company is contingently liable as guarantor for the payment of subsidiaries' loans totalling approximately USD 51 million and Baht 302 million (31 December 2000 : USD 66.17 million and Baht 355.26 million)
- As at 30 September 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).
- As at 30 September 2001, the Company and subsidiaries are defendants against maritime claims whereby total liabilities may aggregate up to USD 0.7 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.

(UNAUDITED BUT REVIEWED)

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.

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 September 2001 the Company and subsidiaries had the following financial assets and financial liabilities exposed to interest rate risk :-

(UNAUDITED BUT REVIEWED)

(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	254,742	26,061	-	4,420	285,223	-	2.0-3.0%	2.0%	3.0%
Trade accounts receivable	-	-	-	187,066	187,066				
Amounts due to associated and related companies	-	-	-	9,380	9,380				
Total	254,742	26,061	-	200,866	481,669				
Financial liabilities :-									
Long-term loans	2,419,537	-	2,038,393	-	4,457,930		4.5%	6.5%	
Trade accounts payable	-	-	-	133,620	133,620				
Redeemable convertible debentures	-	-	-	750,796	750,796				
Total	2,419,537	-	2,038,393	884,416	5,342,346				

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 October 2001, the Company has redeemed Baht 24 million redeemable convertible debentures for an amount of Baht 10 million. These transactions will be recorded in the fourth quarter of 2001.

16 RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2000 and the three-month and nine-month periods ended 30 September 2000 have been reclassified to conform to the current period classifications, with no effect on net earnings or shareholders' equity reported by the previous auditors, 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.