

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

23 ASSOCIATED COMPANIES (continued)

(b) Information relating to the associated companies is set out below:

Name of company	Country of incorporation/ country of business	% of paid-up capital held by the Company		% of paid-up capital held by subsidiary		Accounting year end
		2002	2001	2002	2001	
		%	%	%	%	
Cosem Pte Ltd (i)	Singapore	50	50	-	-	31 December 2002
COSCO (Nantong) Shipyard Co., Ltd (formerly known as Nantong Ocean Shipping Engineering Co., Ltd) (ii)	People's Republic of China	50	-	-	-	31 December 2002
COSCO Bundaberg Sugar (Singapore) Pte Ltd (iii)	Singapore	-	-	-	50	-

(i) Audited by KPMG, Singapore.

(ii) Audited by PricewaterhouseCoopers, Singapore.

(iii) The associated company was de-registered during the financial year.

(c) The short-term loan from an associated company is unsecured and repayable on demand. Interest is payable at 1% (2001: 1%) per annum.

24 SUBSIDIARIES

(a)

	The Company	
	2002 \$	2001 \$
Unquoted equity shares, at cost	63,932,074	66,198,768
Loans to subsidiaries	134,180,625	141,879,315
	198,112,699	208,078,083

The loans to subsidiaries are unsecured and have no fixed terms of repayment but substantial repayments are not expected within the next twelve months from the balance sheet date. Except for an amount of \$128,442,615 (2001: \$128,241,290) due from wholly-owned subsidiaries which is interest free, the remaining loans bear interest at rates ranging from 2.67% to 5.3125% (2001: 3.3125% to 12%) per annum.

Included in loans to subsidiaries is an amount of \$79,356,261 (2001: Nil) which the Company deemed as part of its net investment in a subsidiary.

(b) Due by subsidiaries

	The Company	
	2002 \$	2001 \$
Trade	62,930	2,922,331
Non-trade	16,448	1,545,746
	79,378	4,468,077

(c) Short-term loan from a subsidiary

The short-term loan from a subsidiary is unsecured, interest free and is repayable on demand.

24 SUBSIDIARIES (continued)

(d) The subsidiaries are:

Name of subsidiary	Principal activities	Country of incorporation/ Country of business	Cost of investment		% of paid-up capital held by					
			2002	2001	The Company	Subsidiaries				
			\$	\$	2002	2001	2002	2001	2002	
						%	%	%	%	
COSCO (Singapore) Pte Ltd (i)	Ship owning, ship chartering and investment holding	Singapore	5,000,000	5,000,000	100	100	-	-	-	-
COSCO Marine Engineering (Singapore) Pte Ltd (i)	Ship repairing, marine engineering, container repairs and services, fabrication works and production of marine outfitting components	Singapore	1,442,400	1,442,400	60	60	-	-	-	-
COSCO Trading (Singapore) Pte Ltd (i, ii)	General trading and commission agent	Singapore	-	2,400,000	-	80	-	-	-	-
Harington Property Pte Ltd (i)	Trading and investing in properties, provide property management services and investment holding	Singapore	52,700,730	52,700,730	100	100	-	-	-	-
Coslink (M) Sdn. Bhd. (iii)	Shipping agency and related activities	Malaysia	770,950	586,640	70	51	18	-	-	-
Costar Shipping Pte Ltd (i)	Shipping agents and investment holding	Singapore	4,017,990	4,017,990	70	70	-	-	-	-
Calzona Pte Ltd (i, ii)	Investment holding	Singapore	-	2	-	100	-	-	-	-
Johnston Investments Pte Ltd (i, ii)	Investment holding	Singapore	-	2	-	100	-	-	-	-
Costo (Singapore) Private Limited (i, ii)	Trading of bitumen, ship chartering and other shipping related activities	Singapore	-	51,000	-	51	-	-	-	-
Revo Technologies Ltd (i)	Investment holding	British Virgin Islands	2	2	100	100	-	-	-	-
Marlene International Ltd (iv)	Investment holding	British Virgin Islands	2	2	100	100	-	-	-	-
Serene Sky Shipping Inc. (i)	Ship owning and ship chartering	Liberia/ Worldwide	-	-	-	-	100	100	100	100
Greenery Shipping Corporation S.A. (i)	Ship owning and ship chartering	Panama/ Worldwide	-	-	-	-	100	100	100	100
Dynamism Shipping Corporation S.A. (i)	Ship owning and ship chartering	Panama/ Worldwide	-	-	-	-	100	100	100	100
COS Glory Shipping Inc. (i)	Ship owning and ship chartering	Panama/ Worldwide	-	-	-	-	100	100	100	100
Hanbo Shipping Limited (i)	Ship owning and ship chartering	Hong Kong/ Worldwide	-	-	-	-	100	100	100	100
Sanbo Shipping Limited (i)	Ship owning and ship chartering	Hong Kong/ Worldwide	-	-	-	-	100	100	100	100
Cos Knight Shipping Inc. (i)	Ship owning and ship chartering	Panama/ Worldwide	-	-	-	-	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

24 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation/ country of business	Cost of investment		% of paid-up capital held by			
			2002	2001	The Company		Subsidiaries	
			\$	\$	2002	2001	2002	2001
					%	%	%	%
Cos Lucky Shipping Inc. (i)	Ship owning and ship chartering	Panama/ Worldwide	-	-	-	-	100	100
Cosland (SR) Development Pte Ltd (i)	Property development	Singapore	-	-	-	-	100	100
Costar Agencies (M) Sdn. Bhd. (v)	Shipping agent	Malaysia	-	-	-	-	100	100
CNF Shipping (M) Sdn. Bhd. (v)	Vessel chartering, feeder, freight forwarders, transport agents, warehousing and other related services	Malaysia	-	-	-	-	60	60
CNF Shipping Agencies Pte Ltd (i)	Shipping agent	Singapore	-	-	-	-	100	100
COSCO Engineering Pte Ltd (i)	Provision of support services to shipping companies	Singapore	-	-	-	-	100	100
			63,932,074	66,198,768				

(i) Audited by PricewaterhouseCoopers, Singapore.

(ii) These subsidiaries were disposed during the financial year.

(iii) Audited by other members of the worldwide PricewaterhouseCoopers organisation.

(iv) Not required by the law of the country of its incorporation to be audited. The company has not commenced operations since the date of incorporation.

(v) Audited by Deloitte KassimChan, Malaysia.

25 INVESTMENT PROPERTIES

	The Group	
	2002	2001
	\$	\$
<u>Leasehold investment properties, at cost</u>		
At beginning of financial year	103,053,359	100,080,059
Transfer to property, plant and equipment [note (a)]	(22,510,827)	-
Disposal of subsidiaries	(46,461,170)	-
Exchange rate adjustments	(2,973,300)	2,973,300
At end of financial year	31,108,062	103,053,359
<u>Accumulated depreciation</u>		
At beginning of financial year	5,708,224	4,142,714
Transfer to property, plant and equipment	(1,222,777)	-
Disposal of subsidiaries	(4,729,605)	-
Depreciation charge for the financial year	1,199,077	1,356,159
Exchange rate adjustments	(273,618)	209,351
At end of financial year	681,301	5,708,224
Net book value at end of financial year	30,426,761	97,345,135
Market value [note (b)]	25,000,000	85,824,175

(a) From 1 March 2002, the Group leased certain of its investment properties to related companies and took part of the investment properties for its own use. As a result, such properties are reclassified to property, plant and equipment in the current financial year in accordance with the requirements of SAS 25 – Accounting for Investments.

25. INVESTMENT PROPERTIES (continued)

(b) The open market value of the above investment properties comprises:

The open market value of the investment properties in Singapore as at 31 December 2002 which amounted to \$25,000,000 (2001: \$45,500,000) was based on an independent professional valuation carried out by CB Richard Ellis Pte Ltd on 14 January 2003 on the basis of open market value for existing use.

The open market value of the investment properties in Shanghai, People's Republic of China as at 31 December 2001 which amounted to \$40,324,175 was based on an independent professional valuation carried out by DTZ Debenham Tie Leung, a firm of international surveyors on 20 February 2002, on the basis of open market value for existing use. The subsidiaries holding these investment properties were disposed during the financial year.

(c) The Group's investment properties as at 31 December 2002 are set out below:

Address	Held By	Title	Description	Floor Area (square metres)
Telok Ayer Street, Singapore	Harington Property Pte Ltd	Lease term of 999 years commencing 1884	8 units of shop houses	3,939

These properties have been mortgaged to banks as securities for long-term bank loans and bank overdrafts (see note 27 to the financial statements).

26. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings on freehold land \$	Leasehold land and buildings \$	Office renovations, furniture, fixtures and equipment \$	Plant, machinery and equipment \$	Motor vehicles \$	Motor vessels \$	Vessel under construction \$	Total \$
Cost								
At 1 January 2002	6,213,213	14,180,454	4,443,122	1,627,649	4,408,836	395,402,357	9,124,921	435,400,552
Exchange rate adjustments	-	(341,525)	(101,391)	(17,872)	(91,012)	(23,781,990)	(548,830)	(24,882,620)
Transfer from investment properties	-	22,510,827	-	-	-	-	-	22,510,827
Transfer to motor vessels	-	-	-	-	-	36,953,219	(36,953,219)	-
Disposal of subsidiaries	(1,257,657)	-	(94,034)	-	(306,431)	-	-	(1,658,122)
Additions	-	-	1,075,462	10,800	173,493	1,948,932	37,661,767	40,870,454
Disposals	-	-	(1,210,516)	(30,000)	(247,583)	-	-	(1,488,099)
At 31 December 2002	4,955,556	36,349,756	4,112,643	1,590,577	3,937,303	410,522,518	9,284,639	470,752,992
Accumulated depreciation								
At 1 January 2002	810,606	2,370,087	3,834,926	1,567,700	2,403,447	94,702,431	-	105,689,197
Exchange rate adjustments	-	(48,162)	(91,277)	(17,872)	(76,705)	(6,369,352)	-	(6,603,368)
Transfer from investment properties	-	1,222,777	-	-	-	-	-	1,222,777
Disposal of subsidiaries	(176,072)	-	(86,049)	-	(253,900)	-	-	(516,021)
Depreciation charge	99,309	878,412	463,898	16,197	334,855	19,757,118	-	21,549,789
Disposals	-	-	(1,140,048)	(30,000)	(192,219)	-	-	(1,362,267)
At 31 December 2002	733,843	4,423,114	2,981,450	1,536,025	2,215,478	108,090,197	-	119,980,107
Net book value								
At 31 December 2002	4,221,713	31,926,642	1,131,193	54,552	1,721,825	302,432,321	9,284,639	350,772,885
Net book value								
At 31 December 2001	5,402,607	11,810,367	608,196	59,949	2,005,389	300,699,926	9,124,921	329,711,355

(i) As at the balance sheet date, the net book value of property, plant and equipment of the Group mortgaged to banks to secure long-term bank loans and bank facilities amounted to \$277,490,869 (2001: \$221,628,970). The details of these property, plant and equipment are disclosed in note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

26 PROPERTY, PLANT AND EQUIPMENT (continued)

- (ii) As at the balance sheet date, the net book value of property, plant and equipment of the Group mortgaged to a third party, China Shipbuilding Trading Co., Ltd, to secure term loans amounted to \$66,255,186 (2001: \$73,231,414). The details of these property, plant and equipment are disclosed in note 28 to the financial statements.
- (iii) As at the balance sheet date, the net book value of property, plant and equipment of the Group under finance leases included in motor vehicles amounted to \$143,370 (2001: \$165,797).

(b) The Company

	Office renovations, furniture, fixtures and equipment \$	Motor vehicles \$	Total \$
<u>Cost</u>			
At 1 January 2002	81,703	389,302	471,005
Additions	395,039	–	395,039
Disposals	(390)	–	(390)
At 31 December 2002	476,352	389,302	865,654
<u>Accumulated depreciation</u>			
At 1 January 2002	74,564	94,858	169,422
Depreciation charge	69,730	38,759	108,489
Disposals	(390)	–	(390)
At 31 December 2002	143,904	133,617	277,521
Net book value At 31 December 2002	332,448	255,685	588,133
<u>Net book value At 31 December 2001</u>	7,139	294,444	301,583

(c) The Group's properties as at 31 December 2002, which are all located in Singapore are set out below:

Address	Held By	Title	Description
(i) Riverwalk Apartment, Upper Circular Road	} Harington Property Pte Ltd	99 years leasehold commencing 15 December 1980	Residential apartment
(ii) Grangeford Apartment, Leonie Hill Road	} }	99 years leasehold commencing December 1974	Residential apartment
(iii) Suntec City, Temasek Boulevard, Singapore	} }	99 years leasehold commencing 1 March 1989	3 units of office space
(iv) Roxy Square, East Coast Road	COSCO (Singapore) Pte Ltd	9,999 years leasehold commencing 3 April 1848	6 units of residential apartments
(v) 52 Penjuru Lane	COSCO Marine Engineering (Singapore) Pte Ltd	Lease term of 30 years commencing 15 April 1992	Leasehold industrial land for ship repair workshops and production of marine outfitting components
(vi) Amber Park Garden	} Costar Shipping Pte Ltd	} Freehold	Residential apartment
(vii) Sarhad Ville, Lorong Sarhad	} }	} }	Residential apartment
(viii) Buona Vista Garden, Zehnder Road	} }	} }	Residential apartment
(ix) Margate Mansion, Margate Road	} }	} }	2 units of residential apartments

27 BANK BORROWINGS

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Bank overdrafts				
- Secured	9,191,753	9,155,592	-	-
- Unsecured	1,746,638	-	1,746,638	-
Long-term bank loans				
- Secured	203,052,398	212,941,078	43,206,395	27,516,405
- Unsecured	2,775,200	4,613,750	2,775,200	4,613,750
	216,765,989	226,710,420	47,728,233	32,130,155
Included in:				
Current liabilities	33,643,473	64,290,898	1,746,638	-
Non-current liabilities	183,122,516	162,419,522	45,981,595	32,130,155
	216,765,989	226,710,420	47,728,233	32,130,155

- (a) Bank overdraft facilities of the Group to the extent of \$9,191,753 (2001: \$9,155,592) are secured by way of:
- a first legal mortgage on the leasehold property at Riverwalk Apartment;
 - a first legal mortgage on the leasehold properties at Telok Ayer Street and an assignment over all rental/lease income generated by these properties; and
 - a first legal mortgage on the leasehold and trading properties at Leonie Hill Road and an assignment of the rental proceeds generated by these properties.
- (b) The Group's secured long-term bank loans comprise the following:

	The Group	
	2002 \$	2001 \$
<u>Taken up by the Company</u>		
(i) Secured by a first preferred mortgage over the motor vessels MV Sea Crane, MV Sea Phoenix and MV Sea Swan belonging to certain subsidiaries, an assignment of the time charter agreements of the motor vessels and earnings accounts pledged to the lending bank. The term loan is repayable in full on 30 April 2004. The loan bears interest at 1.25% (2001: 1.25%) per annum over US Dollar Singapore Inter-bank Offer Rate (SIBOR).	25,861,395	27,516,405
(ii) Secured by a first preferred mortgage over the motor vessels MV Cos Angel and MV Jurong Sea and a second preferred mortgage over MV Sea Crane, MV Sea Phoenix and MV Sea Swan (after the discharge of (i) above) belonging to certain subsidiaries, an assignment of the time charter agreements of the motor vessels and earnings accounts pledged to the lending bank. The term loan is repayable in full on 18 October 2005. The loan bears interest at 1.25% (2001: Nil) per annum over SIBOR.	17,345,000	-
	43,206,395	27,516,405
<u>Taken up by subsidiaries</u>		
(iii) Secured by a first legal mortgage on a subsidiary's leasehold properties at Roxy Square. The term loan is repayable over 15 years at an average monthly instalment of \$18,704 (2001: \$18,444). The first repayment commenced in October 1995. The loan bears interest at rates ranging from 4.333% to 4.458% (2001: 4% to 4.875%) per annum.	2,125,491	2,329,871
(iv) Secured by a first mortgage over the motor vessel MV Cos Cherry and an assignment of the vessel's earnings, fixed deposit of US\$463,977 (2001: US\$455,544) equivalent to \$804,768 (2001: \$840,706) and insurance coverage. The loan is repayable in 31 quarterly instalments of US\$350,000 equivalent to \$607,075 (2001: \$645,925) with a final instalment of US\$7,150,000 equivalent to \$12,401,675 (2001: \$13,195,325). The first quarterly repayment commenced in March 1997. The loan bears interest at 0.9% (2001: 0.9%) per annum over three, six or twelve months' US Dollar SIBOR.	14,136,175	17,624,526

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

27 BANK BORROWINGS (continued)

	The Group	
	2002 \$	2001 \$
<u>Taken up by subsidiaries (continued)</u>		
(v) Secured by a first legal mortgage over the motor vessel MV Cos Bonny and an assignment of the vessel's earnings, fixed deposit of US\$262,605 (2001: US\$257,114) equivalent to \$455,488 (2001: \$474,504) and insurance coverage. The loan is repayable in 48 equal quarterly instalments of US\$281,250 equivalent to \$487,828 (2001: \$519,047) and a final instalment of US\$4,290,110 (2001: US \$4,500,000) equivalent to \$7,441,196 (2001: \$8,304,750). The first quarterly repayment commenced in February 1997. The loan bears interest at 1% (2001: 1%) per annum over three, six or twelve months' US Dollar London Inter-bank Offer Rate (LIBOR).	19,149,071	22,838,063
(vi) Secured by a first legal mortgage on a subsidiary's leasehold property at Riverwalk Apartment. The loan is repayable over 10 years at a monthly instalment of \$8,336 (2001: \$8,336). The first repayment commenced in May 1995. The loan bears interest at 5.75% (2001: 5.75%) per annum and is subject to fluctuations at the lending bank's discretion.	219,160	301,053
(vii) Secured by a first legal mortgage on a subsidiary's leasehold properties at Telok Ayer Street and an assignment of all rental/lease income generated by these properties. The loan is repayable over 100 equal monthly instalments of \$198,285 (2001: \$198,285) which commenced in August 1995 with a final repayment of \$2,935,440. The loan bears interest at 4.2% (2001: 4.2%) per annum.	5,116,574	7,495,993
(viii) Secured by a first legal mortgage on a subsidiary's leasehold properties at Suntec City, Temasek Boulevard and an assignment of the lease proceeds generated by these properties and insurance policies taken on these properties. The loan is repayable over 31 quarterly instalments of US\$250,000 equivalent to \$433,625 (2001: \$461,375) with a final repayment of US\$4,750,000 equivalent to \$8,238,875 (2001: \$8,766,125). The first quarterly repayment commenced in September 1997. The loan bears interest at 1.25% (2001: 1.25%) per annum over three months' US Dollar SIBOR.	11,569,612	14,155,514
(ix) Secured by a first legal mortgage on a subsidiary's leasehold land and building at 52 Penjuru Lane. The bank loan is repayable in 19 quarterly instalments of \$60,000 each, which commenced in January 2002, and a final repayment of \$1,210,000. In the previous year, the bank loan was repayable in 22 quarterly instalments of \$75,000 each, which commenced in July 1996, and a final repayment of \$2,350,000. The loan bears interest at the rate of 4.28% per annum (2001: 0.625% per annum above the bank's prevailing prime lending rate).	2,170,000	2,350,000
(x) Secured by a first legal mortgage on a subsidiary's freehold property at Amber Park Garden and a legal assignment of the present and future rental income on the freehold property. In 2001, the loan was repayable in 180 equal consecutive monthly instalments of \$7,828 (inclusive of interest), payable in arrears subject to changes at the bank's discretion. The first repayment commenced in May 1995. The loan bears interest at 0.25% per annum over the bank's prime lending rate. As a result of the disposal of the subsidiary during the financial year, the balance as at 31 December 2002 is nil.	-	620,784
(xi) Secured by a first legal mortgage on a subsidiary's leasehold and trading properties at Leonie Hill Road and an assignment of the rental proceeds generated by these properties. The loan is repayable over 15 years at a monthly instalment of \$5,777 (2001: \$5,777) with a final repayment of \$5,917. The first repayment commenced in June 1997. The loan bears interest at 5% per annum for the first year, 5.25% per annum for the second year and 0.5% per annum over the bank's prime lending rate from the third year onwards.	658,718	728,042

27 BANK BORROWINGS (continued)

	The Group	
	2002 \$	2001 \$
<u>Taken up by subsidiaries (continued)</u>		
(xii) Secured by an all monies open mortgage over a subsidiary's remaining unsold units of its completed properties at Shanghai Road, an assignment of the development rights and benefits in the Sale and Purchase agreement of the sold units and amount in the Project Account, a deed of subordination of related parties'/directors'/shareholders' loans and an assignment of rental proceeds over the mortgaged units. The loan shall be repaid in the third year from the date of the first draw down of the loan which was on 22 August 1997. In 2001, the subsidiary had obtained a further extension of the repayment of loan to 2002. The loan is now repayable over 120 monthly instalments of \$286,470 (2001: Nil) commencing 2 May 2002. The loan bears interest at the bank's prime lending rate (2001: bank's prime lending rate plus 0.75%) per annum.	25,676,523	32,047,903
(xiii) Secured by a first and second preferred Panamanian Mortgage over the motor vessel MV Cos Fair, an assignment of the time charter agreements of the motor vessel, an earnings account and a contract and refund guarantee assignment pledged to the lending banks. The loans are repayable in two tranches. The first tranche which represents 70% of the loan drawn down is repayable over 40 consecutive quarterly instalments of equal amounts of US\$325,873, equivalent to \$565,227 (2001: \$601,399) and the second tranche of 30% of US\$5,586,400 equivalent to \$9,689,611 (2001: \$10,309,701) is repayable in one final instalment together with the 40th instalment. The first repayment commenced in July 1999. The loan bears interest at 1.1125% (2001: 1.1125%) per annum over three months' US Dollar LIBOR. Included in the loans is an amount of up to US\$2,232,904 (2001: US\$3,562,500) equivalent to \$3,872,972 (2001: \$6,574,594) from a lending financial institution for which the repayment is subordinated to other lending banks as a second priority lender.	24,385,523	28,351,680
(xiv) Secured by a first and second preferred Panamanian Mortgage over the motor vessel MV Cos Glory, an assignment of the time charter agreements of the motor vessel and an earnings account pledged and a contract and refund guarantee assignment to the lending banks. The loans are repayable in two tranches. The first tranche which represents 70% of the loan drawn down is repayable over 40 consecutive quarterly instalments of equal amounts of US\$318,161 equivalent to \$551,850 (2001: \$587,166) and the second tranche of 30% of US\$5,454,193 equivalent to \$9,460,298 (2001: \$10,065,713) is repayable in one final instalment together with the 40th instalment. The first repayment commenced in September 1999. The loan bears interest at 1.1125% (2001: 1.1125%) per annum over three months' US Dollar LIBOR. Included in the loans is an amount of up to US\$2,180,486 (2001: US\$3,562,500) equivalent to \$3,782,053 (2001: \$6,574,594) from a lending financial institution for which the repayment is subordinated to other lending banks as a second priority lender.	23,808,418	27,680,714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

27 BANK BORROWINGS (continued)

	The Group	
	2002 \$	2001 \$
<u>Taken up by subsidiaries</u> (continued)		
(xv) Secured by a simple deposit of title deeds of two investment properties located in the People's Republic of China, held by two of the subsidiaries, a fixed and floating charge over the assets of and a pledge of all shares of these two subsidiaries. The loan is also secured by an assignment of all sales and rental proceeds from the investment properties from all purchasers and tenants including the ultimate holding and a related corporation. The loan is repayable over 19 quarterly instalments of US\$500,000 each equivalent to \$867,250 (2001: \$922,750). The first repayment commenced in April 1998 and a final repayment of US\$10,500,000 equivalent to \$18,212,250 (2001: \$19,377,750) is repayable in January 2003. The loan bears interest at 1.5% (2001: 1.5%) per annum over US Dollar SIBOR. As a result of the disposal of the subsidiaries during the financial year, the balance as at 31 December 2002 is nil.	-	23,068,750
(xvi) Secured by a first legal mortgage over the motor vessel MV Jurong Sea and an assignment of the vessel's earnings. The loan is repayable in 2 equal instalments of US\$1,580,000 equivalent to \$2,740,510 (2001: \$2,915,890). The loan was fully repaid during the financial year. The loan bears interest at 1.2% (2001: 1.2%) per annum over US Dollar LIBOR.	-	5,831,780
(xvii) Secured by a first preferred Panamanian Mortgage over the motor vessel MV Cos Knight, an assignment of the time charter agreements of the motor vessel pledged to the lending bank. The loan is repayable in two tranches, where the first tranche which represents 18% of the loan drawn down is repayable over 28 consecutive quarterly instalments commencing from 31 January 2003 and the second tranche of 82% of US\$16,787,500, equivalent to \$29,117,919 (2001: Nil) is repayable over 40 consecutive instalments plus a final repayment of US\$4,200,000, equivalent to \$7,284,900 (2001: Nil) together with the 40th instalment. The loan bears interest at 1.2% (2001: Nil) per annum over three months US Dollar LIBOR.	29,117,919	-
(xviii) Secured by a first preferred mortgage over the motor vessel MV Cos Lucky, corporate guarantee from immediate holding company and an earnings account pledged to the lending bank. The loan is repayable over 7 consecutive quarterly instalments of equal amounts of US\$137,241 equivalent to \$238,045 (2001: Nil). The first repayment will commence on 31 January 2003. The loan bears interest at 1.2% (2001: Nil) per annum over three months US Dollars LIBOR.	1,712,819	-
	203,052,398	212,941,078

The loans taken up by subsidiaries set out in note (b)(iii) to (xviii) above are guaranteed by the Company.

- (c) The remaining unsecured term loans of the Group and the Company amounting to \$2,775,200 (2001: \$4,613,750) bear interest at rates ranging from 1.25% to 1.5% (2001: 1.25% to 1.5%) per annum over US Dollar SIBOR and has no fixed terms of repayment but substantial repayments are not expected within the next twelve months from the balance sheet date.

(d) Effective interest rates

The weighted average effective interest rates at the balance sheet date are as follows:

	The Group		The Company	
	2002	2001	2002	2001
Bank overdrafts	5.932 %	5.980 %	5.625 %	-
Bank loans	2.995 %	3.886 %	2.700 %	3.445 %

27 BANK BORROWINGS (continued)

(e) Maturity of non-current portion of long-term bank loans

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Between one and two financial years	55,223,308	53,666,796	28,636,595	4,613,750
Between two and five financial years	70,362,695	65,360,563	17,345,000	27,516,405
Over five financial years	57,536,513	43,392,163	-	-
	183,122,516	162,419,522	45,981,595	32,130,155

28 OTHER TERM LOANS

(a) This represents loans obtained from a third party, China Shipbuilding Trading Co., Ltd ("CSTCL") and are repayable by quarterly instalments from 2002 to 2010. The loans bear interest at a rate of 1% (2001: 1%) over US Dollar LIBOR per annum.

The loans are secured by the following:

- (i) a first legal mortgage over the motor vessels MV Cos Joy and MV Cos Intrepid;
- (ii) an assignment of the charter earnings, requisition compensation and insurance coverage relating to the vessels;
- (iii) corporate guarantees from related corporations; and
- (iv) bank and cash balances and fixed deposits with a financial institution of the Group jointly held with CSTCL (see note 11 to the financial statements).

(b) The weighted average effective interest rate at the balance sheet date is 2.99% (2001: 3.23%) per annum.

(c) Maturity of non-current portion of other term loans

	The Group	
	2002 \$	2001 \$
Between one and two financial years	6,749,911	7,181,874
Between two and five financial years	20,249,732	21,545,622
Over five financial years	23,624,619	32,318,358
	50,624,262	61,045,854

29 HOLDING AND ULTIMATE HOLDING CORPORATIONS

(a) The Company's immediate holding company is COSCO Holdings (Singapore) Pte Ltd, incorporated in Singapore. The ultimate holding corporation is China Ocean Shipping (Group) Company, registered in the People's Republic of China.

(b) Due by/(to) immediate holding company – non-trade

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Interest payable	(312,953)	(779,287)	(312,953)	(269,855)
Short-term loan	-	4,613,750	-	-
Losses recoverable on property development [see note 17(b)]	12,939,496	8,925,637	-	-
Others	3,683	1,115	-	-
	12,630,226	12,761,215	(312,953)	(269,855)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

29 HOLDING AND ULTIMATE HOLDING CORPORATIONS (continued)

(c) Short-term loans from immediate holding company

The short-term loans from the immediate holding company are unsecured, repayable on demand and bear interest at rates ranging from 6% to 9% (2001: 8.94% to 9%) per annum.

30 ADVANCE FROM A RELATED COMPANY

The advance from a related company is unsecured, interest free and repayable on demand.

31 OTHER CREDITORS

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Rental deposits	543,599	602,332	-	-
Advances received from customers and third parties	998,352	4,500	-	-
Provision for off hire claim on freight and hire income [note (a)]	1,883,339	1,794,372	-	-
Accrued operating expenses	13,761,072	11,380,360	1,019,590	1,431,481
	17,186,362	13,781,564	1,019,590	1,431,481

(a) Movements in provision for off hire claim on freight and hire income are as follows:

	The Group	
	2002 \$	2001 \$
At beginning of financial year	1,794,372	966,252
Provision made during the financial year	1,949,791	1,079,367
Amount utilised during the financial year	(1,686,448)	(347,919)
Exchange rate adjustments	(174,376)	96,672
At end of financial year	1,883,339	1,794,372

32 FINANCE LEASE CREDITORS

(a)

	The Group	
	2002 \$	2001 \$
Minimum lease payments are		
Not later than one financial year	24,384	26,926
Later than one financial year but not later than five financial years	91,806	116,190
	116,190	143,116
Less: Future finance charges	(19,172)	(23,324)
Present value of finance lease creditors	97,018	119,792
Included in:		
Current liabilities	20,328	22,774
Non-current liabilities	76,690	97,018
	97,018	119,792

(b) The weighted average effective interest rate at the balance sheet date is 2.83% (2001: 2.95%) per annum.

33 DIVIDEND PAYABLE

	The Group and The Company 2002 \$	2001 \$
At beginning of financial year	179,958	2,281,887
Effect of adopting SAS 31	-	(2,101,928)
Proposed first and final dividend of 0.6 (2001: 0.5) cents per ordinary share of \$0.20 each net of tax at 22% (2001: 24.5%) for the financial year ended 31 December 2001	2,920,658	2,101,928
Fixed redeemable convertible cumulative preferential dividend of 5.7 cents (2001: 5.7 cents) per share per annum net of tax at 22% (2001: 24.5%)	1,307,375	1,259,698
Accrued fixed redeemable convertible cumulative preferential dividend of 5.7 cents (2001: 5.7 cents) per share per annum net of tax at 22% (2001: 24.5%)	188,300	179,958
Dividends paid	(4,407,991)	(3,541,585)
At end of financial year	188,300	179,958

The directors have proposed a first and final dividend for the financial year ended 31 December 2002 of 0.7 cents per ordinary share of \$0.20 each, net of tax at 22%, amounting to a total of \$3,411,011. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2003, if it is approved by shareholders at the Annual General Meeting.

34 PREFERENCE SHARES

- (a) The following information as required by the Singapore Companies Act is based on historical values and not discounted at the historical effective yield.

	The Group and The Company 2002 \$	2001 \$
Authorised capital: 37,829,333 (2001: 37,829,333) 3.8% RCCPS of \$0.01 each	378,293	378,293
Issued and fully paid capital: 33,453,283 (2001: 33,453,283) RCCPS of \$0.01 each	334,533	334,533
Share premium account	49,478,826	49,478,826
Obligation on redemption of RCCPS	49,813,359	49,813,359

- (b) In 1999, the Company issued 33,453,283 of RCCPS of \$0.01 each at \$1.50. The RCCPS holders have the right to receive a fixed gross preferential dividend of 5.7 cents (3.8% of issue price) per annum for each RCCPS, payable annually in arrears on each dividend payment date in priority to any dividend or distribution in favour of any other classes of shares.

As a result of the share split in 2000, the RCCPS holders are entitled to convert all or any of their RCCPS into fully paid ordinary shares of \$0.20 each based on the conversion ratio of five ordinary shares of \$0.20 each for every one RCCPS held subject to adjustment under certain circumstances in accordance with the Articles of Association ("AA") of the Company, or such other ratio as may be prescribed by the directors of the Company for a new issue of preference shares, commencing on and including the date of the first anniversary of the issue date of the RCCPS (15 November 2000) up to final redemption date which is on 15 November 2004.

Unless earlier redeemed or converted, each RCCPS shall be redeemed by the Company at \$1.50 per RCCPS on the final redemption on 15 November 2004. As at 31 December 2002, there was no redemption or conversion of RCCPS.

The RCCPS holders are not entitled to attend or vote at any General Meeting other than under the circumstances set out in the AA of the Company.

The share premium account cannot be used except for payment of premium on the redemption of RCCPS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

35 DEFERRED INCOME TAXES

The movements in the Group's deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group

Deferred tax liabilities

	Accelerated tax depreciation \$	Interest \$	Total \$
At 1 January 2002	43,356	810,500	853,856
Exchange rate adjustments	(355)	–	(355)
Disposal of a subsidiary	(2,500)	–	(2,500)
Charged to income statements	184,366	1,043,551	1,227,917
At 31 December 2002	<u>224,867</u>	<u>1,854,051</u>	<u>2,078,918</u>

Deferred tax assets

	Provisions \$	Accumulated loss and capital allowances available for future offsetting \$	Total \$
At 1 January 2002	–	–	–
Credited to income statements	20,900	1,444,257	1,465,157
At 31 December 2002	<u>20,900</u>	<u>1,444,257</u>	<u>1,465,157</u>

The Company

Deferred tax liabilities

	Interest \$
At 1 January 2002	810,500
Charged to income statement	77,871
At 31 December 2002	<u>888,371</u>

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, after appropriate offsetting, are shown in the balance sheets:

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Deferred tax assets	(494,001)	–	–	–
Deferred tax liabilities	1,107,762	853,856	888,371	810,500
	613,761	853,856	888,371	810,500

The amounts shown in the balance sheet included the following:

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Deferred tax assets to be recovered after more than 12 months	(494,001)	–	–	–
Deferred tax liabilities to be settled after more than 12 months	377,129	853,856	178,743	810,500

36 SHARE CAPITAL OF COSCO INVESTMENT (SINGAPORE) LIMITED

(a) Authorised ordinary share capital

The total authorised number of ordinary shares is 1,250 million shares (2001: 1,250 million shares) with a par value of \$0.20 per share (2001: \$0.20 per share).

(b) Issued and fully paid ordinary share capital

	2002 Shares	2001 Shares	2002 \$	2001 \$
At beginning of financial year	557,427,250	556,802,250	111,485,450	111,360,450
Issue of fully paid ordinary shares of \$0.20 each on the exercise of options granted under the COSCO Group Employees' Share Option Scheme comprising 470,000 (2001: 90,000) 1997 Options at \$0.20 (2001: \$0.20) each, 730,000 (2001: 515,000) 1998 Options at \$0.20 (2001: \$0.20) each and 200,000 (2001: 20,000) 1999 Options at \$0.2288 (2001: \$0.2288) each, for cash	1,400,000	625,000	280,000	125,000
Issue of fully paid ordinary shares of \$0.20 each on acquisition of an associated company (note 23)	65,900,059	–	13,180,012	–
At end of financial year	624,727,309	557,427,250	124,945,462	111,485,450

The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

(c) Share Options

Share options to subscribe for ordinary shares of \$0.20 each in the Company are granted to directors and employees of the Group pursuant to the COSCO Group Employees' Share Option Scheme ("Scheme 2002").

Movements in the number of share options held are as follows:

	2002	2001
Outstanding at 1 January	9,390,000	12,375,000
Issued	5,860,000	–
Exercised	(1,400,000)	(625,000)
Lapsed	(1,800,000)	(2,360,000)
Outstanding at 31 December	12,050,000	9,390,000

During the financial year, 5,860,000 options ("2002 Options") were granted pursuant to the Scheme 2002 to 12 executive directors and 28 employees of the Group and its parent company. The exercise price was \$0.20 per share and the options will expire on 12 August 2012.

Details of the unissued ordinary shares of \$0.20 each of the Company under option at the end of the financial year are set out below:

Scheme	Exercise price per share payable in full upon application	Date of expiration of option	Number of unissued shares 2002	2001
1997 Options	0.20	29 September 2002	–	2,260,000
1998 Options	0.20	9 November 2003	3,000,000	3,740,000
1999 Options	0.2288	30 September 2004	3,190,000	3,390,000
2002 Options	0.20	12 August 2012	5,860,000	–
			12,050,000	9,390,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

37 RESERVES

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Non-distributable reserves:				
<u>Share premium</u>				
At beginning of financial year	11,178,974	11,178,398	11,178,974	11,178,398
Premium on the exercise of options granted under the COSCO Group Employees' Share Option Scheme	5,760	576	5,760	576
At end of financial year	11,184,734	11,178,974	11,184,734	11,178,974
<u>Foreign currency translation reserve</u>				
At beginning of financial year	7,128,460	4,565,730	-	-
Net exchange differences during the financial year	(7,255,987)	2,562,730	-	-
Disposal of subsidiaries	(101,257)	-	-	-
At end of financial year	(228,784)	7,128,460	-	-
Distributable reserve:				
Realised surplus on long-term investments	68,780	68,780	526,716	526,716
Total reserves	11,024,730	18,376,214	11,711,450	11,705,690

38 RELATED PARTY TRANSACTIONS

- (a) Other than as disclosed elsewhere in the financial statements, the Group had the following related party transactions with related corporations and related parties on terms agreed by the parties concerned:

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
<u>Revenue</u>				
Sales to related corporations	12,841,510	29,517,595	-	-
Sales to related parties	8,225	52,858	-	-
Rental income received from related corporations	6,090,279	6,063,486	-	-
Rental income received from related parties	533,385	-	-	-
Rental income received from ultimate holding corporation	26,400	-	-	-
Rental income received from immediate holding corporation	190,797	-	-	-
Gain on sale of subsidiaries to immediate holding company	-	-	5,239,249	-
Management fee received from a related corporation	1,200	1,600	-	-
<u>Expenditure</u>				
Purchases from related corporations	1,153,232	2,231,626	-	-
Purchases from related parties	2,100	7,016	-	-
Rental paid to immediate holding company	43,400	258,607	13,024	78,144
Rental paid to a subsidiary	-	-	392,194	117,782
Vessel rental paid to a related corporation	-	2,663,790	-	-
Management fee paid to related parties	261,153	397,039	-	-
Crew wages paid to related corporations	4,579,035	4,314,794	-	-
Service fees paid to a related corporation	6,617,467	1,497,037	-	-
Loss on sale of subsidiaries to immediate holding company	2,266,315	-	-	-

- (b) The related parties refer to corporations in which certain directors of subsidiaries have substantial financial interests.
- (c) The total remuneration of the directors is set out in note 5 to the financial statements.
- (d) The terms of the short-term loans from immediate holding company are set out in note 29(c) to the financial statements.
- (e) The aggregate number of share options granted under the COSCO Group Employees' Share Option ("Scheme 2002") to the directors of the Company during the financial year was 2,300,000 (2001: Nil). The share options were given on the same terms and conditions as those offered to other employees of the Company (note 36).

The outstanding number of share options granted to the directors of the Company at the end of the financial year was 2,300,000 (2001: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

39 COMMITMENTS

(a) Capital commitments

Expenditure contracted for:

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Motor vessels under construction	24,971,737	63,772,330	-	-
Renovation of investment properties	-	962,580	-	-
	24,971,737	64,734,910	-	-

(b) Lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Not later than one financial year	3,865,251	3,773,462	50,281	-
Later than one financial year but not later than five financial years	10,265,098	13,291,359	-	-
Later than five financial years	19,782,874	22,299,245	-	-
	33,913,223	39,364,066	50,281	-

Included in the lease commitments is an arrangement whereby a subsidiary of the Company has entered into an agreement with a third party to bareboat charter a motor vessel for fifteen years from the date of delivery of the motor vessel, which was on 12 January 1999, at a fixed rate of Yen 620,000 per day equivalent to \$12,775 (2001: \$8,690). The bareboat charter rental can be revised from time to time upon mutual consent by both parties.

(c) Put option agreement

As stated in note 17(b) to the financial statements, the Option shall be exercisable, at any time during the Option Period, by the Grantee in the sum of the exercise consideration as specified below:

When the Option is exercised	Exercise Consideration Payable \$
(i) Between 1 January to 31 December 1999	2,000,000
(ii) Between 1 January to 31 December 2000	1,500,000
(iii) Between 1 January to 31 December 2001	1,000,000
(iv) Between 1 January to 31 December 2002	500,000
(v) Between 1 January to 31 December 2003	100,000

(d) Others

The Company has given undertaking to continue to provide financial support to certain subsidiaries for at least the next twelve months from the balance sheet date.

40 CONTINGENT LIABILITIES (UNSECURED)

(a) As at the balance sheet date, the Company had given the following unsecured guarantees and indemnities:

	The Company	
	2002	2001
	\$	\$
(i) Guarantees given to banks in connection with bank facilities provided to subsidiaries/ associated company	274,543,314	314,543,938
(ii) Indemnities given to a third party in respect of trading of petroleum products entered into by a related company	-	1,845,500
(iii) Guarantees given to banks in connection with bank facilities provided to related companies	35,796,038	27,303,686
	310,339,352	343,693,124

The directors are of the view that no losses are anticipated in respect of the above guarantees and indemnities.

(b) In connection with the disposal of the Company's investment in COSCO-Feoso (Singapore) Pte Ltd ("CFS") to its immediate holding company COSCO Holdings (Singapore) Pte Ltd ("CH") in 1998, the minority shareholder of CFS has imposed certain conditions on the Company as part of the minority shareholder's consent on the above disposal.

These conditions require the Company to give an undertaking to the minority shareholder that the Company will comply with all the obligations under the Joint Venture Agreement ("JVA") initially signed by the Company with various minority shareholders of this former subsidiary. In addition, the Company will remain to be bound to all guarantees, financial undertakings or indemnities given to third parties for or on behalf of CFS, notwithstanding that the Company is no longer a shareholder of CFS.

The Company is liable to compensate the minority shareholder for any breach of the above conditions either by itself or CH on the JVA. Correspondingly, the Company has obtained an indemnity from CH to indemnify the Company for any losses, claims, costs, expenses or liabilities whatsoever in respect of the above conditions imposed by the minority shareholder. In view of this indemnity from CH, the directors are of the opinion that no loss or provision is required to be made in the financial statements of the Company.

(c) The Company has issued a guarantee in the form of a bail bond of US\$1,237,670 equivalent to \$2,146,739 (2001: \$2,284,120) to a third party. This guarantee was issued in relation to an oil trading transaction entered into by CFS whereby another counter party has brought a legal suit against this third party. Based on legal advice obtained by CFS in 1998, the third party has a good claim on the losses it suffered and accordingly, a full provision of a similar amount has been made in the financial statements of CFS. In 2002, the third party has won the legal suit against CFS and a claim of US\$1,700,000 equivalent to \$2,948,650 (2001: \$3,137,350) has been made against CFS.

The directors of the Company are of the opinion that no provision is required in the financial statements of the Company as CH has given an undertaking that it will indemnify the Company for any losses or liabilities that may arise in connection with the above bail bond.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

41 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates, credit risk and liquidity risk.

Risk management is carried out under policies approved by the Board of Directors. The Board approves guidelines for overall risk management, as well as policies covering these specific areas.

(i) Foreign currency exchange rate risk

Foreign currency exchange rate risks arise from borrowings in foreign currencies.

The Group monitors its foreign currency exchange risks closely and will use derivative financial instruments to hedge their exposure when the exposure is significant.

(ii) Interest rate risk

Interest rate risks arise from borrowings.

The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates and will use derivative financial instruments to hedge their exposures when the exposure is significant.

(iii) Credit risk

The Group has no significant concentration of credit risk.

The Group has policies in place to ensure that customers are of adequate financial standing and appropriate credit history.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping credit lines available.

42 FINANCIAL INSTRUMENTS

In order to manage the risks arising from fluctuations in interest rates, the Company and the Group makes use of the following derivative financial instrument:

Interest rate swap

The Company and the Group has entered into an interest rate swap contract that entitle it to receive interest at floating rates on notional principal amounts and oblige it to pay interest at fixed rates on the same amount. The interest rate swap contract allows the Company and the Group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if it borrowed at fixed rates directly. Under the interest rate swap, the Company and the Group agree with other parties to exchange, at specific intervals (mainly quarterly), the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amount. At 31 December 2002 the fixed interest rate is 3.3% (2001: Nil) per annum and the floating rates are linked to US Dollar LIBOR-BBA.

The notional principal amount of outstanding interest rate swap contracts at 31 December of the Group and the Company was US\$60,000,000 equivalent to \$104,070,000 (2001: Nil).

Net fair values

The net fair value of the interest rate swap at the balance sheet date is an unfavourable amount of approximately \$902,500 (using rates quoted by the Group's bankers) to terminate the contract at the balance sheet date.

The financial assets and financial liabilities of the Group and the Company comprise cash and cash equivalents, trade and other receivables, long-term equity investments, trade and other payables.

The fair values of the financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for a loan to a related company whose fair value is disclosed in note 21(b) to the financial statements.

43 GROUP SEGMENTAL INFORMATION

(a) Primary reporting format – business segments

	Shipping \$	Ship repairing and marine related activities \$	Rental of property and property trading \$	General trading \$	Investment holding \$	Group \$
Year ended 31 December 2002						
Revenue	88,741,583	4,904,940	8,794,276	–	–	102,440,799
Segment result	14,228,958	617,716	6,929,353	–	(1,991,264)	19,784,763
Exceptional item						(2,266,315)
Finance income						325,829
Finance costs						(15,546,235)
Share of results of associated companies						4,707,700
Amortisation of goodwill on an associated company						(529,974)
Profit before tax						6,475,768
Tax						(1,467,250)
Group profit from ordinary activities						5,008,518
Minority interests						(1,109,558)
Net profit						3,898,960
Segment assets	362,868,191	8,011,137	110,574,182	–	56,805,774	538,259,284
Associated companies						28,229,115
Deferred tax assets						494,001
Consolidated total assets						566,982,400
Segment liabilities	40,629,698	2,247,820	2,278,455	–	8,753,240	53,909,213
Bank borrowings						216,765,989
Other term loans						57,374,173
Preference shares						49,813,359
Provision for current tax						1,019,257
Deferred tax liabilities						1,107,762
Finance lease creditors						97,018
Consolidated total liabilities						380,086,771
Capital expenditure	40,305,567	10,800	159,048	–	395,039	40,870,454
Depreciation of property, plant and equipment	20,556,378	279,406	605,517	–	108,488	21,549,789
Depreciation of investment properties	–	–	1,199,077	–	–	1,199,077

The division of the Group's results, assets and liabilities into activities has been ascertained by reference to direct identification of assets, liabilities and revenue/cost centres.