

LIQUIDITY

As at 30th June, 2001, the Group had bank balances and cash of US\$21,168,000 (31st December, 2000: US\$16,544,000) and total borrowings of US\$75,168,000 (31st December, 2000: US\$64,071,000). This represented a gearing ratio, calculated on the basis of the Group's total borrowings over shareholders' funds, of 1.47 (31st December, 2000: 1.34) and a net debt to equity ratio, calculated on the basis of the Group's net borrowings (after deducting bank balances and cash of US\$21,168,000) over shareholders' fund, of 1.06 (31st December, 2000: 0.99). The increase in total borrowings was largely attributable to the financing of the increase in inventories by US\$22,207,000 and the increase in investments totaling US\$7,566,000. Demand for new containers was strong during the period resulted in a 11.2% increase in turnover. To cope with the higher container demand, the Group expanded its production capacity and purchased and stored more raw materials to accommodate the increased production resulting in a higher inventory level. On the other hand, with tighter receivable collection control, despite an increase in turnover, trade receivable actually dropped to US\$36,073,000 (31st December, 2000: US\$52,708,000). The interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense was 4.85 times for the six months ended 30th June, 2001 (2000: 4.44 times).