

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2004 AND 2003

1. GENERAL INFORMATION

1.1 Basis for the preparation of the interim financial statements

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

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

1.2 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 2003, but with the following change in the structure of the Group during the current period:

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In June 2004, the Company disposed the whole of its investment in the ordinary shares of Geepee Corporation Limited and its subsidiaries (Cargo Systems International Limited and Geepee Bulk Handlers Private Limited) to another party, as discussed in Note 4. The Company has therefore stopped using the equity method to account for its investment in these former subsidiaries and has not included their balance sheets in the consolidated balance sheet as at 30 June 2004. However, the consolidated earnings statement for the period ended 30 June 2004 includes the revenues and expenses of the former subsidiaries for the period as from 1 January 2004 to 30 June 2004 (the termination date of the Company's control over these former subsidiaries).

The net asset value of Geepee Corporation Limited and its subsidiaries at the date of the disposed of the investment was as follows:

	(Unit: Thousand Baht)
	<u>30 June 2004</u>
	(The date of disposed of the investment in subsidiaries)
Assets	
Cash and deposits at financial institutions	182
Other current assets	86
Equipment - net	26,953
Other non-current assets	26
Total assets	<u>27,247</u>
Liabilities	
Payable to and advances from other company	18,032
Other current liabilities	17,285
Total liabilities	<u>35,317</u>
Minority interest - Equity attributable to minority shareholders of subsidiaries	<u>4,301</u>
Net assets	<u><u>(12,371)</u></u>

1.3 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 2003 and additional accounting policies for the current period are as follows:

Treasury stock

Treasury stock is stated at cost and presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock. Losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

Earnings per share

Basic earnings per share for the three-month and six-month periods ended 30 June 2004 is determined by dividing net earnings for the period by the weighted average number of ordinary shares held by outsiders outstanding during the period.

Basic earnings per share for the three-month and six-month periods ended 30 June 2003 has been redetermined by adjusting the number of ordinary shares in issue in proportion to the change in the number of shares as a result of the change in the par value of the ordinary share from Baht 10 to Baht 1 per share during the year 2003.

2 TRADE ACCOUNTS RECEIVABLE

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

	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Less than 3 months	58,883	62,016	-	-
3 - 6 months	4,608	1,111	-	-
6 - 12 months	1,860	6,292	-	-
More than 12 months	74,729	89,759	1,910	1,849
Total	140,080	159,178	1,910	1,849
Less: Allowance for doubtful accounts	(73,945)	(88,992)	(1,910)	(1,849)
Trade accounts receivable - net	66,135	70,186	-	-

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3 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. The transactions included advances to Nedtex Limited and Precious Storage Terminals Limited charging interest at a rate of 8 percent per annum and advances to/from subsidiaries and other related 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>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Dividends received	-	-	512,717	-
Administrative expenses	-	-	2,480	1,653
<u>Transactions with related companies</u>				
Rental and related expenses	336	336	168	168
Air ticket expenses	6,844	2,819	1,233	1,410

	(Unit: Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Dividends received	-	-	512,717	-
Interest income	-	-	-	642
Administrative expenses	-	-	4,959	3,306
<u>Transactions with related companies</u>				
Rental and related expenses	672	693	336	336
Air ticket expenses	11,896	5,524	2,353	1,921

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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 2004	Increase	Decrease	30 June 2004	31 December 2003
<u>Receivable from and advances to subsidiaries</u>					
Great Circle Shipping Agency Limited	117,463	848	(1,056)	117,255	117,108
Precious Seas Limited	39,938	19,231	(40,255)	18,914	89,858
Precious Resorts Limited	56,158	27,736	(42,024)	41,870	58,667
Precious Shipping (Mauritius) Limited	91,533	-	(6,198)	85,335	91,518
Precious Stars Limited	62,568	31,186	(36,941)	56,813	62,504
Precious Lands Limited	8,875	-	(8,875)	-	-
Precious Rubies Limited	3,468	-	(3,468)	-	-
Precious Opals Limited	4,082	-	(4,082)	-	-
Precious Storage Terminals Limited	2	-	(2)	-	-
Precious Ornaments Limited	20,346	-	(20,346)	-	-
Precious Comets Limited	21,129	-	(21,129)	-	-
Precious Cliffs Limited	92,831	14,425	(38,277)	68,979	122,708
Precious Shipping (Panama) S.A.	505,227	648,047	(257,870)	895,404	27,879
Precious Shipping (UK) Limited	-	-	-	-	28,107
Precious Mountains Limited	4,921	34,791	(30,009)	9,703	-
Total	<u>1,028,541</u>	<u>776,264</u>	<u>(510,532)</u>	<u>1,294,273</u>	<u>598,349</u>
<u>Receivable from and advances to other related companies</u>					
International Seaports Pte. Limited	<u>440</u>	<u>-</u>	<u>-</u>	<u>440</u>	<u>440</u>

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	THE COMPANY ONLY				
	31 March 2004	Increase	Decrease	30 June 2004	31 December 2003
<u>Payable to and advances from subsidiaries</u>					
Precious Shipping (Singapore) Pte. Limited	498,350	91,576	(184,420)	405,506	495,475
Precious Wishes Limited	240,650	136,371	(86,424)	290,597	270,449
Precious Metals Limited	265,661	152,195	(114,799)	303,057	249,164
Precious Minerals Limited	202,705	8,029	(31,114)	179,620	83,763
Precious Cities Limited	177,360	19,314	(20,084)	176,590	8,304
Precious Stones Shipping Limited	52,797	87,417	(67,445)	72,769	57,939
Precious Flowers Limited	74,678	106,648	(41,759)	139,567	77,873
Precious Forests Limited	83,082	207,223	(110,477)	179,828	69,964
Precious Planets Limited	138,428	116,753	(45,095)	210,086	134,761
Precious Diamonds Limited	122,912	40,229	(124,657)	38,484	92,516
Precious Lagoons Limited	92,118	109,363	(110,276)	91,205	50,755
Precious Opals Limited	-	72,794	(8,745)	64,049	23,845
Precious Lands Limited	-	288,183	(242,747)	45,436	21,291
Precious Rubies Limited	-	131,640	(14,248)	117,392	26,219
Precious Sapphires Limited	155,848	20,517	(11,783)	164,582	133,415
Precious Pearls Limited	91,867	149,402	(91,604)	149,665	75,966
Precious Garnets Limited	10,674	175,717	(76,964)	109,427	58,638
Precious Ornaments Limited	-	84,815	(13,846)	70,969	8
Precious Oceans Limited	129,977	30,518	(23,382)	137,113	130,754
Precious Rivers Limited	14,223	100,058	(30,428)	83,853	48,775
Precious Emeralds Limited	28,146	169,688	(42,080)	155,754	57,991
Precious Mountains Limited	-	-	-	-	5,750
Precious Ventures Limited	212,030	61,782	(87,622)	186,190	129,059
Regidor Pte. Limited	9	-	(9)	-	16
Thebes Pte. Limited	9	-	-	9	16

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

THE COMPANY ONLY					
	31 March			30 June	31 December
	2004	Increase	Decrease	2004	2003
Precious Shipping (UK) Limited	3,499	394	-	3,893	-
Nedtex Limited	4,766	-	(4)	4,762	4,767
Precious Orchids Limited	30,874	45,126	(36,443)	39,557	11,858
Precious Hills Limited	24,325	4,872	(25,714)	3,483	5,672
Precious Comets Limited	-	77,265	(9,603)	67,662	8
Geepee Corporation Limited	10,603	-	(10,603)	-	9,203
Precious Lakes Limited	89,930	60,087	(13,415)	136,602	39,122
Precious Trees Limited	70,314	98,147	(40,814)	127,647	67,842
Precious Ponds Limited	15,918	161,721	(60,203)	117,436	29,883
Precious Capitals Limited	96,481	102,320	(84,042)	114,759	1,714
Precious Jasmines Limited	102,331	86,257	(72,916)	115,672	59,743
Total	3,040,565	2,996,421	(1,933,765)	4,103,221	2,532,518

(Unit: Thousand Baht)

CONSOLIDATED					
	31 March			30 June	31 December
	2004	Increase	Decrease	2004	2003
<u>Receivable from and advances to other related companies</u>					
International Seaports Pte. Limited	440	-	-	440	440
Kakinada Seaports Limited	1,859	-	(1,859)	-	1,859
Total	2,299	-	(1,859)	440	2,299

The outstanding balances of the amounts receivable from/payable to subsidiaries/other related companies 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, are as follows:

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	30 June 2004	31 December 2003
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	662,818	662,818

4 INVESTMENTS

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

(Unit: Thousand Baht)

	THE COMPANY ONLY					
	Percentage of ownership		Cost method		Equity method	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
<u>Investments accounted for under equity method</u>						
<u>Subsidiaries</u>						
Precious Shipping (Singapore) Pte. Limited	100.00	100.00	363,338	363,338	656,877	631,413
Precious Metals Limited	99.99	99.99	250,000	250,000	303,218	282,056
Precious Wishes Limited	99.99	99.99	229,999	229,999	317,318	257,356
Precious Capitals Limited	99.99	99.99	199,999	199,999	350,517	269,727
Precious Oceans Limited	99.99	99.99	175,000	175,000	213,821	204,418
Precious Minerals Limited	99.99	99.99	140,000	140,000	199,562	161,156
Precious Stones Shipping Limited	99.99	99.99	140,000	140,000	106,919	137,026
Precious Mountains Limited	99.99	99.99	139,999	139,999	192,115	166,608

(Unit: Thousand Baht)

	THE COMPANY ONLY					
	Percentage of ownership		Cost method		Equity method	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Precious Hills Limited	99.99	99.99	139,999	139,999	172,095	166,685
Precious Resorts Limited	99.99	99.99	139,999	139,999	190,724	165,275
Precious Lagoons Limited	99.99	99.99	139,999	139,999	197,702	168,277
Precious Cities Limited	99.99	99.99	169,999	169,999	183,503	168,342
Precious Cliffs Limited	99.99	99.99	139,999	139,999	186,139	138,638
Great Circle Shipping Agency Limited	99.99	99.99	121,995	121,995	(74,178)	(64,617)
Precious Stars Limited	99.99	99.99	105,000	105,000	139,009	135,996
Precious Seas Limited	99.99	99.99	100,000	100,000	191,113	131,312
Precious Planets Limited	99.99	99.99	100,000	100,000	199,672	129,611
Precious Jasmines Limited	99.99	99.99	97,999	97,999	233,399	174,434
Precious Ventures Limited	99.99	99.99	79,999	79,999	196,581	140,697
Precious Diamonds Limited	99.99	99.99	55,000	55,000	102,163	94,285
Precious Orchids Limited	99.99	99.99	51,999	51,999	119,389	89,708
Precious Rivers Limited	99.99	99.99	44,000	44,000	114,170	58,634
Precious Forests Limited	99.99	99.99	95,999	39,999	163,431	57,088
Precious Trees Limited	99.99	99.99	79,999	39,999	147,264	61,803
Precious Flowers Limited	99.99	99.99	75,999	38,999	138,091	65,949
Precious Pearls Limited	99.99	99.99	72,999	38,999	167,928	66,227
Precious Emeralds Limited	99.99	99.99	86,000	32,000	143,012	52,028
Precious Ponds Limited	99.99	99.99	83,999	31,999	152,418	61,206
Precious Garnets Limited	99.99	99.99	78,999	30,999	104,069	54,520
Precious Rubies Limited	99.99	99.99	84,000	24,000	92,737	26,390
Precious Lands Limited	99.99	99.99	84,000	24,000	71,485	21,250
Precious Opals Limited	99.99	99.99	74,000	24,000	53,519	23,872
Precious Lakes Limited	99.99	99.99	99,000	99,000	110,382	70,977
Precious Sapphires Limited	99.99	99.99	143,999	143,999	151,911	127,659
Geepee Corporation Limited	-	99.88	-	5,874	-	(9,204)
Precious Storage Terminals Limited	69.99	69.99	4,199	4,199	15	26
Nedtex Limited	69.99	69.99	648	648	(4,794)	(4,783)
Precious Shipping (UK) Limited	99.99	99.99	250	250	5,875	6,690
Precious Shipping (Panama) S.A.	99.99	99.99	250	250	33,524	(2,338)
Precious Shipping (Mauritius) Limited	100.00	99.99	250	250	(180,494)	(173,236)
Precious Comets Limited	99.40	99.40	71,099	99	59,008	(95)
Precious Ornaments Limited	99.40	99.40	68,099	99	64,789	(96)
Thebes Pte. Limited	100.00	100.00	0.0365	0.0365	(633)	(615)
Regidor Pte. Limited	-	100.00	-	0.0503	-	(678)
Total net investments in subsidiaries			<u>4,328,110</u>	<u>3,703,984</u>	<u>5,965,365</u>	<u>4,311,677</u>
Investments accounted for under equity method					6,225,464	4,567,339
Share of losses over investments					(260,099)	(255,662)
Total net investments in subsidiaries					<u>5,965,365</u>	<u>4,311,677</u>

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	CONSOLIDATED					
	Percentage of ownership		Cost method		Equity method	
	30 June	31 December	30 June	31 December	30 June	31 December
	2004	2003	2004	2003	2004	2003
<i><u>Associated held by a subsidiary</u></i>						
International Seaports (Haldia) Private Limited	22.40	17.92	87,701	87,701	85,371	87,701

The Company has presented shares of losses of subsidiaries in excess of the value of the investments by netting against amounts receivable from/payable to subsidiaries in the balance sheets.

As at 30 June 2004, the Company has pledged the shares of 35 subsidiaries, valued at Baht 5,455.0 million (31 December 2003: 27 subsidiaries amounting to Baht 3,416.7 million), under the equity method, with a bank to secure the long-term loans referred to in Note 7.

During the first quarter of 2004, an overseas subsidiary (Precious Shipping (Singapore) Pte. Limited) received dividend amounting to SGD 1.7 million from an overseas subsidiary (PSL Thun Shipping Pte. Limited).

During the second quarter of 2004, there have been the following changes in the investments in subsidiaries:

1. The Company disposed the whole of the Company's investment in the ordinary shares of Geepee Corporation Limited and its subsidiaries (Cargo Systems International Limited and Geepee Bulk Handlers Private Limited), to another party at a price of Baht 14.2 million. The Company offset the cash received from the sale of the investment in subsidiaries against "advance receipt for sale of investments" as discussed in Note 8.
2. The Company has acquired 1 additional ordinary share in an overseas subsidiary (Precious Shipping (Mauritius) Limited) at par value, a total of USD 1. As a result the Company holds 100.0 percent of the registered share capital of that subsidiary.

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3. The Company transferred all ordinary shares of Regidor Pte. Limited to Precious Shipping (Singapore) Pte. Limited. However, based on its indirect holding, the Company still holds 100.0 percent of the registered capital of that company.
4. The following 12 local subsidiaries issued new ordinary shares, which the Company purchased in proportion to its shareholding at the acquisition date, at par value, or for a total of Baht 630 million.

	<u>Amount</u> (Million Baht)
Precious Garnets Limited	48
Precious Lands Limited	60
Precious Pearls Limited	34
Precious Forests Limited	56
Precious Rubies Limited	60
Precious Ponds Limited	52
Precious Opals Limited	50
Precious Comets Limited	71
Precious Emeralds Limited	54
Precious Ornaments Limited	68
Precious Trees Limited	40
Precious Flowers Limited	37
Total	<u><u>630</u></u>

5. Precious Shipping (Mauritius) Limited acquired an additional 2,000 ordinary shares of International Lighterage Limited, meaning that Precious Shipping (Mauritius) Limited now holds 100.0 percent of the registered share capital of that company. As a result of this transaction, the share holding of the Company in International Seaports (Haldia) Private Limited has increased from 17.92 percent to 22.40 percent of the registered share capital of that company.

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6. Annual General Meetings of the shareholders of its subsidiaries approved the following dividend payments from the subsidiaries' earnings for the year ended 31 December 2003 to the shareholders:

	Number of shares	Dividend per share	Amount
	(Shares)	(Baht)	(Million Baht)
Precious Rivers Limited	440,000	23.00	10.12
Precious Mountains Limited	1,400,000	13.00	18.20
Precious Wishes Limited	2,300,000	6.00	13.80
Precious Metals Limited	2,500,000	7.00	17.50
Precious Minerals Limited	1,400,000	12.00	16.80
Precious Flowers Limited	760,000	28.50	21.66
Precious Forests Limited	960,000	12.50	12.00
Precious Planets Limited	1,000,000	19.00	19.00
Precious Diamonds Limited	550,000	61.00	33.55
Precious Lagoons Limited	1,400,000	15.00	21.00
Precious Pearls Limited	730,000	30.00	21.90
Precious Garnets Limited	790,000	24.00	18.96
Precious Oceans Limited	1,750,000	6.00	10.50
Precious Emeralds Limited	860,000	18.50	15.91
Precious Ventures Limited	800,000	65.00	52.00
Precious Hills Limited	1,400,000	10.00	14.00
Precious Capitals Limited	2,000,000	21.00	42.00
Precious Jasmines Limited	980,000	53.00	51.94
Precious Orchids Limited	520,000	47.00	24.44
Precious Seas Limited	1,000,000	8.00	8.00
Precious Resorts Limited	1,400,000	13.00	18.20
Precious Trees Limited	800,000	21.00	16.80
Precious Stars Limited	1,050,000	12.00	12.60
Precious Ponds Limited	840,000	26.00	21.84
Total			512.72

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The Company offset the above dividend income against amounts receivable from / payable to subsidiaries in the balance sheets.

	(Unit: Thousand Baht)							
	Percentage of ownership		Cost method		CONSOLIDATED Equity method		THE COMPANY ONLY Equity method	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
<u>Current investments</u>								
International Seaports Pte. Limited	34.30	34.30	19,501	19,501	25,231	25,231	25,231	25,231
Dhamra Port Company Private Limited	33.33	33.33	96,889	96,889	96,889	96,889	-	-
Southern LPG Limited	47.99	47.99	31,716	31,716	19,365	19,365	-	-
Kakinada Seaports Limited	16.65	16.65	22,144	22,144	22,144	22,144	-	-
Total			<u>170,250</u>	<u>170,250</u>	163,629	163,629	25,231	25,231
Less: Allowance for possible loss on investments					(163,629)	(163,629)	(25,231)	(25,231)
Net current investments					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company and subsidiaries recorded investments in 3 overseas associated companies under the equity method only until 31 December 2000 since the management of the Company and the subsidiaries are making efforts to sell these investments and the investment in other company. The investments have therefore been reclassified to current investments in current assets. However, the Company and subsidiaries have set up provision for possible loss on other investments of Baht 163.6 million (The Company Only: Baht 25.2 million).

5. VESSELS, CONDOMINIUM AND EQUIPMENT

During the first and second quarter of 2004, subsidiaries have purchased 3 second-hand vessels and 16 second-hand vessels of USD 38.5 million and USD 115.2 million, respectively (During the year 2003: 2 second-hand vessels of USD 15.6 million).

As at 30 June 2004, the subsidiaries have mortgaged 49 vessels with net book value of Baht 9,824.4 million (31 December 2003: 30 vessels amounting to Baht 4,217.4 million) and condominium units with net book value of Baht 99.4 million (31 December 2003: Baht 104.1 million) with banks to secure long-term loans as referred to in Note 7.

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6 PREPAYMENT FOR VESSEL PURCHASES

During the second quarter of 2004, a subsidiary entered into Memoranda of Agreement with an overseas company to purchase a second-hand vessel for a total of USD 15.8 million. The subsidiary has paid deposits amounting to USD 1.58 million (10 percent of the purchase price of the vessel) to that company.

7 LONG-TERMLOANS

The outstanding balances of long-term loans as at 30 June 2004 and 31 December 2003 were as follows:

	(Unit: Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Other loan	26,942	34,367	-	-
New loans	9,515,706	3,387,984	-	242,582
Total	9,542,648	3,422,351	-	242,582
Less: Current portion	(2,360,807)	(938,579)	-	(242,582)
Long-term portion	7,181,841	2,483,772	-	-

Other loan

Other loan represents a loan from an overseas subsidiary on which interest is charged at a rate of LIBOR plus a margin per annum and which is payable in semi-annual installments until 2005.

As at 30 June 2004, the outstanding balance of other loan was USD 0.7 million (31 December 2003: USD 0.9 million), with the subsidiary repaying approximately USD 0.2 million in the first quarter of 2004 (during the year 2003: USD 0.4 million). The loan is secured by the mortgage of the subsidiary's vessel and the assignment of the beneficiary rights under the insurance policy for the vessel to a creditor (Note 5).

New loans

On 16 June 2003, the Company and subsidiaries entered into an agreement with Krung Thai Bank Public Company Limited to obtain credit facilities of USD 100 million for the following purposes:

- a) A facility of USD 65 million to be used to refinance all outstanding loans of the Company and subsidiaries. Such facility is to be drawn down within 12 months from the date of the agreement.
- b) A facility of USD 35 million to be used to pay for purchases of vessels and/or to fund the redemption of the Bonds. Such facility can be drawn down until the end of 2005.

In addition, on 18 March 2004 the Company and subsidiaries entered into an amendment and restatement agreement with Krung Thai Bank Public Company Limited to obtain the following additional credit facilities:

- c) A facility of USD 170 million to be used to pay for purchases of vessels. Such facility is to be drawn down by 31 December 2004.
- d) Credit facilities for use as working capital consisting of:
 - an overdraft facility up to an aggregate amount not exceeding Baht 10 million.
 - a letter of guarantee facility up to an aggregate amount not exceeding Baht 105 million.
 - a foreign currency exchange facility up to an aggregate amount not exceeding USD 20 million.

As at 30 June 2004, no draw down of the facility d) has been made.

Facilities a) and b) carry interest at the rate of LIBOR plus a margin per annum. They are payable in quarterly installments over a period of 7.5 years, in accordance with the proportionate amounts stipulated in the agreement, with a one year grace period.

(UNAUDITED BUT REVIEWED)

Facility c) carries interest at the rate of LIBOR plus a margin per annum and is payable in quarterly installments of the proportionate amounts stipulated in the agreement, over a period of 9 years.

As at 30 June 2004, USD 63.6 million, USD 35.0 million and USD 133.3 million have been drawn down against facilities a), b) and c), respectively, by the Company and 34 subsidiaries. In addition, during the first and second quarter of 2004, the Company and its subsidiary repaid loans amounting to USD 6.1 million and USD 0.8 million, respectively.

As at 30 June 2004, these loans are secured by the following:

- a) The mortgage of 48 vessels and condominium units belonging to subsidiaries (Note 5).
- b) The pledge of the shares of 35 subsidiaries (Note 4).
- c) The assignment of the beneficiary rights under insurance policies for the subsidiaries' vessels and condominium units.
- d) The assignment of the revenues from vessels and deposit accounts of the Company and subsidiaries if they breach the conditions in the loan agreements.

The Company and subsidiaries have to comply with certain conditions and restrictions provided in the loan agreement such as:

- a) Maintenance of a debt service coverage ratio of at least 1 : 1.
- b) Maintenance of a debt to equity ratio of not exceeding 2 : 1.
- c) Maintenance of available liquid reserves of no less than USD 100,000 per vessel.

8 ADVANCE RECEIPT FOR SALE OF INVESTMENTS

On 24 November 2003 the Company received an advance amounting to Baht 70.2 million from an overseas company in relation to an offer to sell investments and in the second quarter of 2004, the Company entered into an agreement to sell investments to such overseas company, as detailed below:

- a) The Company disposed the whole of its investment in the ordinary shares of Geepee Corporation Limited and its subsidiaries (Cargo Systems International Limited and Geepee Bulk Handlers Private Limited) to the overseas company at a price of Baht 14.2 million. The Company offset the cash received from the sale of the investment in subsidiaries against “advance receipt for sale of investments” and recorded a gain of Baht 33.5 million in the earnings statement of the current period.
- b) The remaining balance of advance receipt for sale of investments, amounting to Baht 56.0 million was paid to the Company on behalf of an account receivable arising from the sale of an investment in an overseas associated company, which the Company wrote off as bad debt in the year 2002. The Company therefore recorded the amount as “bad debt recovery” in the earnings statement of the current period.

9. TREASURY STOCK

On 26 March 2004, the Board of Directors Meeting of the Company approved a share repurchase scheme for the purpose of the financial management of the Company’s surplus liquidity and to increase both earnings per share and book value per share. The details are as follows:

- a) The maximum budget for the share repurchase plan is Baht 1,000 million.
- b) The number of shares to be repurchased is not to exceed 26 million shares at par value of Baht 1 per share, equal to 5 percent of the total issued shares.
- c) The period for the share repurchase is 10 April 2004 to 9 October 2004.
- d) The period for disposal of the repurchased shares is 10 April 2005 to 8 October 2007 (6 months after the date the share repurchase scheme is completed but not exceed 3 years). In the event, the Company does not or is unable to dispose of repurchased shares within such period, the Company will reduce its capital by cancelling such remaining unsold shares.

(UNAUDITED BUT REVIEWED)

As at 30 June 2004, details of treasury stock are as follows:

	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Value of treasury stock (Baht)	244,311,405	-	244,311,405	-
Number of treasury shares (shares)	7,548,700	-	7,548,700	-
Average price per share (Baht)	32.3647	-	32.3647	-

10. EXCHANGE GAINS (LOSSES)

Exchange gains (losses) for the three-month and six-month periods ended 30 June 2004 and 2003 were summarised below:

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 June			
	2004	2003	2004	2003
Realised exchange gains (losses)	93,131	(1,264)	21,486	(1,389)
Unrealised exchange gains (losses)	(364,088)	23,760	(164)	11,719
Exchange gains (losses) - net	(270,957)	22,496	21,322	10,330

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	2004	2003	2004	2003
Realised exchange gains (losses)	88,908	2,594	30,083	(2,655)
Unrealised exchange gains (losses)	(363,713)	31,763	(132)	15,685
Exchange gains (losses) - net	(274,805)	34,357	29,951	13,030

11. CORPORATE INCOME TAX

The Company does not have corporate income tax liabilities on its net earnings for the three-month and six-month periods ended 30 June 2004 and 2003 because tax losses brought forward exceed the net earnings.

In accordance with the Director - General's Notification on Income Tax No. 72 dated 1 January 1998, the subsidiaries have received an exemption from the payment of income tax for their marine transportation income. In addition, the subsidiaries have received an exemption from the payment of income tax under the provisions of the Investment Promotion Act B.E. 2520 for their marine transportation business.

12. DIVIDENDS

On 30 April 2004, the Annual General Meeting of the Company's shareholders approved the payment of a dividend of Baht 0.75 per share to the holders of the 520 million shares, from its earnings for the year 2003, a total of Baht 390 million.

However, as at the closing date of shares register 517,630,600 of the Company's ordinary shares were held by parties other than the Company itself, and the total dividend paid was thus Baht 388.2 million.

13. COMMITMENTS AND CONTINGENT LIABILITIES

13.1 As at 30 June 2004, a subsidiary has commitment of USD 14.2 million as a result of the acquisition of a second-hand vessel (31 December 2003: 3 vessels amounting to USD 36.5 million).

13.2 As at 30 June 2004, the Company and subsidiaries are defendants against maritime claims whereby total liabilities may aggregate up to USD 0.7 million (31 December 2003: USD 0.8 million). The ultimate outcome of these claims cannot be determined at this time, but management anticipates that no material liability will arise. Accordingly, no provision has been provided in the accounts.

14 FINANCIAL INSTRUMENTS

14.1 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. However, the Company's management has decided to maintain an open position of this exposure.

Exchange rate applied for translation of foreign currency liabilities as at 30 June 2004 was USD 1: Baht 41.0305 (31 December 2003: Baht 39.7378).

14.2 Interest Rate Risk

As at 30 June 2004 the Company and subsidiaries had the following financial assets and financial liabilities exposed to interest rate risk:

(Unit: Thousand Baht)						
	Amounts of assets/liabilities				Average interest rate (% p.a.)	
	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing	Total	Floating	Fixed
					g	
					USD currency	USD currency
Financial assets:						
Cash and cash equivalents	1,279,750	837,215	15,123	2,132,088	0.50	1.00
Financial liabilities:						
Long-term loans	9,542,648	-	-	9,542,648	4.06	-

14.3 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.

14.4 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.

15. 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 and assets as reflected in these financial statements pertain mainly to the aforementioned industry segment and geographic area.

16. SUBSEQUENT EVENTS

- a) On 7 July 2004, a subsidiary entered into a memorandum of agreement to purchase a second-hand vessel for USD 13.9 million. A deposit of 10% was to be paid within 3 days after signature and the remaining balance is to be paid when delivery is made.
- b) During July 2004, the Company exercised the right discussed in Note 9 to repurchase 4,304,200 of its shares for a total of Baht 155.1 million.

17. PRESENTATION

Certain amounts in the financial statements for comparative purpose have been reclassified to conform to the current period's classification, with no effect on the net earnings or shareholders' equity previously reported.

18. APPROVAL OF FINANCIAL STATEMENTS

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