

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

**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 2004. There have been no changes in the composition of the Group during the current period.

**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 2004.

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## 2. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Less than 3 months	73,891	15,224	-	-
3 - 6 months	16,332	12,182	-	-
6 - 12 months	14,636	3,303	-	-
More than 12 months	70,235	69,498	1,928	1,825
Total	175,094	100,207	1,928	1,825
Less: Allowance for doubtful accounts	(69,445)	(68,738)	(1,928)	(1,825)
Trade accounts receivable - net	105,649	31,469	-	-

## 3. RELATED PARTY TRANSACTIONS

During the periods, the Company had significant business transactions with its subsidiary, 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. No interest was charged on advances to/from subsidiaries. The transactions are summarised below: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 June			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b><u>Transactions with subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Service income	-	-	45,914	-
Dividends received	-	-	1,261,013	512,717
Administrative expenses	-	-	2,675	2,480
<b><u>Transactions with related companies</u></b>				
Administrative expenses	8,261	7,180	3,191	1,401

## (UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b><u>Transactions with subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Service income	-	-	45,914	-
Dividends received	-	-	2,739,777	512,717
Administrative expenses	-	-	5,338	4,959
<b><u>Transactions with related companies</u></b>				
Administrative expenses	14,629	12,568	4,441	2,689

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 December			30 June
	2004	Increase	Decrease	2005
<b><u>Receivable from and advances to subsidiaries</u></b>				
Precious Wishes Limited	-	618,862	576,807	42,055
Precious Minerals Limited	-	462,265	445,349	16,916
Precious Lands Limited	-	265,819	260,884	4,935
Precious Rivers Limited	-	362,847	355,666	7,181
Precious Lakes Limited	-	133,719	129,365	4,354
Precious Seas Limited	69,214	139,353	115,558	93,009
Precious Stars Limited	124,080	64,409	51,203	137,286
Precious Oceans Limited	-	181,228	167,394	13,834
Precious Sapphires Limited	-	121,866	87,994	33,872
Precious Emeralds Limited	-	296,859	278,613	18,246
Precious Rubies Limited	-	210,944	190,362	20,582
Precious Garnets Limited	-	288,892	257,596	31,296
Precious Capitals Limited	11,505	-	11,505	-
Precious Jasmines Limited	8,333	-	8,333	-

## (UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	31 December			30 June
	2004	Increase	Decrease	2005
Precious Orchids Limited	376,815	192,230	177,097	391,948
Precious Lagoons Limited	29,294	439,603	468,493	404
Precious Cliffs Limited	124,128	106,835	76,004	154,959
Precious Hills Limited	33,865	80,199	80,029	34,035
Precious Mountains Limited	23,559	98,136	79,662	42,033
Precious Resorts Limited	75,846	98,682	71,938	102,590
Precious Cities Limited	-	151,229	130,959	20,270
Precious Ornaments Limited	-	197,784	182,976	14,808
Precious Storage Terminals Limited	-	20	-	20
Precious Shipping (Mauritius) Limited	94,951	129,237	69,278	154,910
Precious Shipping (UK) Limited	7,785	15,734	12,704	10,815
Great Circle Shipping Agency Limited	111,339	2,567	8,768	105,138
Total	1,090,714	4,659,319	4,294,537	1,455,496
<b><i>Payable to and advances from subsidiaries</i></b>				
Precious Metals Limited	142,399	421,563	486,959	77,003
Precious Wishes Limited	152,726	-	152,726	-
Precious Stones Shipping Limited	106,521	261,800	344,573	23,748
Precious Minerals Limited	170,078	-	170,078	-
Precious Lands Limited	91,247	-	91,247	-
Precious Rivers Limited	140,725	-	140,725	-
Precious Lakes Limited	44,289	-	44,289	-
Precious Oceans Limited	89,329	-	89,329	-
Precious Planets Limited	136,915	202,354	288,234	51,035
Precious Diamonds Limited	101,277	334,381	403,656	32,002
Precious Sapphires Limited	20,135	-	20,135	-
Precious Emeralds Limited	121,910	-	121,910	-
Precious Rubies Limited	110,595	-	110,595	-
Precious Opals Limited	68,122	104,253	131,324	41,051

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	31 December			30 June
	2004	Increase	Decrease	2005
Precious Garnets Limited	112,705	-	112,705	-
Precious Pearls Limited	105,228	158,282	237,230	26,280
Precious Flowers Limited	103,527	208,238	253,487	58,278
Precious Forests Limited	96,313	237,021	291,957	41,377
Precious Trees Limited	106,713	204,718	224,068	87,363
Precious Ponds Limited	45,539	164,088	203,097	6,530
Precious Ventures Limited	18,185	212,167	159,276	71,076
Precious Capitals Limited	-	240,841	228,502	12,339
Precious Jasmines Limited	-	207,960	158,786	49,174
Precious Cities Limited	19,193	-	19,193	-
Precious Comets Limited	80,152	98,182	159,285	19,049
Precious Ornaments Limited	95,764	-	95,764	-
Nedtex Limited	4,762	-	6	4,756
Thebes Pte. Limited	9	3	-	12
Precious Shipping (Panama) S.A.	11,503	23,678	521	34,660
Precious Shipping (Singapore) Pte. Limited.	34,053	97,512	27,860	103,705
Total	2,329,914	3,177,041	4,767,517	739,438

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 July 2006, are as follows: -

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	30 June	31 December
	2005	2004
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>

#### 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		Dividend received	
	30	31	30	31	30	31	For the six-month periods	
	June	December	June	December	June	December	ended 30 June	
	2005	2004	2005	2004	2005	2004	2005	2004
<i><b>Investments accounted for under equity method</b></i>								
<i><b>Subsidiaries</b></i>								
Precious Metals Limited	99.99	99.99	250,000	250,000	341,579	296,296	65,750	17,500
Precious Wishes Limited	99.99	99.99	229,999	229,999	329,130	301,279	138,920	13,800
Precious Stones Shipping Limited	99.99	99.99	260,000	260,000	297,798	320,294	95,420	-
Precious Minerals Limited	99.99	99.99	230,000	230,000	316,725	323,854	164,679	16,800
Precious Lands Limited	99.99	99.99	84,000	84,000	120,136	115,806	57,708	-
Precious Rivers Limited	99.99	99.99	234,000	234,000	337,086	315,537	76,050	10,120
Precious Lakes Limited	99.99	99.99	99,000	99,000	128,355	128,052	56,034	-
Precious Seas Limited	99.99	99.99	100,000	100,000	194,861	209,690	89,999	8,000

## (UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

THE COMPANY ONLY								
	Percentage of ownership		Cost method		Equity method		Dividend received	
	30	31	30	31	30	31	For the six-month periods	
	June	December	June	December	June	December	ended 30 June	
	2005	2004	2005	2004	2005	2004	2005	2004
Precious Stars Limited	99.99	99.99	105,000	105,000	145,248	147,901	26,250	12,600
Precious Oceans Limited	99.99	99.99	175,000	175,000	246,731	203,039	39,375	10,500
Precious Planets Limited	99.99	99.99	100,000	100,000	180,372	155,343	124,299	19,000
Precious Diamonds Limited	99.99	99.99	205,000	205,000	295,411	280,970	145,754	33,549
Precious Sapphires Limited	99.99	99.99	143,999	143,999	180,724	177,493	27,360	-
Precious Emeralds Limited	99.99	99.99	86,000	86,000	160,235	138,149	107,155	15,910
Precious Rubies Limited	99.99	99.99	84,000	84,000	89,972	115,029	58,631	-
Precious Opals Limited	99.99	99.99	74,000	74,000	109,935	63,527	15,540	-
Precious Garnets Limited	99.99	99.99	78,999	78,999	127,182	128,335	103,805	18,960
Precious Pearls Limited	99.99	99.99	72,999	72,999	114,222	122,529	116,653	21,900
Precious Flowers Limited	99.99	99.99	75,999	75,999	155,339	122,258	130,567	21,660
Precious Forests Limited	99.99	99.99	95,999	95,999	159,479	154,002	139,103	12,000
Precious Trees Limited	99.99	99.99	79,999	79,999	157,290	130,717	111,439	16,800
Precious Ponds Limited	99.99	99.99	83,999	83,999	189,757	118,998	24,696	21,840
Precious Ventures Limited	99.99	99.99	79,999	79,999	171,336	120,130	107,279	51,999
Precious Capitals Limited	99.99	99.99	199,999	199,999	381,734	345,234	149,999	42,000
Precious Jasmines Limited	99.99	99.99	97,999	97,999	216,005	152,699	93,099	51,939
Precious Orchids Limited	99.99	99.99	216,999	216,999	373,408	372,261	130,200	24,440
Precious Lagoons Limited	99.99	99.99	139,999	139,999	204,360	164,348	11,200	21,000
Precious Cliffs Limited	99.99	99.99	139,999	139,999	207,744	222,747	63,000	-
Precious Hills Limited	99.99	99.99	139,999	139,999	213,689	191,787	35,000	14,000
Precious Mountains Limited	99.99	99.99	139,999	139,999	208,934	214,226	56,000	18,200
Precious Resorts Limited	99.99	99.99	139,999	139,999	210,830	219,614	63,000	18,200
Precious Cities Limited	99.99	99.99	169,999	169,999	231,222	210,161	34,000	-
Precious Comets Limited	99.99	99.99	71,099	71,099	121,069	73,545	40,953	-
Precious Ornaments Limited	99.99	99.99	68,099	68,099	90,134	90,492	40,860	-
Nedtex Limited	69.99	69.99	648	648	(4,809)	(4,794)	-	-
Precious Storage Terminals Limited	69.99	69.99	4,199	4,199	-	15	-	-
Thebes Pte. Limited	100.00	100.00	0.0365	0.0365	(771)	(651)	-	-
Precious Shipping (Panama) S.A.	99.99	99.99	250	250	43,664	42,579	-	-
Precious Shipping (Mauritius) Limited	100.00	100.00	250	250	(43,730)	(171,765)	-	-
Precious Shipping (Singapore) Pte. Limited	100.00	100.00	363,338	363,338	697,745	650,232	-	-
Precious Shipping (UK) Limited	99.99	99.99	250	250	5,140	4,992	-	-
Great Circle Shipping Agency Limited	99.99	99.99	121,995	121,995	(88,899)	(82,982)	-	-
<b>Total net investments in subsidiaries</b>			<u>5,043,110</u>	<u>5,043,110</u>	<u>7,616,372</u>	<u>6,883,968</u>	<u>2,739,777</u>	<u>512,717</u>
Investments accounted for under equity method					7,754,581	7,144,160		
Share of losses over investments					(138,209)	(260,192)		
<b>Total net investments in subsidiaries</b>					<u>7,616,372</u>	<u>6,883,968</u>		

## (UNAUDITED BUT REVIEWED)

The Company has presented share of losses from subsidiaries over investments by net off the amounts receivable from/payable to subsidiaries in the balance sheets.

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

As at 30 June 2005, the Company has pledged the shares of 35 subsidiaries amounting to Baht 6,919.1 million (31 December 2004: 35 subsidiaries amounting to Baht 6,363.4 million), stated under the equity method, with a bank to secure the long-term loans referred to in Note 7.

(Unit: Thousand Baht)

	CONSOLIDATED					
	Percentage of ownership		Cost method		Equity method	
	30 June	31 December	30 June	31 December	30 June	31 December
	2005	2004	2005	2004	2005	2004
<b><u>Associate held by a subsidiary</u></b>						
International Seaports (Haldia) Private Limited	22.40	22.40	<u>87,701</u>	<u>87,701</u>	<u>97,011</u>	<u>95,045</u>

Share of profit from investment in associate held by a subsidiary was recorded based on the audited financial statements as at 31 March 2005.

(Unit: Thousand Baht)

	Percentage of ownership				CONSOLIDATED		THE COMPANY ONLY	
			Cost method		Equity method		Equity method	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2005	2004	2005	2004	2005	2004	2005	2004
<b><u>Current investments</u></b>								
International Seaports Pte. Limited	-	34.30	-	19,501	-	25,231	-	25,231
Dhamra Port Company Private Limited	-	33.33	-	96,889	-	96,889	-	-
Southern LPG Limited	50.00	50.00	31,716	31,716	19,365	19,365	-	-
Kakinada Seaports Limited	-	8.95	-	24,004	-	24,004	-	-
Total			<u>31,716</u>	<u>172,110</u>	<u>19,365</u>	<u>165,489</u>	<u>-</u>	<u>25,231</u>
Less: Allowance for loss on investments					<u>(19,365)</u>	<u>(165,489)</u>	<u>-</u>	<u>(25,231)</u>
Net current investments					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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The Company and subsidiaries recorded investments in an overseas associated company (31 December 2004: 3 companies) under equity method only until 31 December 2000, since the management of the Company and the subsidiaries are making efforts to sell these investments and an investment in another company. The investments have therefore been reclassified as current investments, under current assets. As at 30 June 2005, the Company and subsidiaries have set up provision for loss on investments of Baht 19.4 million (31 December 2004: Baht 165.5 million) (The Company Only, as at 31 December 2004: Baht 25.2 million).

During the current period, there have been the following changes in the current investments: -

- a) PSL Investments Limited, a subsidiary of the Company (shareholding is through Precious Shipping (Mauritius) Limited), disposed of its current investment in Dhamra Port Company Private Limited to another party at a price equal to its original cost of INR 111 million (equivalent to Baht 97.7 million at the date of disposal). The subsidiary received payment in March and April 2005. This represents a gain on the sale of this current investment of Baht 0.8 million. Since the subsidiary had previously set up provision for loss on this current investment amounting to Baht 96.9 million, such amount was reversed in the earnings statement of the current period.
- b) PSL Bulk Terminal Company Limited, a subsidiary of the Company (shareholding is through Precious Shipping (Mauritius) Limited), disposed of its current investment in Kakinada Seaports Limited to another party at a price equal to its original cost of INR 26.8 million (equivalent to Baht 24.2 million at the date of disposal). The subsidiary received payment in May 2005. This represents a gain on the sale of this current investment of Baht 0.2 million. Since, the subsidiary had previously set up provision for loss on this current investment amounting to Baht 24.0 million, such amount was reversed in the earnings statement of the current period.
- c) The Company disposed of its current investment in International Seaports Pte. Limited, which had a capital deficit, to another party at a price of USD 1 (equivalent to Baht 39.8 at the date of disposal), realising a loss on the sale of this current investment of Baht 25.2 million. Since the Company had previously set up provision for loss on this current investment amounting to Baht 25.2 million, such amount was reversed in the earnings statement of the current period.

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## 5. VESSELS, CONDOMINIUM AND EQUIPMENT

As at 30 June 2005, the subsidiaries have mortgaged 51 vessels with net book value of Baht 9,633.8 million (31 December 2004: 51 vessels amounting to Baht 10,332.7 million) and condominium units with net book value of Baht 89.4 million (31 December 2004: Baht 94.5 million) with banks to secure long-term loans as referred to in Note 7.

## 6. PREPAYMENT FOR VESSEL PURCHASES

During the second quarter of 2005, the subsidiaries entered into Memoranda of Agreements with overseas companies to purchase 2 second-hand vessels for a total of USD 49.5 million. The subsidiaries have paid deposits amounting to USD 4.95 million (10 percent of the purchase price of the vessels) to those companies.

## 7. LONG-TERM LOANS

The outstanding balances of long-term loans as at 30 June 2005 and 31 December 2004 were as follows: -

(Unit: Thousand Baht)

	CONSOLIDATED	
	30 June 2005	31 December 2004
New loans	5,236,155	7,543,592
Other loan	9,948	17,580
Total	5,246,103	7,561,172
Less: Current portion	(9,948)	(1,127,542)
Long-term portion	5,236,155	6,433,630

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New loans

On 16 June 2003, the Company and local 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) USD 65 million was to be used to refinance all outstanding loans of the Company and subsidiaries. Such facility was to be drawn down within 12 months from the date of the agreement.
- b) USD 35 million was 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) USD 170 million was to be used to pay for purchases of vessels. Such facility was 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 2005, no draw down has been made from facility d).

Facilities a) and b) carried interest at the rate of LIBOR plus a margin per annum. They were 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.

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

As at 30 June 2005, the 34 subsidiaries (31 December 2004: 34 subsidiaries) have outstanding loan balance by USD 126.4 million (31 December 2004: USD 192.4 million).

As at 30 June 2005, these loans are secured by the following: -

- a) The mortgage of 50 vessels (31 December 2004: 50 vessels) and condominium units belonging to subsidiaries (Note 5).
- b) The pledge of the shares of 35 subsidiaries (31 December 2004: 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 agreements 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.

#### Other loan

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

As at 30 June 2005, the subsidiary has outstanding other loan of USD 0.3 million (31 December 2004: USD 0.5 million). The loan is secured by the mortgage of the subsidiary's vessel and the assignment of the beneficiary rights under insurance policy of its vessel to a creditor (Note 5).

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## 8. TREASURY STOCK

Details of treasury stock are as follows: -

	CONSOLIDATED/ THE COMPANY ONLY	
	30 June 2005	31 December 2004
Value of treasury stock (Baht)	450,880,716	450,880,716
Number of treasury shares (Shares)	13,386,300	13,386,300
Average price per share (Baht)	33.6823	33.6823
The percentage of number of treasury shares to the share capital issued by the Company	2.57	2.57

The period for disposal of the repurchased shares is 10 April 2005 to 8 October 2007 (at least 6 months but not more than 3 years after the date the share repurchase scheme is completed). In the event, the Company does not or is unable to dispose of the repurchased shares within such period, the Company will reduce its capital by cancelling the remaining unsold shares.

## 9. EXCHANGE GAINS (LOSSES)

Exchange gains (losses) for the three-month and six-month periods ended 30 June 2005 and 2004 were summarised below: -

	(Unit: Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 June			
	2005	2004	2005	2004
Realised exchange gains	86,707	93,131	23,675	21,486
Unrealised exchange losses	(278,582)	(364,088)	(329)	(164)
Exchange gains (losses) - net	(191,875)	(270,957)	23,346	21,322

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(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	2005	2004	2005	2004
Realised exchange gains	98,622	88,908	20,831	30,083
Unrealised exchange losses	(285,041)	(363,713)	(348)	(132)
Exchange gains (losses) - net	(186,419)	(274,805)	20,483	29,951

## 10. 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 2005 and 2004 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.

## 11. DIVIDENDS

Dividends declared in the current period consist of the following: -

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends on 2004 earnings	Annual General Meeting of the shareholders on 29 April 2005	<u>785.3</u>	<u>1.55</u>

However, as at the closing date of the share register 506,147,500 of the Company's ordinary shares were held by parties other than the Company itself and are entitle to receive dividend. The total dividend paid was thus Baht 784.5 million.

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## 12. COMMITMENTS AND CONTINGENT LIABILITIES

12.1 As at 30 June 2005, the subsidiaries have commitments of USD 44.55 million as a result of the acquisition of 2 second-hand vessels.

12.2 As at 30 June 2005, the Company and subsidiaries have contingent liabilities as a result of being sued for damages in maritime claims totalling USD 0.7 million (31 December 2004: USD 0.6 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.

## 13. FINANCIAL INSTRUMENTS

### 13.1 Foreign Currency Risk

Almost 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 2005 was USD 1: Baht 41.4091 (31 December 2004: Baht 39.2025).

### 13.2 Interest Rate Risk

As at 30 June 2005 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
<b>Financial assets:</b>						
Cash and cash equivalents	1,640,064	500,193	25,547	2,165,804	0.25	2.90
<b>Financial liabilities:</b>						

Long-term loans	5,246,103	-	-	5,246,103	5.475	-
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(UNAUDITED BUT REVIEWED)

### **13.3 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.

### **13.4 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.

## **14. 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.

## **15. PRESENTATION**

Certain amounts in the financial statements presented 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.

## **16. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

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