

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2003 AND 2002

Review Report of Independent Auditor

To The Board of Directors and Shareholders of
Precious Shipping Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Precious Shipping Public Company Limited and subsidiaries as at 30 September 2003, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2003, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2003; and the separate financial statements of Precious Shipping Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review. I did not review the interim financial statements of seven subsidiaries incorporated overseas which are included in these consolidated financial statements. The assets and revenues of these subsidiaries as included in the consolidated financial statements constitute 7.80% of consolidated total assets as at 30 September 2003 and 10.40% and 12.43% of the consolidated total revenues for the three-month and nine-month periods then ended, respectively. In addition, the Company's financial statements included investments in these subsidiaries as at 30 September 2003 of Baht 636.84 million, stated under the equity method, and share of profit from these subsidiaries for the three-month and nine-month periods then ended of Baht 8.48 million and Baht 25.26 million, respectively. The interim financial statements of these subsidiaries were reviewed by other auditors, whose reports have been furnished to me, and my report, insofar as it relates to the amounts included for those subsidiaries in the consolidated financial statements and the Company's financial statements, is based solely on the reports of these other auditors.

I conducted my review in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review and the reports of other auditors, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated financial statements of Precious Shipping Public Company Limited and subsidiaries and the separate financial statements of Precious Shipping Public Company Limited for the year ended 31 December 2002, were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements under his report dated 10 February 2003. The balance sheet as at 31 December 2002, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2002, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2002 of Precious Shipping Public Company Limited and subsidiaries and the separate financial statements of Precious Shipping Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who, under his report dated 4 November 2002 stated that nothing had come to his attention that caused him to believe that the interim financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok : 31 October 2003

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2003 AND 2002

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 2002. 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 2002, except for the accounting policy for computation of basic earnings per share which is calculated by dividing net earnings for the period by the weighted average number of ordinary shares in issue during the period, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the change in par value as discussed in Note 13. The number of ordinary

shares of last period has been adjusted as if it had changed in par value for comparative purpose.

(UNAUDITED BUT REVIEWED)

No diluted earnings per share for the three-month period ended 30 September 2002 have been presented since the conditions for converting debentures to the Company's ordinary shares were cancelled in accordance with the result of the bondholders' meeting as discussed in Note 8.

2 TRADE ACCOUNTS RECEIVABLE

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

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 September 2003	31 December 2002	30 September 2003	31 December 2002
Less than 3 months	71,193	131,366	-	-
3 - 6 months	3,430	4,907	-	-
6 - 12 months	5,384	5,518	-	-
More than 12 months	96,690	93,170	1,866	2,016
Total	176,697	234,961	1,866	2,016
Less : Allowance for doubtful accounts	(92,074)	(92,942)	(1,866)	(2,016)
Trade accounts receivable - net	<u>84,623</u>	<u>142,019</u>	<u>-</u>	<u>-</u>

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, were in the normal course of business. The transactions included advances to Nedtex Limited and Precious Storage Terminals Limited charging interest at a rate of 8% per annum and advances to/from other subsidiary and associated companies on which no interest is charged. The transactions are summarised below:-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 September			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Interest income	-	-	-	1,595
Administrative expenses	-	-	1,653	1,653
<u>Transactions with related companies</u>				
Rental and related expenses	336	479	168	235
Air ticket expenses	2,925	2,568	692	676

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the nine-month periods ended 30 September			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Interest income	-	-	642	1,968
Administrative expenses	-	-	3,306	4,959
<u>Transactions with related companies</u>				
Rental and related expenses	1,029	1,430	504	710
Air ticket expenses	8,449	9,761	2,613	2,923

The outstanding balances of the above transactions have been separately shown in the balance sheets. Details of balances are as follows :-

(Unit : Thousand Baht)

	<u>THE COMPANY ONLY</u>				
	<u>30 June</u>			<u>30 September</u>	<u>31 December</u>
	<u>2003</u>	<u>Increase</u>	<u>Decrease</u>	<u>2003</u>	<u>2002</u>
<u>Receivable from and advances to subsidiaries</u>					
Precious Hills Limited	61,578	-	61,578	-	90,691
Great Circle Shipping Agency Limited	124,688	9,360	12,288	121,760	134,201
Precious Capitals Limited	138,026	-	138,026	-	180,514
Precious Jasmines Limited	38,306	-	38,306	-	61,796

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

THE COMPANY ONLY

	30 June 2003	Increase	Decrease	30 September 2003	31 December 2002
Precious Orchids Limited	-	-	-	-	9,020
Precious Seas Limited	44,796	-	44,796	-	39,738
Precious Resorts Limited	144,186	113,977	234,292	23,871	113,639
Precious Shipping (Mauritius) Limited	91,917	916	1,290	91,543	48,350
Precious Trees Limited	-	-	-	-	2,058
Precious Stars Limited	141,522	112,269	208,038	45,753	137,948
Precious Ponds Limited	-	-	-	-	208
Precious Cliffs Limited	225,447	17,855	96,627	146,675	48,167
Geepee Corporation Limited	19,680	-	1,090	18,590	22,148
Nedtex Limited	-	-	-	-	6,350
Precious Lakes Limited	4,006	24	-	4,030	3,993
Precious Shipping (Panama) S.A.	6,258	106,194	24,984	87,468	-
Precious Mountains Limited	40,404	-	40,404	-	51,339
Precious Storage Terminals Limited	5,671	13,102	18,773	-	-
Precious Sapphires Limited	-	304	275	29	-
Total	1,086,485	374,001	920,767	539,719	950,160
<u>Payable to and advances from subsidiaries</u>					
Precious Shipping (Singapore) Pte. Limited	498,427	61,092	77,222	482,297	479,206
Precious Wishes Limited	277,545	120,423	66,550	331,418	272,285
Precious Metals Limited	264,899	115,130	25,499	354,530	252,014
Precious Minerals Limited	139,909	11,735	20,878	130,766	139,924
Precious Cities Limited	139,432	-	-	139,432	139,447
Precious Stones Shipping Limited	137,652	-	-	137,652	137,667
Precious Flowers Limited	151,862	328,095	284,790	195,167	136,394
Precious Forests Limited	131,259	81,043	43,493	168,809	123,036
Precious Planets Limited	187,895	224,637	177,106	235,426	167,820
Precious Diamonds Limited	123,928	72,409	13,514	182,823	59,274
Precious Lagoons Limited	27,469	141,039	49,341	119,167	61,076
Precious Opals Limited	23,860	-	-	23,860	23,876
Precious Lands Limited	21,307	-	-	21,307	21,322
Precious Rubies Limited	65,481	479	100	65,860	65,933

Precious Sapphires Limited	275	-	275	-	1,902
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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

THE COMPANY ONLY

	30 June 2003	Increase	Decrease	30 September 2003	31 December 2002
Precious Pearls Limited	85,203	144,068	49,869	179,402	54,143
Precious Garnets Limited	81,855	94,172	13,282	162,745	57,195
Precious Ornaments Limited	8	-	-	8	-
Precious Oceans Limited	246,657	74,692	16,041	305,308	111,517
Precious Rivers Limited	24,932	86,945	32,708	79,169	11,189
Precious Emeralds Limited	76,278	105,061	59,784	121,555	36,390
Precious Storage Terminals Limited	-	-	-	-	1,166
Precious Ventures Limited	101,610	185,442	51,301	235,751	65,969
Regidor Pte. Limited	9	-	-	9	17
Thebes Pte. Limited	9	8	9	8	17
Precious Shipping (Panama) S.A.	-	-	-	-	3,623
Precious Seas Limited	-	253,596	198,588	55,008	-
Precious Hills Limited	-	198,432	86,255	112,177	-
Precious Capitals Limited	-	265,160	243,022	22,138	-
Precious Jasmines Limited	-	256,852	75,624	181,228	-
Precious Mountains Limited	-	221,826	144,900	76,926	-
Precious Shipping (UK) Limited	5,552	68,571	72,377	1,746	8,357
Precious Trees Limited	41,979	101,469	32,029	111,419	-
Precious Ponds Limited	28,742	95,507	33,684	90,565	-
Precious Comets Limited	8	-	-	8	-
Precious Orchids Limited	10,647	117,799	33,130	95,316	-
Nedtex Limited	511	14,197	9,937	4,771	-
Total	<u>2,895,200</u>	<u>3,439,879</u>	<u>1,911,308</u>	<u>4,423,771</u>	<u>2,430,759</u>

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED				
	30 June 2003	Increase	Decrease	30 September 2003	31 December 2002
<u>Receivable from and advances to other related companies</u>					
International Seaports Pte. Ltd.	440	-	-	440	440
International Seaports (Haldia) Private Limited	-	-	-	-	23,683
Kakinada Seaports Limited	1,860	-	-	1,860	1,860
Total	2,300	-	-	2,300	25,983

During the current quarter, the Company has waived debts of Baht 14.2 million and Baht 18.8 million, respectively, due from Nedtex Limited and Precious Storage Terminals Limited. Payable to and advances from Nedtex Limited as presented above was derived from the Company recognised share of loss from investment accounted for under equity method of that company over its investment.

The outstanding balances of the amounts due from/to subsidiaries/other related companies represents current accounts between the Company and those companies. The Company's management believes that no allowance for doubtful accounts is necessary.

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

(Unit : Thousand Baht)

	THE COMPANY ONLY	
	30 September 2003	31 December 2002
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

(UNAUDITED BUT REVIEWED)

4. INVESTMENTS

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

		(Unit : Thousand Baht)			
		CONSOLIDATED		THE COMPANY ONLY	
	Percentage of	Equity Method		Equity Method	
	Ownership	30 September	31 December	30 September	31 December
	2003/2002	2003	2002	2003	2002
<u>Investments accounted for under equity method</u>					
<u>Subsidiaries</u>					
Precious Shipping (Singapore)					
Pte. Limited	100.00	363,338		629,932	607,050
Precious Metals Limited	99.99	250,000		382,122	354,449
Precious Wishes Limited	99.99	229,999		342,825	309,575
Precious Capitals Limited	99.99	199,999		303,956	226,207
Precious Oceans Limited	99.99	175,000		379,647	333,884
Precious Minerals Limited	99.99	140,000		147,242	139,890
Precious Stones Shipping Limited	99.99	140,000		137,662	137,688
Precious Mountains Limited	99.99	139,999		245,500	191,467
Precious Hills Limited	99.99	139,999		296,214	260,418
Precious Resorts Limited	99.99	139,999		213,562	171,900
Precious Lagoons Limited	99.99	139,999		232,559	189,775
Precious Cities Limited	99.99	139,999		139,427	139,442
Precious Cliffs Limited	99.99	139,999		116,551	79,498
Great Circle Shipping Agency Limited	99.99	121,995		(59,840)	(44,821)
Precious Stars Limited	99.99	105,000		162,310	115,965
Precious Seas Limited	99.99	100,000		267,701	216,810
Precious Planets Limited	99.99	100,000		239,271	190,220
Precious Jasmines Limited	99.99	97,999		311,852	254,729
Precious Ventures Limited	99.99	79,999		250,486	164,906
Precious Diamonds Limited	99.99	55,000		199,891	155,623
Precious Orchids Limited	99.99	51,999		188,185	152,174
Precious Rivers Limited	99.99	44,000		83,779	54,340
Precious Forests Limited	99.99	39,999		149,141	119,656
Precious Trees Limited	99.99	39,999		99,536	47,337

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership	Cost Method	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 September	31 December	30 September	31 December
			2003/2002	2003/2002	2003	2002
Precious Flowers Limited	99.99	38,999			193,193	146,839
Precious Pearls Limited	99.99	38,999			175,414	125,836
Precious Emeralds Limited	99.99	32,000			132,518	98,913
Precious Ponds Limited	99.99	31,999			129,248	79,548
Precious Garnets Limited	99.99	30,999			148,490	113,569
Precious Rubies Limited	99.99	24,000			66,030	65,847
Precious Lands Limited	99.99	24,000			21,266	21,253
Precious Opals Limited	99.99	24,000			23,888	23,904
Precious Lakes Limited	99.99	24,000			(3,704)	(3,725)
Precious Sapphires Limited	99.99	23,999			56	672
Geepee Corporation Limited	99.88	5,874			(7,763)	(3,878)
Precious Storage Terminals Limited	69.99	4,199			37	(12,669)
Nedtex Limited	69.99	648			(4,771)	(14,290)
Precious Shipping (UK) Limited	99.99	250			6,906	7,729
Precious Shipping (Panama) S.A.	99.99	250			(3,308)	(97)
Precious Shipping (Mauritius) Limited	99.99	250			(172,871)	(171,692)
Precious Comets Limited	99.40	99			(79)	(64)
Precious Ornaments Limited	99.40	99			(80)	(64)
Thebes Pte. Limited	100.00	0.0365			(599)	(479)
Regidor Pte. Limited	100.00	0.0503			(662)	(532)
Total net investments in subsidiaries		<u>3,478,984</u>			<u>6,162,720</u>	<u>5,044,802</u>
Investments accounted for under equity method					6,416,397	5,297,114
Share of losses over investments					(253,677)	(252,312)
Total net investments in subsidiaries					<u>6,162,720</u>	<u>5,044,802</u>

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of		Cost method			CONSOLIDATED		THE COMPANY ONLY		
	Ownership					Equity Method		Equity Method		
	30	31				30	31	30	31	Decembe
	September	December	September	December	September	December	September	December		
	2003	2002	2003	2002	2003	2002	2003	2002		
<u>Other investments</u>										
International Seaports Pte. Limited	33.33	33.33	17,225	17,225	22,955	22,955	22,955	22,955		
Dhamra Port Company Private Limited	26.37	26.37	96,889	96,889	96,889	96,889	-	-		
Southern LPG Limited	39.96	39.96	31,716	31,716	19,365	19,365	-	-		
Kakinada Seaports Limited	16.65	16.65	22,144	22,144	22,144	22,144	-	-		
International Seaports (Haldia) Private Limited	17.92	17.83	87,701	35,556	87,701	35,556	-	-		
Total			<u>255,675</u>	<u>203,530</u>	249,054	196,909	22,955	22,955		
Less : Provision for possible loss on investments					(161,353)	(161,353)	(22,955)	(22,955)		
Net other investments					<u>87,701</u>	<u>35,556</u>	<u>-</u>	<u>-</u>		
Net current investments					-	-	-	-		
Net long-term investments					87,701	35,556	-	-		
Total net other investments					87,701	35,556	-	-		

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

As at 30 September 2003, the Company has pledged the shares of twenty-six subsidiaries amounting to Baht 5,311 million (31 December 2002 : twenty-three subsidiaries amounting to Baht 3,840 million), stated under the equity method, with banks to secure the long-term loans referred to in Note 7.

During the second quarter of 2003, an overseas subsidiary has additional acquired 5,855,207 ordinary shares of International Seaports (Haldia) Private Limited at par value, a total of Baht 52.15 million. This represents 22.40% of registered share capital of that company. Based on indirect holding, the Company holds 17.92% of the registered capital of that company.

(UNAUDITED BUT REVIEWED)

The Company and subsidiaries have recorded investments in three overseas associated companies under the equity method upto 31 December 2000 since the Company and subsidiaries are making efforts to sell these investments and the investment in other company. This is to comply with the conditions of the debt restructuring agreement. Therefore, the above investments have been reclassified to current investments in current assets. On conservative basis, during 2002, the Company and subsidiaries set up the provision for possible loss on other investments of Baht 161.4 million (The Company Only : Baht 22.9 million).

5. VESSELS, CONDOMINIUM AND EQUIPMENT

During the current quarter, one subsidiary has purchased a second-hand vessel of USD 4.5 million.

As at 30 September 2003, the subsidiaries have mortgaged twenty-nine vessels with net book value of Baht 3,919 million (31 December 2002 : twenty-eight vessels amounting to Baht 4,046 million) and condominium units with net book value of Baht 107 million (31 December 2002 : Baht 114 million) with banks to secure long-term loans as referred to in Note 7.

As at 30 September 2003 and 31 December 2002, the Company and subsidiaries has fully depreciated equipment which are still in use, the costs of such assets amounted to Baht 38 million and Baht 37 million, respectively (The Company Only : Baht 15 million and Baht 12 million, respectively).

6. DEFERRED CHARGES

(Unit : Thousand Baht)

	CONSOLIDATED	
	30 September 2003	31 December 2002
Dry-dock expenses	255,150	282,010
Special survey expenses	251,087	276,314
Total deferred charges	506,237	558,324
Less : Accumulated amortisation	(283,262)	(338,959)

Deferred charges – net	<u>222,975</u>	<u>219,365</u>
Amortisation for the period/year	<u>109,228</u>	<u>155,171</u>

(UNAUDITED BUT REVIEWED)

7. LONG-TERMLOANS

The original loans and commercial loans were the loans resulting from the restructuring of debts under the debt restructuring agreement dated 6 July 2000 and 10 July 2000.

The outstanding balances of long-term loans as at 30 September 2003 and 31 December 2002 were as follows:-

	(Unit : Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	30 September 2003	31 December 2002	30 September 2003	31 December 2002
Original loans	-	1,463,931	-	-
Commercial loans	-	1,618,368	-	1,618,368
Other loan	34,677	55,483	-	-
New loans	2,975,503	-	244,771	-
Less : Current portion	(587,200)	(393,386)	(244,771)	-
Long-term portion	<u>2,422,980</u>	<u>2,744,396</u>	<u>-</u>	<u>1,618,368</u>

Original loans

As at 30 September 2003, the Company and the subsidiaries had no outstanding balance of original loans (31 December 2002 : Baht 241.4 million and USD 27.8 million) on which interest were charged at fixed and floating rates specified in the agreements. According to the repayment schedule, the loans were repaid in quarterly installments commencing 31 March 2000 until the end of 2005. During the current year, the Company and the subsidiaries had paid all outstanding original loans by paid during the first six-months of Baht 241.4 million and USD 12.9 million and paid during the third quarter of 2003 of USD 14.9 million (During the year 2002 : Baht 48.2 million, USD 17.2 million and INR 15 million).

Commercial loans

These were Thai Baht loans which carried interest at fixed rates per annum. If the Company fails to repay at the applicable repayment dates, interest rate will be increased by 1% per year from those dates. The loans are finally due for repayment on 17 July 2005. During the current year, the Company had paid all outstanding commercial loans by paid during the first quarter 2003 Baht 17.1 million and during the third quarter of 2003 Baht 1,584.2 million (During the year 2002 : Baht 83.36 million).

Other loan

Other loan represents loan of an oversea subsidiary which charges interest at the rate of LIBOR per annum and is payable in semi-annual installments. As at 30 September 2003, the subsidiary had outstanding other loan of USD 1.28 million (31 December 2002: USD 1.70 million). The subsidiary repaid approximately USD 0.21 million in the first six months and USD 0.21 million in the third quarter of 2003. (During the year 2002: USD 0.42 million). The loan is secured by the mortgage and the assignment of the insurance policy of one vessel of a subsidiary (Note 5).

New loans

On 16 June 2003, the Company and subsidiaries has 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 is 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) USD 35 million is to be used to pay for purchases of new vessels and/or to fund the redemption of the Bond. Such facility can be drawn on until the end of 2005.

These loans carry interest at the rate of LIBOR plus margin per annum and are payable in quarterly installments over a period of 7.5 years, in accordance with the proportionate amounts stipulated in the agreement, with a waiver of debt repayment for one year.

As at 30 September 2003, USD 63.6 million and 10.6 million was drawn down from the loan a) and b), respectively, by the Company and twenty-five subsidiaries.

As at 30 September 2003, these loans are secured by the following :-

- a) The mortgage of 28 vessels and condominium units belonging to subsidiaries (Note 5).
- b) The pledge of the shares of twenty six subsidiaries (Note 4).
- c) The assignment of the insurance policies of the subsidiaries' vessels and condominium units.

(UNAUDITED BUT REVIEWED)

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

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

8 BONDS / REDEEMABLE CONVERTIBLE DEBENTURES

These redeemable convertible debentures (RCDs) were issued under the terms of the debt restructuring agreement dated 17 July 2000.

On 17 July 2000, the Company issued Thai Baht 589,503,000 and USD 20,936,297 of zero coupon RCDs. Under the terms and conditions of the Thai Baht's and US dollar's RCDs, the Company had an option to redeem the bonds within a period of thirty months from the issue date due on 16 January 2003.

However, on 10 January 2003, the meeting of the holders of the USD redeemable convertible debentures passed a resolution approving new terms and conditions for the bonds, effective from 16 January 2003, which can be summarised as follows:-

- a) The bonds are no longer convertible to shares of the Company.
- b) The coupon rate is to be 4.25% per annum, with interest paid quarterly commencing on 31 March 2003.
- c) The bonds will be redeemed by the Company on 16 January 2009 or may be redeemed in part or in full at any time prior to maturity.

Subsequently, on 17 January 2003, the meeting of the holders of the Baht redeemable convertible debentures passed a resolution approving new terms and conditions for the bonds, effective from 17 January 2003, which can be summarised as follows:-

- a) The bonds are no longer convertible to shares of the Company.
- b) The coupon rate is to be 5% per annum until 16 January 2006 and then 6% per annum from 17 January 2006 to 16 January 2009. Interest is to be paid quarterly, commencing on 17 April 2003.

(UNAUDITED BUT REVIEWED)

- c) The bonds will be redeemed by the Company in quarterly installments, from 17 January 2006 to 17 January 2009.

During the current year, the Company had redeemed all outstanding Bonds by the USD Bonds of USD 34,014 was redeemed at the amount of USD 22,486 and the Baht Bonds of Baht 68.82 million was redeemed at the amount of Baht 58.29 million in the second quarter of 2003 and the USD Bonds of USD 13.13 was redeemed at the amount of USD 9.85 and the Baht Bonds of Baht 247.68 million was redeemed at the amount of Baht 236.66 million in the current quarter. The redemption was resulted in a gain of Baht 136.59 million and Baht 147.61 million which was recorded as an extraordinary item in the earnings statements for the three-month and nine-month periods ended 30 September 2003, respectively.

During the second quarter of 2002, the USD RCDs of USD 68,028 was redeemed at the amount of USD 36,055. In addition, the USD RCDs of USD 897,970 was redeemed at the amount of USD 525,720.38 in the third quarter of 2002. The redemption was resulted in a gain of Baht 15.7 million and Baht 17.0 million which was recorded as an extraordinary item in the earnings statements for the three-month and nine-month periods ended 30 September 2002, respectively.

9. EXCHANGE GAINS

Exchange gains for the three-month and nine-month periods ended 30 September 2003 and 2002 were summarised below:-

	(Unit : Thousand Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 September			
	2003	2002	2003	2002
Realised exchange gains (losses)	(8,030)	11,963	4,778	3,054
Unrealised exchange gains (losses)	137,717	(87,612)	5,225	(24,936)
Exchange gains (losses) - net	129,687	(75,649)	10,003	(21,882)

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the nine-month periods ended 30 September			
	2003	2002	2003	2002
Realised exchange gains	27,780	27,102	17,781	1,119
Unrealised exchange gains	136,264	38,597	5,252	12,086
Exchange gains - net	164,044	65,699	23,033	13,205

10 COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2003, the Company and subsidiaries are defendants against maritime claims whereby total liabilities may aggregate up to USD 0.6 million (31 December 2002 : 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.

11. FINANCIAL INSTRUMENTS

The Company and subsidiaries do not hold or issue derivative instruments for speculative or trading purposes.

11.1 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 September 2003 was USD 1 : Baht 40.0964 (31 December 2002 : Baht 43.3039).

(UNAUDITED BUT REVIEWED)

11.2 Interest Rate Risk

As at 30 September 2003 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		Non-interest bearing	Total	Floating		Fixed	
		1 year or less	Over 1 year			THB	USD	THB	USD
Financial assets:-									
Cash and cash equivalents	410,085	-	-	6,605	416,690	-	0.20	-	-
Trade accounts receivable	-	-	-	84,623	84,623	-	-	-	-
Receivable from and advances to related parties - other related companies	-	-	-	2,300	2,300	-	-	-	-
Total	410,085	-	-	93,528	503,613				
Financial liabilities:-									
Long-term loans	3,010,180	-	-	-	3,010,180	-	3.54	-	-
Trade accounts payable	-	-	-	81,883	81,883	-	-	-	-
Total	3,010,180	-	-	81,883	3,092,063				

11.3 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.

11.4 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.

12. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' activities predominantly involve the shipping businesses and carries cargo operations to various locations worldwide. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain mainly to the aforementioned industry segment and geographic area.

13. SHARE CAPITAL

On 30 April 2003, the Annual General Meeting of shareholders of the Company passed a resolution approving to decrease authorised share capital from Baht 1,973 million (197.3 million ordinary shares of Baht 10 each) to be Baht 520 million (52 ordinary shares of Baht 10 each). The Company registered the reduction of its authorised share capital with the Commerce Ministry on 20 May 2003.

On 10 September 2003, the Extraordinary General Meeting of shareholders of the Company approved the following resolutions :-

- a) The changing of the Company's par value of share from Baht 10 per share to Baht 1 per share with the authorised share capital of Baht 520 million (520 million ordinary shares of Baht 1 each).
- b) The transfer of amounts of Baht 60.5 million from its statutory reserve and Baht 514.63 million from its premium on ordinary shares, to reduce its accumulated losses, in compliance with the Public Limited Companies Act.

The Company registered the changing of the Company's par value of share with the Ministry of Commerce in 15 September 2003.

14. SUBSEQUENT EVENTS

On 28 October 2003, one subsidiary has entered into the Memorandum of Agreement to purchase of second-hand vessel of USD 11.05 million. Deposit of 10% will be paid within 3 days after signature and the remaining balance will be paid upon shipment is made.

15. APPROVAL OF FINANCIAL STATEMENTS

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

