

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2007 AND 2006

1. GENERAL INFORMATION

1.1 Corporate information

Precious Shipping Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged as a holding company for investment in the marine transportation business and its registered address is Cathay House, 7th Floor, 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

1.2 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, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The 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.

1.3 Adoption of new accounting standards

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550 and 38/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandate the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

a) Thai Accounting Standards effective for the current year

TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures

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These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. From the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, as discussed in Note 2.

b) Thai Accounting Standards not effective for the current year

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 35	Presentation of Financial Statements
TAS 39	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41	Interim Financial Reporting
TAS 49	Construction Contracts

These accounting standards have become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

1.4 Basis of consolidation

These interim 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 2006, but with the change in the structure of the Group during the current period as follows:

In July 2007, the Company acquired a 100 percent equity interest in Precious Projects Pte. Ltd., a company registered in Singapore, at a cost of USD 1. The principal activity of this company is the issue and sale of debentures, as discussed in Note 9.

1.5 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 2006, with the following additions and changes in accounting policies.

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- a) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. Premiums/discounts on debt securities are amortised by the effective rate method, with the amortised amount presented as an adjustment to the interest income.
- b) The change in the accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, as described in Note 2.
- c) Derivatives - Treasury Rate Lock Agreements

The net amount of interest to be received from or paid to the counterparty under the Treasury Rate Lock Agreements is recognised as income or expenses, based on the change in the fair value of the derivatives.

2. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES IN THE SEPARATE FINANCIAL STATEMENTS

During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of increasing net income in the separate income statement for the three-month period ended 30 September 2007 by Baht 495.1 million (Baht 0.48 per share) (2006: decreasing by Baht 377.1 million (Baht 0.37 per share)) and decreasing net income in the separate income statement for the nine-month period ended 30 September 2007 by Baht 400.2 million (Baht 0.39 per share) (2006: decreasing by Baht 1,050.7 million (Baht 1.02 per share)). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies” in the separate statements of changes in shareholders’ equity.

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Such change in accounting policy affects only the accounts related to investments in subsidiary and associated companies in the Company's separate financial statements, with no effect to the consolidated financial statements.

3. CURRENT INVESTMENT

(Unit: Thousand Baht)

Consolidated financial statements								
Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method		
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
2007	2006	2007	2006	2007	2006	2007	2006	
Thousand	Thousand	Percent	Percent					
INR	INR							
<i><u>Investment in associate held by a subsidiary</u></i>								
Southern LPG Limited	64,592	64,592	50.00	50.00	<u>31,716</u>	<u>31,716</u>	19,365	19,365
Less: Allowance for loss on investment							<u>(19,365)</u>	<u>(19,365)</u>
Current investment - net							-	-

A subsidiary recorded investment in an overseas associated company under equity method only until 31 December 2000, since the Company's management is making efforts to sell this investment. The investment has therefore been classified as current investment, under current assets, and provision for loss on investment in full has been set up.

4. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable are aged, based on invoice date, as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September	31 December
	2007	2006
<u>Age of receivables</u>		
Not over 3 months	40,909	79,742
3 - 6 months	1,426	4,655
6 - 12 months	2,186	16,585
Over 12 months	34,453	36,910
Total	78,974	137,892
Less: Allowance for doubtful accounts	(34,334)	(36,785)
Trade accounts receivable - net	44,640	101,107

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5. RELATED PARTY TRANSACTIONS

During the periods, the Company and subsidiaries had significant business transactions with related parties which have been concluded on commercial terms and basis agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 September				Transfer pricing policy
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Service income	-	-	23,736	23,122	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Dividend received	-	-	1,123,093	744,822	As declared
Condominium rental expenses	-	-	2,387	2,672	Market price
<u>Transactions with related companies</u>					
Dividend received	12,807	-	-	-	As declared
Air ticket expenses	3,240	6,203	690	1,228	Market price
Rental and service expenses	1,805	198	639	10	Market price

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the nine-month periods ended 30 September				Transfer pricing policy
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Service income	-	-	72,564	70,069	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Dividend received	-	-	3,405,265	1,806,185	As declared
Condominium rental expenses	-	-	7,162	8,019	Market price
<u>Transactions with related companies</u>					
Dividend received	12,807	8,339	-	-	As declared
Air ticket expenses	12,921	19,143	2,401	3,360	Market price
Rental and service expenses	4,810	1,335	2,463	887	Market price

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The balances of the accounts as at 30 September 2007 and 31 December 2006 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	31 December			30 September
	2006	Increase	Decrease	2007
<u>Receivable from and advances to subsidiaries</u>				
Precious Stones Shipping Limited	184,648	29,582	130,519	83,711
Precious Minerals Limited	96,574	133,261	228,068	1,767
Precious Lands Limited	1,206	-	1,206	-
Precious Rivers Limited	98,251	-	98,251	-
Precious Lakes Limited	2,081	110,893	99,178	13,796
Precious Seas Limited	1,942	-	1,942	-
Precious Stars Limited	1,368	129,006	126,003	4,371
Precious Planets Limited	2,418	-	2,418	-
Precious Diamonds Limited	125,440	783,538	878,223	30,755
Precious Sapphires Limited	55,487	57,818	113,023	282
Precious Emeralds Limited	350,626	223,955	355,835	218,746
Precious Rubies Limited	2,777	-	2,777	-
Precious Garnets Limited	317,703	-	317,703	-
Precious Pearls Limited	2,958	-	2,958	-
Precious Flowers Limited	1,667	-	1,667	-
Precious Forests Limited	1,867	-	1,867	-
Precious Trees Limited	1,772	-	1,772	-
Precious Ponds Limited	1,868	-	1,868	-
Precious Orchids Limited	2,630	-	2,630	-
Precious Lagoons Limited	12,313	64,496	72,255	4,554
Precious Cliffs Limited	1,143	88,569	66,853	22,859
Precious Hills Limited	1,904	98,774	70,126	30,552
Precious Mountains Limited	585	94,020	85,119	9,486
Precious Resorts Limited	32,468	55,530	67,376	20,622
Precious Cities Limited	17,676	111,257	122,826	6,107

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(Unit: Thousand Baht)

	Separate financial statements			
	31 December			30 September
	2006	Increase	Decrease	2007
Precious Comets Limited	1,013	-	1,013	-
Precious Ornaments Limited	188	-	188	-
Nedtex Limited	86	12	-	98
Precious Storage Terminals Limited	42	13	-	55
Thebes Pte. Limited	845	46	-	891
Precious Shipping (Panama) S.A.	-	265,627	43,466	222,161
Precious Shipping (Mauritius) Limited	135,612	816	16,182	120,246
Precious Shipping (UK) Limited	101,338	1,021	8,025	94,334
Great Circle Shipping Agency Limited	199,436	16,782	3,317	212,901
Total	1,757,932	2,265,016	2,924,654	1,098,294
<i>Payable to and advances from subsidiaries</i>				
Precious Metals Limited	38,393	404,576	318,801	124,168
Precious Wishes Limited	21,292	432,646	383,391	70,547
Precious Lands Limited	-	225,009	206,108	18,901
Precious Rivers Limited	-	538,128	493,287	44,841
Precious Seas Limited	-	116,657	109,592	7,065
Precious Oceans Limited	67,793	298,941	283,372	83,362
Precious Planets Limited	-	213,848	199,234	14,614
Precious Rubies Limited	-	159,069	115,278	43,791
Precious Opals Limited	39,472	161,361	144,896	55,937
Precious Garnets Limited	-	561,553	547,972	13,581
Precious Pearls Limited	-	573,189	490,358	82,831
Precious Flowers Limited	-	607,928	524,349	83,579
Precious Forests Limited	-	536,100	451,449	84,651
Precious Trees Limited	-	413,338	329,508	83,830
Precious Ponds Limited	-	472,805	390,565	82,240
Precious Ventures Limited	57,718	479,227	453,887	83,058
Precious Capitals Limited	13,037	368,572	302,049	79,560
Precious Jasmines Limited	36,272	336,147	289,216	83,203

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(Unit: Thousand Baht)

	Separate financial statements			
	31 December		30 September	
	2006	Increase	Decrease	2007
Precious Orchids Limited	-	246,785	219,748	27,037
Precious Comets Limited	-	137,997	114,579	23,418
Precious Ornaments Limited	-	125,020	114,466	10,554
Precious Shipping (Panama) S.A.	14,103	-	14,103	-
Precious Shipping (Singapore) Pte. Limited	291,062	263,735	119,797	435,000
Total	579,142	7,672,631	6,616,005	1,635,768

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. No interest was charged on advances to/from subsidiaries.

Directors and management's remuneration

During the periods, the Company and subsidiaries paid salaries, bonus, personal income tax, house rental, contributions to provident fund, other allowance, and meeting allowances to their directors and management. Details of payment made can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September			
	2007	2006	2007	2006
Directors	5,278	4,354	5,278	4,354
Management	85,104	46,989	74,729	41,005
Total	90,382	51,343	80,007	45,359

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6. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE HELD BY A SUBSIDIARY

These represent investments in ordinary shares in the following subsidiaries and associate held by a subsidiary:

(Unit: Thousand Baht)

	Separate financial statements							
	Shareholding						Dividend received	
	Paid-up capital		percentage		Cost			
	30	31	30	31	30	31	For the nine-month periods	
	September	December	September	December	September	December	ended 30 September	
	2007	2006	2007	2006	2007	2006	2007	2006
			Percent	Percent				
<u>Investments in subsidiaries</u>								
Precious Metals Limited	250,000	250,000	99.99	99.99	250,000	250,000	63,750	136,250
Precious Wishes Limited	230,000	230,000	99.99	99.99	229,999	229,999	110,400	93,150
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	260,000	260,000	-	-
Precious Minerals Limited	230,000	230,000	99.99	99.99	230,000	230,000	94,300	-
Precious Lands Limited	84,000	84,000	99.99	99.99	84,000	84,000	61,739	28,560
Precious Rivers Limited	234,000	234,000	99.99	99.99	234,000	234,000	156,779	-
Precious Lakes Limited	99,000	99,000	99.99	99.99	99,000	99,000	64,350	17,820
Precious Seas Limited	100,000	100,000	99.99	99.99	100,000	100,000	89,999	130,999
Precious Stars Limited	105,000	105,000	99.99	99.99	105,000	105,000	94,499	68,249
Precious Oceans Limited	175,000	175,000	99.99	99.99	175,000	175,000	70,000	119,874
Precious Planets Limited	100,000	100,000	99.99	99.99	100,000	100,000	137,999	55,000
Precious Diamonds Limited	205,000	205,000	99.99	99.99	205,000	205,000	32,800	71,750
Precious Sapphires Limited	144,000	144,000	99.99	99.99	143,999	143,999	38,880	-
Precious Emeralds Limited	366,000	366,000	99.99	99.99	366,000	366,000	-	-
Precious Rubies Limited	84,000	84,000	99.99	99.9	84,000	84,000	50,400	17,640
Precious Opals Limited	74,000	74,000	99.99	99.99	74,000	74,000	66,969	53,649
Precious Garnets Limited	379,000	379,000	99.99	99.99	378,999	378,999	-	-
Precious Pearls Limited	73,000	73,000	99.99	99.99	72,999	72,999	183,228	18,250
Precious Flowers Limited	76,000	76,000	99.99	99.99	75,999	75,999	281,198	83,219
Precious Forests Limited	96,000	96,000	99.99	99.99	95,999	95,999	167,999	83,519
Precious Trees Limited	80,000	80,000	99.99	99.99	79,999	79,999	295,198	-
Precious Ponds Limited	84,000	84,000	99.99	99.99	83,999	83,999	146,999	30,240
Precious Ventures Limited	80,000	80,000	99.99	99.99	79,999	79,999	224,798	71,999
Precious Capitals Limited	200,000	200,000	99.99	99.99	199,999	199,999	209,999	246,999
Precious Jasmines Limited	98,000	98,000	99.99	99.99	97,999	97,999	154,349	144,059
Precious Orchids Limited	217,000	217,000	99.99	99.99	216,999	216,999	167,089	-

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(Unit: Thousand Baht)

Separate financial statements								
	Shareholding							
	Paid-up capital		percentage		Cost		Dividend received	
	30 September	31 December	30 September	31 December	30 September	31 December	For the nine-month periods ended 30 September	
	2007	2006	2007	2006	2007	2006	2007	2006
			Percent	Percent				
Precious Lagoons Limited	140,000	140,000	99.99	99.99	139,999	139,999	46,200	57,400
Precious Cliffs Limited	140,000	140,000	99.99	99.99	139,999	139,999	63,000	91,000
Precious Hills Limited	140,000	140,000	99.99	99.99	139,999	139,999	65,800	56,000
Precious Mountains Limited	140,000	140,000	99.99	99.99	139,999	139,999	67,200	23,800
Precious Resorts Limited	140,000	140,000	99.99	99.99	139,999	139,999	35,000	-
Precious Cities Limited	170,000	170,000	99.99	99.99	169,999	169,999	85,000	27,200
Precious Comets Limited	71,100	71,100	99.99	99.99	71,099	71,099	40,527	53,680
Precious Ornaments Limited	68,100	68,100	99.99	99.99	68,099	68,099	38,817	25,879
Nedtex Limited	2,500	2,500	69.99	69.99	648	648	-	-
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	4,199	4,199	-	-
Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	0.0365	0.0365	-	-
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	250	250	-	-
Precious Shipping (Mauritius) Limited	250	250	100.00	100.00	250	250	-	-
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	363,338	363,338	-	-
Precious Shipping (UK) Limited	250	250	99.99	99.99	250	250	-	-
Great Circle Shipping Agency Limited	15,000	15,000	99.99	99.99	121,995	121,995	-	-
Precious Projects Pte. Limited	0.0345	-	100.00	-	0.0345	-	-	-
Total investments in subsidiaries					5,623,110	5,623,110	<u>3,405,265</u>	<u>1,806,185</u>
Less: Allowance for loss on investments in subsidiaries					(5,097)	(5,097)		
Total investments in subsidiaries - net					<u>5,618,013</u>	<u>5,618,013</u>		

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

In February 2007, an overseas subsidiary (Precious Shipping (Singapore) Pte. Limited) received dividend amounting to SGD 0.3 million from its subsidiary (PSL Thun Shipping Pte. Limited).

In July 2007, the Company acquired a 100 percent equity interest in Precious Projects Pte. Ltd., a company registered in Singapore, at a cost of USD 1. The principal activity of this company is the issue and sale of debentures, as discussed in Note 9.

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(Unit: Thousand Baht)

Consolidated financial statements									
Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method		Dividend received	
30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	For the nine-month periods ended 30 September	
Thousand INR	Thousand INR	Percent	Percent					2007	2006
<i>Investment in associate held by a subsidiary</i>									
International Seaports (Haldia) Private Limited									
440,580	440,580	22.40	22.40	87,701	87,701	122,331	119,768	12,807	8,339

Share of income from investment in associate held by a subsidiary included in the consolidated income statements for the three-month and nine-month periods ended 30 September 2007, amounting to Baht 10.3 million and Baht 15.4 million, respectively (2006: share of income amounting to Baht 10.5 million and Baht 10.1 million, respectively), included in the consolidated income statements were calculated based on the financial statements as at 30 June 2007 and 2006, respectively, prepared by the management of that company and not reviewed by its auditor.

7. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2007	11,023,852	60,339
Acquisitions of equipment and payment of dry-dock and special survey expenses during period - at cost	580,643	13,242
Disposals during period - net book value at disposal date	(421,188)	-
Depreciation for period	(1,370,247)	(5,635)
Net book value as at 30 September 2007	9,813,060	67,946

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In 2006 a subsidiary arranged for an independent professional valuer to appraise the value of its land and condominium, using the Fair Market Approach. Had the land and condominium been carried in the financial statements based on historical cost, their net book value as of 30 September 2007 and 31 December 2006 would have been as follows:

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>	
	<u>30 September</u> <u>2007</u>	<u>31 December</u> <u>2006</u>
Land and condominium	<u>40,911</u>	<u>44,520</u>

As at 31 December 2006, the subsidiaries were in the process of releasing the mortgages on 24 vessels with net book values totaling Baht 4,713.7 million. During the current period, the process of releasing the mortgages of the vessels has been completed.

8. LONG-TERM LOANS

On 18 January and 21 May 2007, the Company and local subsidiaries entered into a main agreement and an amendment and restatement agreement, respectively with local commercial banks to obtain credit facilities, as detailed below.

- a) A term loan of USD 300 million carrying interest at LIBOR plus 2.2 percent per annum. The loan is to be used to pay for purchases of vessels and is to be drawn down within 12 months from the date of the agreement, and is to be repaid in quarterly installments over a period of 12 years (commencing after the completion of a grace period of one year from the date of first drawdown), in accordance with the proportionate amounts stipulated in the agreement.
- b) A foreign currency exchange facility of USD 5 million.

The credit facilities have to be secured by the mortgage of the subsidiaries' vessels, the pledge of the subsidiaries' shares, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders when the facility is drawn down.

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The credit facility agreements contain covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios such as:

- a) Maintenance of a total debt to total shareholders' equity ratio not exceeding 2:1.
- b) Maintenance of a total debt to EBITDA ratio not exceeding 5:1.
- c) Maintenance of minimum free liquidity of USD 100,000 per vessel.
- d) Maintenance of a debt service coverage ratio of at least 1:1.

As at 30 September 2007, no draw down has been made from the facilities.

During the current period, the Company paid front end fees to the lenders and advisory fees to advisors totaling Baht 298.0 million which has been recorded in the "Deferred financial fees" account in non-current assets in the balance sheet. The Company will be reimbursed such fees from its subsidiaries based on the portion of loan to be drawn down by subsidiaries.

9. DEBENTURES

On 6 July 2007, the Extraordinary General Meeting of shareholders passed a resolution to approve the Company or a newly established subsidiary of the Company to issue debentures in an amount not exceeding USD 1,000 million or the equivalent in another currency to foreign investors, and to empower the Board of Directors to subsequently determine details of the debenture issue and offering such as the nature of the debentures, the value, the currency, the interest rate, the maturity, the redemption period, the selling method, the subscription period, the allocation method and others. As at 30 September 2007, the debentures have yet to be issued by either the Company or the subsidiary.

During the current period, the Company paid expenses of the debenture issue amounting to Baht 5.3 million, recording them in the "Deferred financial fees" account in non-current assets in the balance sheet. The Company will be reimbursed such expenses from its subsidiaries in proportion to the amount of debentures which they issue in the future.

10. SHARE CAPITAL AND STOCK DIVIDEND

10.1 On 24 April 2007, the Annual General Meeting of shareholders passed the following resolutions.

- a) Approval to increase the registered share capital from Baht 520 million to Baht 1,040 million, through the issue of 520 million shares with a par value of Baht 1 each, to support the payment of a stock dividend. The Company registered the increase in its share capital with the Ministry of Commerce on 27 April 2007.

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- b) Approval of the distribution of a stock dividend in respect of the 2006 income, with Baht 520 million to be transferred from retained earnings for allocation as a stock dividend with a par value of Baht 1 each to be distributed for every existing share held, totaling 520 million shares. As at the closing date of the share register, 519,520,600 of the Company's ordinary shares were qualified to receive stock dividend, after deduction of 479,400 shares disqualified to receive this stock dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (520,000,000 shares). The total stock dividend paid was thus Baht 519.5 million. In addition, the Company applied to the Stock Exchange of Thailand to register the additional 519,520,600 shares as listed securities and the approval was granted to the Company on 3 May 2007.

- 10.2 On 6 July 2007, the Extraordinary General Meeting of shareholders passed a resolution to approve the decrease of registered share capital from Baht 1,040,000,000 to Baht 1,039,520,600 by means of cancelling 479,400 authorised but unissued shares with a par value of Baht 1 each which the Company had not been able to allocate because it could not identify the eligible shareholders. The Company already registered the decrease in its capital with the Ministry of Commerce on 13 July 2007.

11. TREASURY STOCK

Details of treasury stock are as follows:

	Consolidated financial statements / Separate financial statements	
	30 September 2007	31 December 2006
Value of treasury stock (Baht)	-	414,918,176
Number of treasury shares (Shares)	-	12,318,600
Average cost per share (Baht)	-	33.6823
The percentage of number of treasury shares to the share capital issued by the Company	-	2.37

(UNAUDITED BUT REVIEWED)

During the current period, the Company disposed 12.3 million treasury shares with cost of Baht 414.9 million at total price of Baht 566.2 million. The resale of the treasury shares was done on the Stock Market at prevailing market prices at the time of sale. The Company realised Baht 151.3 million as a gain on the aforesaid shares which has been presented as “Premium on treasury stock” in the shareholders’ equity, and reversed treasury stock reserve to unappropriated retained earnings.

12. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the period by the weighted average number of ordinary shares held by outside shareholders in issue during the period net of treasury stock held by the Company and adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of stock dividend, as discussed in Note 10. The number of ordinary shares of the prior period has been adjusted as if the stock dividend had been distributed at the beginning of the earliest period reported.

13. SEGMENT INFORMATION

The Company and subsidiaries' operations involve the business of owning and internationally operating (chartering) small handy sized dry bulk ships, on a tramp shipping basis without any set routes. This is the only industry segment in which the Company and subsidiaries mainly operate and almost entire revenues are generated from this segment. As such, no segmental bifurcation is applicable since the operations are mainly limited to only one aforesaid segment.

The business activity in the segment, i.e. the chartering of the ships, is undertaken in two ways, viz., Time charter and Voyage charter. Under Time charter, the charterer (customer) pays charter hire (at an agreed daily rate, almost always in US Dollars) to operate the vessel for an agreed time period. In this case, the charterer bears all voyage expenses including port disbursements and costs of bunker oil. Under Voyage charter, the charterer pays freight on a per ton basis (almost always in US Dollars) to transport a particular cargo between two or more designated ports. In this case, the Company (or subsidiary) bears all the voyage expenses. The voyage expenses are presented in the financial statements as voyage disbursements and bunker consumption. Under Time charter, the ship routes are determined or controlled exclusively by the charterers and under Voyage charters, the route varies from time to time for each voyage, which is determined by a number of factors which are totally beyond the Company's and subsidiaries' control. As such, reporting by geographical segments would not be practical or meaningful, and could in fact be misleading.

(UNAUDITED BUT REVIEWED)

In view of the above, segment information is limited to the bifurcation of the total vessel operating income (and voyage expenses in respect of Voyage charter) for the three-month and nine-month periods ended 30 September 2007 and 2006 derived from Time charter and Voyage charter presented as “Hire income” and “Freight income” respectively, as under:

(Unit: Thousand Baht)

	Consolidated financial statements									
	For the three-month periods ended 30 September									
	Time charter		Voyage charter		Total		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Hire income	1,730,047	1,873,600	-	-	1,730,047	1,873,600	-	-	1,730,047	1,873,600
Freight income	-	-	25,418	795,189	25,418	795,189	8,740	(228,076)	34,158	567,113
Total vessel operating income	1,730,047	1,873,600	25,418	795,189	1,755,465	2,668,789	8,740	(228,076)	1,764,205	2,440,713
Voyage disbursements	-	-	215	(313,596)	215	(313,596)	(8,740)	228,076	(8,525)	(85,520)
Bunker consumption	-	-	(2,445)	(146,893)	(2,445)	(146,893)	-	-	(2,445)	(146,893)
Total voyage expenses	-	-	(2,230)	(460,489)	(2,230)	(460,489)	(8,740)	228,076	(10,970)	(232,413)
Net vessel operating income/time charter equivalent income	1,730,047	1,873,600	23,188	334,700	1,753,235	2,208,300	-	-	1,753,235	2,208,300

(Unit: Thousand Baht)

	Consolidated financial statements									
	For the nine-month periods ended 30 September									
	Time charter		Voyage charter		Total		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Hire income	5,122,936	5,087,493	-	-	5,122,936	5,087,493	-	-	5,122,936	5,087,493
Freight income	-	-	314,302	2,288,010	314,302	2,288,010	(54,384)	(639,471)	259,918	1,648,539
Total vessel operating income	5,122,936	5,087,493	314,302	2,288,010	5,437,238	7,375,503	(54,384)	(639,471)	5,382,854	6,736,032
Voyage disbursements	-	-	(89,309)	(923,360)	(89,309)	(923,360)	54,384	639,471	(34,925)	(283,889)
Bunker consumption	-	-	(49,841)	(418,930)	(49,841)	(418,930)	-	-	(49,841)	(418,930)
Total voyage expenses	-	-	(139,150)	(1,342,290)	(139,150)	(1,342,290)	54,384	639,471	(84,766)	(702,819)
Net vessel operating income/time charter										
equivalent income	5,122,936	5,087,493	175,152	945,720	5,298,088	6,033,213	-	-	5,298,088	6,033,213

(UNAUDITED BUT REVIEWED)

14. CASH DIVIDENDS

Dividends declared in the nine-month period ended of 30 September 2007 consist of the following:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
a) Interim dividends on operating results for the six-month period ended 30 June 2007	Board of Directors' meeting on 8 August 2007	<u>519.7</u>	<u>0.50</u>

As at the closing date of the share register, 1,039,369,600 of the Company's ordinary shares were qualified to receive dividend, after deduction of 151,000 shares disqualified to receive this dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 519.7 million.

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
b) Interim dividends on operating results for the three-month period ended 31 March 2007	Board of Directors' meeting on 7 May 2007	<u>519.5</u>	<u>0.50</u>

As at the closing date of the share register, 1,039,040,700 of the Company's ordinary shares were qualified to receive dividend, after deduction of 479,900 shares disqualified to receive this dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 519.5 million.

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
c) Final dividends of 2006 income	Annual General Meeting of the shareholders on 24 April 2007	<u>1,096.2</u>	<u>2.11</u>

(UNAUDITED BUT REVIEWED)

As at the closing date of the share register, 519,520,600 of the Company's ordinary shares were qualified to receive dividend, after deduction of 479,400 shares disqualified to receive this dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (520,000,000 shares). The total dividend paid was thus Baht 1,096.2 million.

Dividends declared in the nine-month period ended 30 September 2006 consist of the following:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
d) Interim dividends on operating results for the six-month period ended 30 June 2006	Board of Directors' meeting on 28 August 2006	<u>506.1</u>	<u>1.00</u>

As at the closing date of the share register, 506,132,700 of the Company's ordinary shares were qualified to receive dividend, after deduction of 13,386,300 shares held by the Company as treasury stock and 481,000 shares disqualified to receive this dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (520,000,000 shares). The total dividend paid was thus Baht 506.1 million.

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
e) Final dividends of 2005 income	Annual General Meeting of the shareholders on 20 April 2006	<u>784.5</u>	<u>1.55</u>

As at the closing date of the share register, 506,131,700 of the Company's ordinary shares were qualified to receive dividend, after deduction of 13,386,300 shares held by the Company as treasury stock and 482,000 shares disqualified to receive this dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (520,000,000 shares). The total dividend paid was thus Baht 784.5 million.

15. COMMITMENTS AND CONTINGENT LIABILITIES

15.1 Financial derivatives

Treasury Rate Lock Agreements

A Treasury Lock is a type of financial instrument executed with a bank, for a forward sale of a U.S. Treasury note or bond which is settled for an amount based on the difference between an agreed Treasury rate (referred to as the lock rate) and the prevailing Treasury rates at the time of settlement. If, at the contract's settlement date, the prevailing rate is higher than the agreed upon rate, the bank will pay an amount based upon the difference in the two rates. However, if the prevailing Treasury rate is lower than the lock rate, the bank will receive the difference. The Treasury Lock is generally used as a hedging tool by companies to "lock in" the Treasury rate which is expected to serve as the basis for the pricing of a public or private debt issue.

For the proposed issue of Debentures which was recently approved by the shareholders of the Company, with the intention of locking in the Treasury rate, which would have been the basis of pricing of the Debentures, 2 local subsidiaries entered into Treasury Lock Contracts with a branch of a foreign bank for an aggregate principal amount of USD 200 million. The contracts were for a period of not over 3 months, maturing on 25 October 2007 (maturity date) and guaranteed by the Company. As at the settlement date, the subsidiaries were required to pay an amount to the bank based on the lock rate stipulated in the contracts of 5.03 percent. As at 30 September 2007, the prevailing Treasury rate was 4.588 percent, and in order to mark the contract to market value, the subsidiaries have provided for an estimated loss under the Treasury Lock Contracts of approximately USD 6.8 million (approximately Baht 235.3 million), which has been recorded under "Provisions for loss on financial instruments" in current liabilities in the balance sheet and "Loss on financial instruments" in the income statement, in equal amounts.

In October 2007, the subsidiaries unwinded the Treasury Lock Contracts with the bank in stages, for different principal amounts on different dates during October, but before the maturity date, aggregating to the entire principal amount of USD 200 million and paid the actual loss on these financial instruments, amounting to USD 7.1 million (approximately Baht 242.0 million).

(UNAUDITED BUT REVIEWED)

15.2 Vessel building contracts commitments

On 20 July and 14 September 2007, the Company entered into 15 contracts with a builder to construct 15 vessels (12 handysize vessels and 3 supramax vessels) classified as bulk carriers at an aggregate price of approximately USD 474 million (or approximately USD 30 million per handysize vessel and USD 38 million per supramax vessel). The contract price will be paid in 5 installments of 20 percent each, with each installment (except the fifth) paid only on the submission of a bank guarantee in favour of the Company, guaranteeing the refund of each installment (with interest at 7.5 percent per annum) in case of a failure by the builder to perform per the contract. The vessels are expected to be delivered in the years 2010 to 2013. However, if the builder can deliver the vessels earlier, the Company has to pay an aggregate sum of incentive amount not exceeding USD 14.9 million to the builder for all the 15 vessels.

During the current period, the Company made partial payment of installments to the builder, amounting to USD 30 million (approximately Baht 1,024.3 million), recording such amounts under "Advances for vessel construction" in non-current assets in the balance sheet. Therefore, as at 30 September 2007, the Company's future minimum payment commitments under these contracts amount to USD 444.0 million (approximately Baht 15,267.0 million).

15.3 Obligations in respect of charges for management of the undrawn portion of loan facilities

As at 30 September 2007, the Company and its subsidiaries had obligations in respect of the charges for management of the undrawn portion of loan facilities, which can be summarised as follows:

Facility	Percentage of obligation	Maximum facility amount per contract (million USD)	Undrawn loan balance as at 30 September 2007 (million USD)	Term of payment	Drawdown period ending
Facility 1	30 percent of the applicable margin per annum on the difference between the facility outstanding and the applicable maximum facility amount	250	250	Every three month starting from 22 August 2005 until the end of the drawdown period	31 December 2007
Facility 2	0.375 percent per annum of undrawn loan balance	300	300	Quarterly starting from 18 January 2007 until the end of the drawdown period	18 January 2008

(UNAUDITED BUT REVIEWED)

15.4 Uncalled portion of other long-term investment

As at 30 September 2007, the Company has a commitment of Baht 10.1 million in respect of the uncalled portion of other long-term investment (31 December 2006: Baht 10.1 million).

16. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's authorised directors on 1 November 2007.