



**Baker Tilly Corporate Advisory Services (Thailand) Limited**

**Precious Shipping Public Company Limited**

**USD Restatement Report for the Nine-Month Periods Ended  
30<sup>th</sup> September 2010**

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## **NOTICE TO ALL RECIPIENTS**

### **SCOPE OF WORK**

Baker Tilly Corporate Advisory Services (Thailand) Limited (“BTCAS”) has not performed an audit examination of Precious Shipping Public Company Limited’s (“PSL” or “the Company”) accounts or of the management information, nor has BTCAS verified the underlying transactions. Therefore, BTCAS give no opinion on the financial statements. This is only a restatement of the Thai Baht audited financial statements into US dollars.

In no event shall BTCAS be liable for any loss liability, cost, damage or expense arising in any way from fraudulent acts, misrepresentation or willful default on the part of the Company, its directors, employees, or agents.

The Report has been prepared for the use of the Company, its creditors, legal and financial advisors. BTCAS does not accept any responsibility or liability to other parties.

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## **1. EXECUTIVE SUMMARY**

Precious Shipping Public Company Limited (“PSL” or “the Company”) on 3 February 2004 engaged Baker Tilly Corporate Advisory Services (Thailand) Limited<sup>1</sup> (formerly Baker Tilly FAS (Thailand) Limited) (“BTCAS”) to prepare a quarterly report on the restatement of the Thai Baht audited / reviewed consolidated financial statements into US dollars, prepared by the Company. The engagement includes a review of the Company’s mathematical calculation and the basis of US dollar restatement of both the balance sheet and income statement.

Accordingly, a summary of the basis of the restatement of the Thai Baht financial statements into US dollars is attached- see Appendix 2.

BTCAS has undertaken to report on its review of the restated US dollar consolidated financial statements for the nine-month periods ended 30<sup>th</sup> September 2010. In undertaking the above, BTCAS was accorded the full assistance and co-operation of the PSL staff and management.

The restated US dollar Balance Sheet as at 30<sup>th</sup> September 2010 indicates that the total assets and liabilities of PSL were US\$ 664 million and US\$ 174 million, respectively. The equity of PSL as at 30<sup>th</sup> September 2010 was therefore US\$ 490 million.

With regards to the income statement, PSL’s total revenue and expenses, excluding interest and finance cost, for the nine-month periods ended 30<sup>th</sup> September 2010 were US\$ 84 million and US\$ 46 million, respectively. Net income, after deducting interest and finance cost and corporate income tax of US\$ 10 million, equates to US\$ 28 million. The retained earnings at the end of the period stood at US\$ 405 million.

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<sup>1</sup> Baker Tilly FAS (Thailand) Limited changed its name to Baker Tilly Corporate Advisory Services (Thailand) Limited effective from 25 April 2006.

## FINANCIAL STATEMENTS

**Table 1: Consolidated Balance Sheet as at 30<sup>th</sup> September 2010 – Assets**

Assets	30/09/2010		31/12/2009	
	BAHT	US\$	BAHT	US\$
Current assets				
Cash and cash equivalents	5,322,530,353	175,811,349	5,876,282,201	176,886,164
Current investments - net	-	-	-	-
Trade accounts receivable - net	8,400,959	277,497	42,078,391	1,266,632
Other current assets				
Advances to vessel masters	42,879,585	1,416,379	54,093,717	1,628,314
Claim recoverables	17,296,958	571,345	35,304,785	1,062,734
Others	47,342,741	1,563,803	35,959,713	1,082,449
<i>Total other current assets</i>	<i>107,519,284</i>	<i>3,551,527</i>	<i>125,358,215</i>	<i>3,773,497</i>
<i>Total current assets</i>	<i>5,438,450,596</i>	<i>179,640,373</i>	<i>6,043,718,807</i>	<i>181,926,293</i>
Non-current assets				
Investment in associate held by a subsidiary	152,835,220	3,800,851	143,219,374	3,508,740
Other long-term investment	10,130,430	260,212	10,130,430	260,212
Receivables from cross currency swap contracts - net	99,744,480	3,724,844	-	-
Property, building and equipment at cost				
Vessels and vessels equipment	11,571,308,485	342,158,618	12,225,818,775	357,873,703
Drydock and special survey	613,395,927	18,191,686	740,517,966	21,758,957
Office equipment	31,542,829	1,041,908	27,958,925	841,612
Leasehold improvement	13,661,808	451,271	13,661,808	411,244
Vehicles	20,074,283	663,084	20,074,283	604,270
Buildings and improvement	446,776,142	14,719,758	446,527,928	14,710,024
Furniture and fixtures	28,376,801	937,329	28,153,256	847,461
<i>Total</i>	<i>12,725,136,275</i>	<i>378,163,654</i>	<i>13,502,712,941</i>	<i>397,047,271</i>
Less: Accumulated depreciation	(5,064,617,443)	(157,724,063)	(5,721,790,473)	(175,835,167)
<i>Property, building and equipment - net</i>	<i>7,660,518,832</i>	<i>220,439,591</i>	<i>7,780,922,468</i>	<i>221,212,104</i>
Other non-current assets				
Computer software - net	39,487,904	1,304,346	46,911,635	1,412,121
Advances for vessel constructions	8,320,599,388	243,724,669	7,809,282,007	227,557,748
Deferred financial fees - net	372,620,924	10,774,230	291,253,234	8,274,534
Advance for share acquisition in associate held by a subsidiary	-	-	11,538,699	329,882
Others	2,921,834	96,513	3,152,306	94,890
<i>Total other non-current assets</i>	<i>8,735,630,050</i>	<i>255,899,758</i>	<i>8,162,137,881</i>	<i>237,669,175</i>
<i>Total non-current assets</i>	<i>16,658,859,012</i>	<i>484,125,256</i>	<i>16,096,410,153</i>	<i>462,650,231</i>
<i>Total Assets</i>	<i>22,097,309,608</i>	<i>663,765,629</i>	<i>22,140,128,960</i>	<i>644,576,524</i>

**Table 2: Consolidated Balance Sheet as at 30<sup>th</sup> September 2010 – Liabilities and Shareholders' Equity**

Liabilities and Shareholders' Equity	30/09/2010		31/12/2009	
	BAHT	US\$	BAHT	US\$
<b>Liabilities</b>				
Current liabilities				
Trade accounts payable	24,569,742	804,041	44,727,575	1,334,482
Current portion of long-term loans	134,175,274	4,406,270	14,863,823	444,299
Advances received from charterers	58,289,575	1,907,519	79,029,033	2,357,893
Other current liabilities				
Advances received from vessel sale	-	-	29,158,895	869,979
Accrued crew accounts	39,629,256	1,296,862	49,382,671	1,473,371
Current portion of accrued employee benefits	135,123,005	4,421,883	165,690,296	4,943,500
Accrued expenses	27,899,242	912,999	45,489,571	1,357,217
Provision for income tax	2,654,643	86,873	24,631,203	734,891
Withholding tax payable	17,833,065	583,585	31,427,877	937,675
Others	12,789,649	418,539	19,347,683	577,253
<i>Total other current liabilities</i>	<i>235,928,860</i>	<i>7,720,741</i>	<i>365,128,196</i>	<i>10,893,886</i>
<i>Total current liabilities</i>	<i>452,963,451</i>	<i>14,838,571</i>	<i>503,748,627</i>	<i>15,030,560</i>
Non-current liabilities				
Accrued employee benefits - net of current portion	68,866,065	2,253,633	173,011,023	5,161,920
Provisions for maritime claims	27,204,082	890,250	42,050,177	1,254,600
Payables to cross currency swap contracts - net	-	-	8,124,620	47,140
Long-term loans - net of current portion	4,769,319,295	156,294,679	4,276,834,978	127,637,514
<i>Total non-current liabilities</i>	<i>4,865,389,442</i>	<i>159,438,562</i>	<i>4,500,020,798</i>	<i>134,101,174</i>
<i>Total Liabilities</i>	<i>5,318,352,893</i>	<i>174,277,133</i>	<i>5,003,769,425</i>	<i>149,131,734</i>
<b>Shareholders' Equity</b>				
Share capital - Issued and paid-up	1,039,520,600	35,308,137	1,039,520,600	35,308,137
Paid-in capital				
Premium on ordinary shares	411,429,745	16,134,500	411,429,745	16,134,500
Premium on treasury stock	172,445,812	4,818,466	172,445,812	4,818,466
Revaluation surplus on assets of subsidiary - net	161,444,388	4,674,191	203,452,059	5,897,294
Translation adjustments	(16,952,941)	5,350,127	(22,850,674)	6,210,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	103,952,060	2,796,327	103,952,060	2,796,327
Statutory reserve - subsidiaries	518,120,000	14,310,471	513,220,000	14,161,363
Corporate social responsibility reserve	14,623,168	433,730	37,782,784	1,086,170
Unappropriated	14,342,104,139	404,606,524	14,652,874,052	408,299,750
<i>Total equity attributable to the Company's shareholders</i>	<i>16,746,686,971</i>	<i>488,432,473</i>	<i>17,111,826,438</i>	<i>494,712,826</i>
Minority interest - equity attributable to minority shareholders of subsidiaries	32,269,744	1,056,023	24,533,097	731,964
<i>Total Shareholders' Equity</i>	<i>16,778,956,715</i>	<i>489,488,496</i>	<i>17,136,359,535</i>	<i>495,444,790</i>
<i>Total Liabilities and Shareholders' Equity</i>	<i>22,097,309,608</i>	<i>663,765,629</i>	<i>22,140,128,960</i>	<i>644,576,524</i>

**Table 3: Consolidated Income Statement for the Three-Month Periods  
Ended 30<sup>th</sup> September 2010 and 2009**

Consolidated Income Statement	3 Months to 30/09/2010		3 Months to 30/09/2009	
	BAHT	US\$	BAHT	US\$
<b>Revenues</b>				
Vessel operating income				
Hire income	738,692,013	22,985,932	1,082,324,467	31,814,732
Freight income	-	-	76,118,743	2,237,497
<i>Total vessel operating income</i>	<i>738,692,013</i>	<i>22,985,932</i>	<i>1,158,443,210</i>	<i>34,052,229</i>
Service income	4,842,922	150,698	2,603,909	76,541
Gains on sales of vessels and equipment	-	-	221,899,874	6,986,730
Interest income	6,678,627	207,819	9,418,064	276,842
Exchange gains	-	13,175	9,632,082	-
Other income	6,625	206	3,365	99
<i>Total revenues</i>	<i>750,220,187</i>	<i>23,357,830</i>	<i>1,402,000,504</i>	<i>41,392,441</i>
<b>Expenses</b>				
Vessel operating costs				
Vessel running expenses	198,589,357	6,179,519	333,647,586	9,807,511
Voyage disbursements	5,559,575	172,998	12,952,023	380,722
Bunker consumption	-	-	9,368,180	275,376
<i>Total vessel operating costs</i>	<i>204,148,932</i>	<i>6,352,517</i>	<i>355,967,789</i>	<i>10,463,609</i>
Depreciation	202,418,895	5,876,065	216,632,795	6,179,564
Cost of services	893,989	27,818	2,244,616	65,980
Administrative expenses	41,467,988	1,290,362	54,314,616	1,596,568
Management remuneration including perquisites	23,508,387	731,512	29,094,606	855,231
Bad debts and doubtful accounts (reversal)	642,846	20,004	(11,888)	(349)
Exchange losses	40,792,215	-	-	1,977
<i>Total expenses</i>	<i>513,873,252</i>	<i>14,298,278</i>	<i>658,242,534</i>	<i>19,162,580</i>
<i>Income before share of income from investment in associate</i>	<i>236,346,935</i>	<i>9,059,552</i>	<i>743,757,970</i>	<i>22,229,861</i>
Share of income from investment in associate held by a subsidiary	6,280,308	193,108	6,896,028	198,383
<i>Income before finance cost and corporate income tax</i>	<i>242,627,243</i>	<i>9,252,660</i>	<i>750,653,998</i>	<i>22,428,244</i>
Less: Finance cost	(66,217,017)	(2,060,480)	(47,418,614)	(1,393,862)
<i>Income before corporate income tax</i>	<i>176,410,226</i>	<i>7,192,180</i>	<i>703,235,384</i>	<i>21,034,382</i>
Less: Corporate income tax	(637,336)	(19,832)	4,531,082	133,190
<i>Net income for the period</i>	<i>175,772,890</i>	<i>7,172,348</i>	<i>707,766,466</i>	<i>21,167,572</i>
<b>Net income attributable to:</b>				
Equity holders of the parent	173,903,539	7,114,179	703,108,716	21,030,658
Minority interests of the subsidiaries	1,869,351	58,169	4,657,750	136,914
<i>Net income for the period</i>	<i>175,772,890</i>	<i>7,172,348</i>	<i>707,766,466</i>	<i>21,167,572</i>

**Table 3: Consolidated Income Statement for the Three-Month Periods  
Ended 30<sup>th</sup> September 2010 and 2009 (Continued)**

Consolidated Income Statement	3 Months to 30/09/2010		3 Months to 30/09/2009	
	BAHT	US\$	BAHT	US\$
Net income attributable to equity holders of the parent	173,903,539	7,114,179	703,108,716	21,030,658
Corporate social responsibility reserve - net	1,444,087	38,162	(3,515,544)	(103,496)
Amortisation of revaluation surplus on assets of subsidiary	14,156,459	412,182	5,120,117	140,270
Dividend paid	(207,852,180)	(6,557,286)	(415,744,248)	(12,239,327)
Retained earnings, Beginning of the period	14,360,452,234	403,599,287	14,357,821,212	398,472,161
<i>Retained earnings, Ending of the period</i>	<i>14,342,104,139</i>	<i>404,606,524</i>	<i>14,646,790,253</i>	<i>407,300,266</i>
<b>Basic earning per share</b>				
Net income attributable to equity holders of the parent	0.16	0.01	0.68	0.02



**Table 4: Consolidated Income Statement for the Nine-Month Periods Ended  
30<sup>th</sup> September 2010 and 2009**

Consolidated Income Statement	9 Months to 30/09/2010		9 Months to 30/09/2009	
	BAHT	US\$	BAHT	US\$
<b>Revenues</b>				
Vessel operating income				
Hire income	2,235,867,631	68,724,260	4,208,663,782	120,799,657
Freight income	18,026,016	545,410	413,881,263	11,848,622
<i>Total vessel operating income</i>	<i>2,253,893,647</i>	<i>69,269,670</i>	<i>4,622,545,045</i>	<i>132,648,279</i>
Service income	9,162,501	282,679	15,855,728	454,561
Gains on sales of vessels and equipment	390,433,724	13,375,228	593,412,910	17,537,464
Interest income	18,346,756	565,256	27,932,505	803,417
Exchange gains	-	185,589	48,367,236	-
Other income	423,153	12,820	23,946,432	682,858
<i>Total revenues</i>	<i>2,672,259,781</i>	<i>83,691,242</i>	<i>5,332,059,856</i>	<i>152,126,579</i>
<b>Expenses</b>				
Vessel operating costs				
Vessel running expenses	655,304,038	20,132,046	1,246,600,274	35,789,348
Voyage disbursements	17,743,792	544,537	94,935,377	2,715,954
Bunker consumption	3,900,125	118,509	99,299,625	2,835,432
<i>Total vessel operating costs</i>	<i>676,947,955</i>	<i>20,795,092</i>	<i>1,440,835,276</i>	<i>41,340,734</i>
Depreciation	599,525,474	17,346,390	740,694,601	21,116,178
Cost of services	3,766,301	115,967	6,418,663	184,542
Administrative expenses	152,057,770	4,664,801	162,660,079	4,678,372
Management remuneration including perquisites	81,397,183	2,497,197	88,004,114	2,531,318
Bad debts and doubtful accounts	16,831,676	510,529	9,766,818	278,744
Exchange losses	103,700,294	-	-	24,028
<i>Total expenses</i>	<i>1,634,226,653</i>	<i>45,929,976</i>	<i>2,448,379,551</i>	<i>70,153,916</i>
<i>Income before share of income from investment in associate</i>	<i>1,038,033,128</i>	<i>37,761,266</i>	<i>2,883,680,305</i>	<i>81,972,663</i>
Share of income from investment in associate held by a subsidiary	8,683,211	264,804	12,808,165	367,178
<i>Income before finance cost and corporate income tax</i>	<i>1,046,716,339</i>	<i>38,026,070</i>	<i>2,896,488,470</i>	<i>82,339,841</i>
Less: Finance cost	(238,166,571)	(7,301,773)	(211,965,627)	(6,081,799)
<i>Income before corporate income tax</i>	<i>808,549,768</i>	<i>30,724,297</i>	<i>2,684,522,843</i>	<i>76,258,042</i>
Less: Corporate income tax	(80,530,866)	(2,472,744)	(43,618,923)	(1,239,384)
<i>Net income for the period</i>	<i>728,018,902</i>	<i>28,251,553</i>	<i>2,640,903,920</i>	<i>75,018,658</i>
<b>Net income attributable to:</b>				
Equity holders of the parent	720,282,170	28,014,195	2,630,415,219	74,715,921
Minority interests of the subsidiaries	7,736,732	237,358	10,488,701	302,737
<i>Net income for the period</i>	<i>728,018,902</i>	<i>28,251,553</i>	<i>2,640,903,920</i>	<i>75,018,658</i>

**Table 4: Consolidated Income Statement for the Nine-Month Periods Ended  
30<sup>th</sup> September 2010 and 2009 (Continued)**

Consolidated Income Statement	9 Months to 30/09/2010		9 Months to 30/09/2009	
	BAHT	US\$	BAHT	US\$
Net income attributable to equity holders of the parent	720,282,170	28,014,195	2,630,415,219	74,715,921
Statutory reserve - subsidiaries	(4,900,000)	(149,107)	(17,200,000)	(487,633)
Corporate social responsibility reserve - net	23,159,615	652,441	(13,152,076)	(379,972)
Amortisation of revaluation surplus on assets of subsidiary	42,007,754	1,223,105	15,193,390	416,236
Dividend paid	(1,091,319,452)	(33,433,860)	(1,662,999,808)	(47,851,008)
Retained earnings, Beginning of the period	14,652,874,052	408,299,750	13,694,533,528	380,886,722
<i>Retained earnings, Ending of the period</i>	<i>14,342,104,139</i>	<i>404,606,524</i>	<i>14,646,790,253</i>	<i>407,300,266</i>
<b>Basic earning per share</b>				
Net income attributable to equity holders of the parent	0.69	0.03	2.53	0.07

## **APPENDICES**

- 1. BAKER TILLY CORPORATE ADVISORY SERVICES  
(THAILAND) LIMITED, (FORMERLY BAKER TILLY  
FAS (THAILAND) LIMITED) ENGAGEMENT LETTER**
- 2. POLICY OF RESTATEMENT FROM THAI BAHT TO  
US DOLLAR CURRENCY**

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## **APPENDIX 2: POLICY OF RESTATEMENT FROM THAI BAHT TO US DOLLAR CURRENCY**

In restating the Company's Thai Baht denominated financial statements into US dollars, consideration has been given to Thai GAAP. However, due to the unique nature of this restatement the provisions of Thai GAAP may not necessarily have been complied with. A significantly unique feature is that many of the assets, liabilities and transactions of the Company were originally denominated in US dollars ("US dollar") and translated into Thai Baht ("Baht") as required by the Stock Exchange of Thailand ("SET"). In these instances these assets, liabilities and transactions have been restated into US dollars at the exchange rate obtained from the Bank of Thailand ("BoT"), or estimated exchange rate, at which they were converted into Baht. This, however, was not always possible in relation to transactions recorded in the income statement, as this would require matching each transaction with the exchange rate at that date, in which case the weighted average exchange rate (as further explained below) was applied.

Based on the uniqueness of the restatement discussed above, BTCAS has sought to ensure the application of the most appropriate methods of restatement to reflect the underlying valuation and performance of the Company.

BTCAS's responsibility in this assignment is to check and certify that the US dollar Restated Financial Statements (quarterly, semi-annual and annual Thai Baht denominated financial statements prepared by the Company), are correctly based in terms of exchange rates used and formulae adopted. This includes verification of the Bank of Thailand rates on every given date. As such, the scope is limited only to a review on the accuracy of the restatement of the US dollar Restated Financial Statements based upon the existing set of Thai Baht accounts which have previously been reviewed and audited by the statutory auditors.

Accordingly, the policy regarding Company's balance sheet and income statement items can be described as follows:

### **Balance Sheet**

Most items in the Company's audited or reviewed balance sheet are converted from Baht into US dollar using the exchange rate as at the balance sheet date announced by the BoT. The Baht to US dollar buying rate is applied on the asset side while the Baht to US dollar selling rate is used on the liability side. This policy, however, is not applied to some items as BTCAS and the Company considers an alternative policy, as described below, would provide a more accurate restatement into US dollars.

- Investments originally made in US dollars and translated by the Company into Baht at the historical exchange rate as at the date of the investment are reversed and restated back into US dollars at such historical exchange rate.

- Vessels, dry-dock and the special survey expenses that were originally purchased or incurred in US dollars and translated into Baht at the historical exchange rate as at the acquisition date are reversed and restated back into US dollars at such historical exchange rate.

Property, building and equipment originally purchased in Baht are converted into US dollars at the historical exchange rates as at the acquisition date for major Baht assets such as building and building improvement. However, others items such as office equipment, leasehold improvement, vehicles, furniture and fixtures, and work in process, are converted in US dollars as at the balance sheet date.

Please note that any items existing in the accounts before July 1997 such as building and building improvements are converted at an exchange rate of Baht 25.5 = US\$1.00 since the floatation of Baht commenced in July 1997 as before such date the Baht to US dollar exchange rate was relatively stable at Baht 25.5 = US\$1.00.

Depreciation of assets which were originally acquired in US dollars is restated using the historical exchange rate as at the date of acquisition. However, where the assets were originally purchased in Baht, the depreciation is converted into US dollars at the balance sheet date. As mentioned, the historical exchange rates as at the acquisition date is applied for the major Baht fixed assets.

- Advances for vessel constructions is mostly denominated in US dollars and are translated into Baht at the corresponding average exchange rate of the previous month in which the transaction had occurred. And therefore, the item was restated back into US dollars at such exchange rate. *However*, this is not applied to interest payment for vessel construction loan in US dollars and the respective withholding tax which are translated into Baht at the selling rate of the date before the transaction date and restated back into US dollars at such exchange rate.
- Accounts receivable and payable, and advances received from charterers originally denominated in US dollars and translated into Baht at the exchange rate as at the balance sheet date are reversed and restated back into US dollars at such exchange rate as at the balance sheet date.
- The nature of other current assets and liabilities is mostly very current and therefore the exchange rate as at the balance sheet date is applied.
- Other assets denominated in US dollars and translated into Baht at the exchange rate as at the balance sheet date are reversed and restated back into US dollars at such exchange rate.
- Deferred financial fees were originally denominated in US dollars and translated into Baht at the corresponding average exchange rate of the previous month in which the transaction had occurred. And therefore, the item

was restated back into US dollars at such exchange rate. *However*, this is not applied to financial fee payment in US dollars and the respective withholding tax which is translated into Baht at the selling rate of the date before the transaction date and restated back into US dollars at such exchange rate.

- Advance for share acquisition in associate held by a subsidiary were originally denominated in US dollars and translated into Baht at the corresponding average exchange rate of the previous month in which the transaction had occurred. And therefore, the item was restated back into US dollars at such exchange rate.
- Loans from banks and interest payable are mostly denominated in US dollars and are translated into Baht at the exchange rate as at the balance sheet date. The restatement into US dollars therefore has been done at such exchange rate to reverse the translation.
- Minority interest is derived from minority shareholders' portion in the retained earnings of subsidiaries of the Company calculated at the balance sheet date and therefore the exchange rate as at the balance sheet date is applied.
- Translation adjustment primarily relates to Baht denominated assets and liabilities restated at different exchange rates to US dollars resulting in an imbalance in the balance sheet. This should not occur for assets and liabilities originally denominated in US dollars as we have sought to restate the Baht amounts to the original US dollar amounts. It should therefore be understood that the US dollar cumulative translation adjustment is not the translation of the Baht translation adjustment.
- Share capital and legal reserves are restated at the historical exchange rates. Any increase or decrease is restated at such corresponding average exchange rate of the previous month. However corporate social responsibility reserve is restated at the corresponding average exchange rate of the previous month in which the transaction has occurred.

## **Income Statement**

Most items in the Company's audited or reviewed Baht denominated income statement were originally denominated in US dollars and translated into Baht at the prevailing exchange rate<sup>1</sup> at that time. In order to perfectly restate these transactions it would be necessary to match each transaction with its historical exchange rate. This is outside the scope of our review. These items have been translated using the weighted average exchange rates<sup>2</sup> for the three-month periods ended 30<sup>th</sup> September 2010, which should approximate (where income, expenses and exchange rates are

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<sup>1</sup> The foreign exchange rate used is the monthly average rate of the previous month, obtained from the Bank of Thailand, e.g. average Baht to US dollar rate of April is applied as the basis for the month of May.

<sup>2</sup> The weighted average rate is the monthly average rate, obtained from BoT, weighted by the number of operating days of the Company's vessels for each month

relatively stable) the historical exchange rates of each transaction. This policy, again, is not applied to some items as BTCAS and the Company considers an alternative policy, as described below, would provide more accurate restatement in US dollars.

- Depreciation of assets originally acquired in US dollars is similar to the depreciation item in the balance sheet. This item is not directly translated using the weighted monthly average exchange rate but the historical acquisition exchange rates. As mentioned in the balance sheet section, the historical exchange rates are also applied to major Baht fixed assets. However, the other items such as vehicles, furniture and fixtures and office equipment are restated at the weighted monthly average exchange rate.
- Gains / losses on sales of vessels and equipment can be categorized into the following groups;
  1. Gains / losses on sales of vessels is converted at the corresponding average exchange rate of the previous month in which the asset had disposed.
  2. Gains / losses on sales of other assets (such as equipment etc.) is translated using the corresponding weighted average exchange rates for the three-month periods in which the transaction had occurred in such period.
- The exchange gain (loss) in the US dollar income statement arises from Baht denominated monetary assets and liabilities, minor fixed assets and current assets and liabilities which in US dollar terms have changed in value from the previous period. Due to the complexity in obtaining detailed figures for each item, it is then assumed that the total amount of these Baht denominated monetary assets and liabilities remain unchanged from the previous period and thus the gain (loss) in US dollar restated income statement is derived by comparing the US dollar amount of those items in the current period with that of the previous period.
- Dividend paid denominated in Baht is restated at the corresponding average exchange rates of the previous month in which the transaction occurred.
- Retained earnings at the beginning of the year are restated into US dollars at the actual historical exchange rate for the periods in which retained earnings were recorded.