

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

1. GENERAL INFORMATION

Precious Shipping Public Company Limited was incorporated as a public limited company under Thai laws and then listed on the Stock Exchange of Thailand. The Company engages the business in Thailand as a holding company for investment in the business of marine transportation. Its registered office is located at No. 8 Cathay House, 7th Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements included the financial statements of Precious Shipping Public Company Limited (hereinafter referred to as “the Company”), and the financial statements of its subsidiary companies (“the subsidiaries”) for the years ended 31 December 2004 and 2003. The percentage of subsidiaries owned by the Company, assets and revenues of the subsidiaries included in the consolidated financial statements are as follows:

Subsidiaries	Count ry of incorpor ation	Percentage		Nature of business	Percentage of total assets included in the consolidate d		Percentage of total revenues included in the consolidated	
		directly and indirectly owned			total assets		total revenues	
		by the Company						
		<u>200</u>	<u>200</u>		<u>20</u>	<u>200</u>	<u>200</u>	<u>200</u>
		<u>4</u>	<u>3</u>		<u>04</u>	<u>3</u>	<u>4</u>	<u>3</u>
1. Precious Metals Limited	Thailand	99.9	99.9	Marine	3.7	1.9	3.11	3.06
		9	9	transportation	7	6		
2. Precious Wishes Limited	Thailand	99.9	99.9	Marine	3.6	1.3	5.07	3.12
		9	9	transportation	4	8		
3. Precious Stones Shipping Limited	Thailand	99.9	99.9	Marine	6.4	1.3	2.35	-
		9	9	transportation	3	5		

4.	Precious Minerals Limited	Thailand	99.9 9	99.9 9	Marine transportation	5.7 5	4.5 3	3.61	1.77
5.	Precious Lands Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.7 8	-	1.82	-
6.	Precious Rivers Limited	Thailand	99.9 9	99.9 9	Marine transportation	6.0 4	1.1 2	4.57	2.42
7.	Precious Lakes Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.7 9	0.4 7	2.25	-
8.	Precious Seas Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.9 8	5.0 7	2.58	3.43
9.	Precious Stars Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.8 9	4.5 6	1.20	3.54
10.	Precious Oceans Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.3 9	3.7 4	1.30	3.09
11.	Precious Planets Limited	Thailand	99.9 9	99.9 9	Marine transportation	2.2 8	1.1 2	4.65	3.39
12.	Precious Diamonds Limited	Thailand	99.9 9	99.9 9	Marine transportation	6.0 4	1.7 6	3.74	3.64
13.	Precious Sapphires Limited	Thailand	99.9 9	99.9 9	Marine transportation	3.0 8	7.5 4	1.73	0.43
14.	Precious Emeralds Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.9 2	1.1 4	3.77	3.26
15.	Precious Rubies Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.5 8	-	1.82	0.01
16.	Precious Opals Limited	Thailand	99.9 9	99.9 9	Marine transportation	1.5 3	-	0.85	-
17.	Precious Garnets Limited	Thailand	99.9 9	99.9 9	Marine transportation	2.0 5	0.7 9	3.26	3.34
18.	Precious Pearls Limited	Thailand	99.9 9	99.9 9	Marine transportation	2.0 0	0.7 8	4.40	4.84

				Percentage			Percentage		Percentage of	
				Count	directly and		of total	total		
				ry	indirectly	Nature of	assets	revenues		
				of	owned		included	included		
							in the	in the		
				consolidate			d	consolidated		
Subsidiaries				incorpor	by the	business	total assets		total	
				ation	Company				revenues	
					200	2003	20	200	200	200
					4		04	3	4	3
19.	Precious	Flowers	Thailand	99.9	99.9	Marine	2.0	0.9	3.26	3.42
Limited				9	9	transportation	8	2		
20.	Precious	Forests	Thailand	99.9	99.9	Marine	2.5	0.7	3.69	2.73
Limited				9	9	transportation	3	4		
21.	Precious	Trees	Thailand	99.9	99.9	Marine	2.0	1.1	3.86	3.25
Limited				9	9	transportation	4	0		
22.	Precious	Ponds	Thailand	99.9	99.9	Marine	2.5	0.8	3.55	3.63
Limited				9	9	transportation	1	7		
23.	Precious	Ventures	Thailand	99.9	99.9	Marine	1.2	2.1	4.18	7.41
Limited				9	9	transportation	2	4		
24.	Precious	Capitals	Thailand	99.9	99.9	Marine	2.4	5.6	4.46	7.42
Limited				9	9	transportation	3	3		
25.	Precious	Jasmines	Thailand	99.9	99.9	Marine	1.0	3.2	4.38	6.57
Limited				9	9	transportation	9	8		
26.	Precious	Orchids	Thailand	99.9	99.9	Marine	5.6	2.0	3.28	3.81
Limited				9	9	transportation	6	0		
27.	Precious	Lagoons	Thailand	99.9	99.9	Marine	2.0	4.7	1.99	3.95
Limited				9	9	transportation	3	9		
28.	Precious	Cliffs	Thailand	99.9	99.9	Marine	2.1	5.0	1.93	3.93
Limited				9	9	transportation	9	0		
29.	Precious	Hills	Thailand	99.9	99.9	Marine	2.3	5.7	1.41	3.37
Limited				9	9	transportation	2	5		
30.	Precious	Mountains	Thailand	99.9	99.9	Marine	2.4	5.8	1.91	3.42
Limited				9	9	transportation	1	6		
31.	Precious	Resorts	Thailand	99.9	99.9	Marine	2.8	6.8	2.02	3.75
Limited				9	9	transportation	3	6		
32.	Precious	Cities	Thailand	99.9	99.9	Marine	3.5	2.7	1.99	-
Limited				9	9	transportation	8	3		
33.	Precious	Comets	Thailand	99.9	99.4	Marine	1.3	-	0.86	-
Limited				9	0	transportation	8			
34.	Precious	Ornaments	Thailand	99.9	99.4	Marine	1.3	-	1.48	-
Limited				9	0	transportation	4			
35.	Nedtex Limited		Thailand	69.9	69.9	Bulk storage	-	-	-	0.01
				9	9	barges*				
36.	Precious	Storage	Thailand	69.9	69.9	Bulk storage	-	-	-	-
Terminals Limited				9	9	barges*				

37.	Rapid Port Leasing Pte. Limited		Singapore	100.00	99.99	Holding company*	-	-	-	-
38.	Thebes Pte. Limited		Singapore	100.00	100.00	Holding company*	-	-	-	-
39.	Precious (Panama) S.A.	Shipping	Panama	99.99	99.99	Chartering	0.24	0.50	0.52	-
40.	Precious (Mauritius) Limited	Shipping	Mauritius	100.00	99.99	Holding company*	-	-	-	0.01
41.	Precious (Singapore) Pte. Limited	Shipping	Singapore	100.00	100.00	Marine transportation	4.41	1.54	0.04	0.01
42.	Precious (UK) Limited	Shipping	England	99.99	99.99	Chartering	0.10	0.81	-	0.01
43.	Great Circle Agency Limited	Shipping	Thailand	99.99	99.99	Ship technical management	0.87	1.96	0.22	0.15
44.	PSL Bulk Company Limited	Terminal	Mauritius	100.00	99.99	Holding company*	-	0.03	-	-
45.	PSL Limited	Investments	Mauritius	100.00	99.99	Holding company*	-	-	-	-
46.	International Lighterage Limited		Mauritius	100.00	79.99	Holding company	0.71	1.50	0.08	-
47.	PSL Thun Pte. Limited	Shipping	Singapore	64.06	64.06	Marine transportation	0.65	2.98	1.57	3.34
48.	Multi Systems (India) Private Limited	Cargo	India	-	59.93	Handling services*	-	-	-	-
49.	Geepee Corporation Limited		Thailand	-	99.98	Holding company*	-	-	-	-
50.	Cargo Systems International Limited		Mauritius	-	59.93	Holding company*	-	-	-	-
51.	Geepee Handlers Private Limited	Bulk	India	-	50.94	Port management*	-	0.55	-	0.01
52.	Regidor Limited		Pte.Singapore	100.00	100.00	Holding company*	-	-	-	-

*Currently suspended their businesses

2.2 There has been the following change in the structure of the group company during the current year: -

In June 2004, the Company disposed the whole of its investment in the ordinary shares of Geepee Corporation Limited and its subsidiaries (Cargo Systems International Limited, Geepee Bulk Handlers Private Limited and Multi Cargo Systems (India) Private Limited) to another party, as discussed in Note 6. The Company has therefore stopped using the equity method to account for its investment in these former subsidiaries and has not included their balance sheets in the consolidated balance sheet as at 31 December 2004. However, the consolidated earnings statement for the year ended 31 December 2004 includes the revenues and expenses of the former subsidiaries for the period as from 1 January 2004 to 30 June 2004 (the termination date of the Company's control over these former subsidiaries).

The net asset value of Geepee Corporation Limited and its subsidiaries as at 30 June 2004, the date of the disposal of the investment, was as follows: -

(Unit: Thousand Baht)

Assets	
Cash and deposits at financial institutions	182
Other current assets	86
Equipment - net	26,953
Other non-current assets	26
Total assets	<u>27,247</u>
Liabilities	
Payable to and advances from other company	18,032
Other current liabilities	<u>17,285</u>
Total liabilities	<u>35,317</u>
Minority interest - Equity attributable to minority	

shareholders of subsidiaries	4,301
Negative net assets	(12,371
	<u>)</u>

- 2.3 The financial statements of the subsidiaries and associated incorporated overseas are translated into Thai Baht at the average closing exchange rate at the balance sheet date as to assets and liabilities, and at the average exchange rate during the year as to revenues and expenses. The resultant difference has been shown under the caption of “Translation adjustment” in the shareholders’ equity.
- 2.4 Material balances and transactions between the Company and its subsidiaries, investments in the subsidiaries in the Company’s accounts and shareholders’ equity of the subsidiaries have been eliminated from the consolidated financial statements.
- 2.5 The acquisition cost of investments in the subsidiaries and the net book value of the subsidiaries at the time of acquisition have been offset and the difference thereof have been shown as intangible asset under the heading of “Goodwill” in balance sheet and has been amortised over a period of 20 years.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand and with the Accounting Act B.E. 2543. The financial statements have been prepared on the basis of historical cost, with certain items, such as condominium units, adjusted to reflect their appraised values.

Significant accounting policies adopted by the Company and subsidiaries are summarised below: -

3.1 Revenue and expense recognition

Vessel operating income (consist of time charters and voyage charters) and related expenses are recognised on an accrual basis.

Service income is recognised when service has been rendered.

Interest is recognised as income on a time proportion basis taking into accounts the effective yield rate of assets, except for the uncertainty in the collection.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of three months or less and not subject to restriction.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of three months or less and not subject to restriction.

3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided to cover the estimated losses that may be incurred in the collection. The allowance is based on collection experience and current status of receivables outstanding at the balance sheet date. Bad debts will be written off for the accounts considered uncollectible.

3.4 Bunker Oil

Bunker oil is valued at cost (first-in, first-out method).

3.5 Investments

Investments in associated companies in the consolidated financial statements, investments in subsidiaries and associated companies in the Company's financial statements are valued under equity method. Under this method, the investment is recorded at cost and for each subsequent year the investment is adjusted to incorporate the Company's proportionate share of the operating results in the subsidiaries and associated companies.

Investments in non-marketable equity securities, which the Company holds as other investments, are valued at cost. Allowance for possible loss on other investments is included in determining earnings when the carrying amount exceeds its recoverable amount.

3.6 Vessels, condominium and equipment

Vessels and equipment are valued at cost less accumulated depreciation.

Condominium, acquired before 1996, are valued at appraisal value less accumulated depreciation. The condominium acquired subsequent to the appraisal dates are valued at cost less accumulated depreciation. The surplus resulted from the revaluation is belong to a subsidiary, which has been presented by netting off investments accounted for under equity method.

3.7 Depreciation

Depreciation of vessels and equipment is calculated by reference to their costs (after deducting residual value), depreciation of condominium and other equipment is calculated by reference to their costs or appraised value, using the straight-line method over the estimated useful lives as follows: -

Vessels and equipment	3 - 20	years
Dry-dock and special survey expenses	2 years and 4	years
Condominium	20	years
Berth equipment	10	years
Leasehold improvement	lease periods (3 years and 20 years)	
Others	5	years

No depreciation is provided for work in progress.

As at 31 December 2004, 16 subsidiaries (2003: 12 subsidiaries) have vessels at cost of approximately Baht 3,302.3 million (USD 128.5 million) (2003: Baht 2,204.7 million (USD 87.9 million)), with residual value of approximately Baht 1,106.0 million (USD 41.2 million) (2003: Baht 689.6 million (USD 27.2 million)). The subsidiaries depreciated their vessels since their acquisition by the straight-line method on cost net of residual value. The vessels of the subsidiaries have been fully depreciated; however, the subsidiaries made a survey of the estimated useful life and residual value of their vessels and expected

that the useful life should be extended for another five years with the residual value of USD 0.7 million per vessel. Those subsidiaries, therefore, depreciate their vessels by the straight-line method for another period of five years on their net book value (after deducting new residual value) since the date first fully depreciated. Additional depreciation expenses for the year 2004 are Baht 136.1 million (2003: Baht 89.5 million).

3.8 Allowance for assets impairment

Allowance for assets impairment has been set up when there are indications that the carrying value of the assets may be higher than their net realisable value or fair value. The impairment losses will be recognised in the earnings statement, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognised as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

3.9 Foreign currencies

Foreign currency transactions during the year are translated into Baht at the average rates ruling on the previous transaction month. Monetary assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Thai Baht at the rates ruling on the balance sheet date. Exchange gains and losses are included in determining earnings.

3.10 Employees' benefits

The Company and subsidiaries and their employees have jointly registered provident fund scheme under Provident Fund Act B.E. 2530. The funds are contributed at the rate of 5 percent of their basic salaries by both the Company/the subsidiaries and the employees and managed by Bangkok

Bank Public Company Limited. The funds will be paid to the employees upon retirement, resignation and termination in accordance with the rules of staff provident fund. During the years 2004 and 2003, Baht 1.1 million and Baht 0.9 million, respectively, have been contributed to the fund by the Company and subsidiaries (The Company only: Baht 0.7 million and Baht 0.6 million, respectively).

3.11 Financial instruments

The Company and subsidiaries have no policy to hold or issue derivative instruments for speculative or trading purposes.

Financial instruments carried in the balance sheet include cash and cash equivalents, trade accounts receivable, trade accounts payable and loans from financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.12 Treasury stock

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

3.13 Basic earnings per share

Basic earnings per share is determined by dividing net earnings for the year by the weighted average number of ordinary shares held by outsiders outstanding during the year.

3.14 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting the amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

4. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Thousand Baht)				
	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Less than 3 months	15,224	62,016	-	-
3 - 6 months	12,182	1,111	-	-
6 - 12 months	3,303	6,292	-	-
More than 12 months	69,498	89,759	1,825	1,849
Total	100,207	159,178	1,825	1,849
Less: Allowance for doubtful accounts	(68,738)	(88,992)	(1,825)	(1,849)
Trade accounts receivable - net	<u>31,469</u>	<u>70,186</u>	<u>-</u>	<u>-</u>

5. RELATED PARTY TRANSACTIONS

During the years, the Company had significant business transactions with its subsidiary, associated and related companies (related by way of common shareholders and/or directors). Such transactions, have been concluded on the terms and basis as stipulated in the agreements between the Company and those companies. No interest was charged on advances to/from subsidiary and related companies. The transactions are summarised below: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
<u>Transactions with subsidiaries</u> (Eliminated from consolidated financial statements)				
Dividend received	-	-	3,610,364	2,637,763
Interest income	-	-	-	642
Administrative expenses	-	-	9,918	6,612
<u>Transactions with related companies</u>				
Rental and related expenses	1,344	1,365	672	672
Air ticket expenses	22,424	11,731	3,968	3,300

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

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	2003	Increase	Decrease	2004
<u>Receivable from and advances to subsidiaries</u>				

Precious Seas Limited	89,858	213,867	234,511	69,214
Precious Stars Limited	62,504	149,300	87,724	124,080
Precious Capitals Limited	-	428,168	416,663	11,505
Precious Jasmines Limited	-	391,449	383,116	8,333
Precious Orchids Limited	-	816,908	440,093	376,815
Precious Lagoons Limited	-	2,270,509	2,241,215	29,294
Precious Cliffs Limited	122,708	149,867	148,447	124,128

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	2003	Increase	Decrease	2004
		se	se	
Precious Hills Limited	-	151,594	117,729	33,865
Precious Mountains Limited	-	191,668	168,109	23,559
Precious Resorts Limited	58,667	177,676	160,497	75,846
Precious Shipping (Panama) S.A.	27,879	-	27,879	-
Precious Shipping (Mauritius) Limited	91,518	166,256	162,823	94,951
Precious Shipping (UK) Limited	28,107	70,573	90,895	7,785
Great Circle Shipping Agency Limited	117,108	14,354	20,123	111,339
Total	598,349	5,192,189	4,699,824	1,090,714

Receivable from and advances to other related companies

International Seaports Pte. Limited	440	-	440	-
-------------------------------------	-----	---	-----	---

Payable to and advances from subsidiaries

Precious Metals Limited	249,164	401,693	508,458	142,399
Precious Wishes Limited	270,449	468,482	586,205	152,726
Precious Stones Shipping Limited	57,939	1,083,854	1,035,272	106,521
Precious Minerals Limited	83,763	476,647	390,332	170,078
Precious Lands Limited	21,291	220,902	150,946	91,247
Precious Rivers Limited	48,775	662,672	570,722	140,725
Precious Lakes Limited	39,122	226,923	221,756	44,289
Precious Oceans Limited	130,75	124,83	166,25	89,329

	4	2	7	
Precious Planets Limited	134,76	412,32	410,16	136,91
	1	2	8	5
Precious Diamonds Limited	92,516	453,05	444,29	101,27
		5	4	7
Precious Sapphires Limited	133,41	120,54	233,82	20,135
	5	2	2	
Precious Emeralds Limited	57,991	398,25	334,33	121,91
		5	6	0
Precious Rubies Limited	26,219	235,53	151,15	110,59
		1	5	5
Precious Opals Limited	23,845	132,42	88,149	68,122
		6		
Precious Garnets Limited	58,638	379,96	325,90	112,70
		8	1	5
Precious Pearls Limited	75,966	468,63	439,37	105,22
		8	6	8
Precious Flowers Limited	77,873	274,81	249,16	103,52
		9	5	7
Precious Forests Limited	69,964	418,94	392,59	96,313
		6	7	
Precious Trees Limited	67,842	382,56	343,69	106,71
		4	3	3

(Unit: Thousand Baht)

THE COMPANY ONLY				
	2003	Increase	Decrease	2004
		se	se	
Precious Ponds Limited	29,883	366,290	350,634	45,539
Precious Ventures Limited	129,059	311,262	422,136	18,185
Precious Capitals Limited	1,714	-	1,714	-
Precious Jasmines Limited	59,743	-	59,743	-
Precious Orchids Limited	11,858	-	11,858	-
Precious Lagoons Limited	50,755	-	50,755	-
Precious Hills Limited	5,672	-	5,672	-
Precious Mountains Limited	5,750	-	5,750	-
Precious Cities Limited	8,304	336,688	325,799	19,193
Precious Comets Limited	8	163,030	82,886	80,152
Precious Ornaments Limited	8	230,343	134,587	95,764
Nedtex Limited	4,767	11	16	4,762
Regidor Pte. Limited	16	661	677	-
Thebes Pte. Limited	16	36	43	9
Geepee Corporation Limited	9,203	-	9,203	-
Precious Shipping (Panama) S.A.	-	1,332,443	1,320,940	11,503
Precious Shipping (Singapore) Pte. Limited	495,475	119,893	581,315	34,053
Total	2,532,518	10,203,728	10,406,332	2,329,914

(Unit: Thousand Baht)

CONSOLIDATED			
2003	Increase	Decrease	2004
	se	se	

Receivable from and advances to other related companies

International Seaports Pte. Limited	440	-	440	-
Kakinada Seaports Limited	1,859	-	1,859	-
Total	<u>2,299</u>	<u>-</u>	<u>2,299</u>	<u>-</u>

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

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

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	2004	2003
Precious Cliffs Limited	143,00	143,00
	0	0
Precious Capitals Limited	143,00	143,00
	0	0
Precious Jasmines Limited	100,75	100,75
	0	0
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	662,81	662,81
	8	8

6. INVESTMENTS

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

(Unit: Thousand Baht)

	THE COMPANY ONLY							
	Percentage of ownership		Cost method		Equity method		Dividend received	
	2004	2003	2004	2003	2004	2003	2004	2003
<u>Investments accounted for under equity method</u>								
<u>Subsidiaries</u>								
Precious Metals Limited	99.99	99.99	250,00	250,00	296,29	282,05	105,00	120,50
					6	6	0	0
Precious Wishes Limited	99.99	99.99	229,99	229,99	301,27	257,35	183,99	102,00
					9	6	9	5

Precious Stones Shipping Limited	99.99	99.99	260,00	140,00	320,294	137,026	36,400	-
Precious Minerals Limited	99.99	99.99	230,00	140,00	323,854	161,156	108,800	4,690
Precious Lands Limited	99.99	99.99	84,000	24,000	115,806	21,250	29,400	-
Precious Rivers Limited	99.99	99.99	234,000	44,000	315,537	58,634	180,939	35,376
Precious Lakes Limited	99.99	99.99	99,000	99,000	128,052	70,977	52,470	-
Precious Seas Limited	99.99	99.99	100,000	100,000	209,690	131,312	77,999	143,349
Precious Stars Limited	99.99	99.99	105,000	105,000	147,901	135,996	29,400	39,165
Precious Oceans Limited	99.99	99.99	175,000	175,000	203,039	204,418	49,000	187,599
Precious Planets Limited	99.99	99.99	100,000	100,000	155,343	129,611	231,999	129,249
Precious Diamonds Limited	99.99	99.99	205,000	55,000	280,970	94,285	148,349	139,368

(Unit: Thousand Baht)

	THE COMPANY ONLY							
	Percentage of ownership		Cost method		Equity method		Dividend received	
	2004	2003	2004	2003	2004	2003	2004	2003
Precious Sapphires Limited	99.99	99.99	143,99	143,99	177,493	127,659	24,480	-
Precious Emeralds Limited	99.99	99.99	86,000	32,000	138,149	52,0289	161,249	97,310
Precious Rubies Limited	99.99	99.99	84,000	24,000	115,029	26,3909	42,840	39,623
Precious Opals Limited	99.99	99.99	74,000	24,000	63,5270	23,872	-	-
Precious Garnets Limited	99.99	99.99	78,999	30,999	128,335	54,520	101,909	114,388
Precious Pearls Limited	99.99	99.99	72,999	38,999	122,529	66,2279	202,938	132,500
Precious Flowers Limited	99.99	99.99	75,999	38,999	122,258	65,9499	138,699	150,284
Precious Forests Limited	99.99	99.99	95,999	39,999	154,002	57,088	149,279	105,138
Precious Trees Limited	99.99	99.99	79,999	39,999	130,717	61,803	184,799	55,519
Precious Ponds Limited	99.99	99.99	83,999	31,999	118,998	61,206	165,479	90,830
Precious Ventures Limited	99.99	99.99	79,999	79,999	120,130	140,697	283,998	162,479
Precious Capitals Limited	99.99	99.99	199,999	199,999	345,234	269,727	181,999	77,700
Precious Jasmines Limited	99.99	99.99	97,999	97,999	152,699	174,434	283,218	188,943
Precious Orchids Limited	99.99	99.99	216,999	51,999	372,261	89,708	76,459	122,329
Precious Lagoons Limited	99.99	99.99	139,999	139,999	164,348	168,277	111,999	87,850
Precious Cliffs Limited	99.99	99.99	139,999	139,999	222,747	138,638	28,000	-
Precious Hills Limited	99.99	99.99	139,999	139,999	191,787	166,685	32,200	145,599
Precious Mountains Limited	99.99	99.99	139,999	139,999	214,226	166,608	58,800	98,280

Precious Resorts Limited	99.99	99.99	139,99	139,99	219,614	165,275	58,800	67,690
Precious Cities Limited	99.99	99.99	169,99	169,99	210,161	168,342	59,500	-
Precious Comets Limited	99.99	99.40	71,099	99	73,545	(95)	-	-
Precious Ornaments Limited	99.99	99.40	68,099	99	90,492	(96)	29,964	-
Nedtex Limited	69.99	69.99	648	648	(4,794)	(4,783)	-	-
Precious Storage Terminal Limited	69.99	69.99	4,199	4,199	15	26	-	-
Regidor Pte. Limited	-	100.00	-		-	(678)	-	-
				0.0503				
Thebes Pte. Limited	100.00	100.00	0.0365		(651)	(615)	-	-
				0.0365				
Geepee Corporation Limited	-	99.88	-	5,874	-	(9,204)	-	-
Precious Shipping (Panama) S.A.	99.99	99.99	250	250	42,579	(2,338)	-	-
Precious Shipping (Mauritius) Limited	100.00	99.99	250	250	(171,765)	(173,236)	-	-
Precious Shipping (Singapore) Pte. Limited	100.00	100.00	363,338	363,338	650,232	631,413	-	-
Precious Shipping (UK) Limited	99.99	99.99	250	250	4,992	6,690	-	-
Great Circle Shipping Agency Limited	99.99	99.99	121,995	121,995	(82,982)	(64,617)	-	-
Total net investments in subsidiaries			<u>5,043,110</u>	<u>3,703,984</u>	<u>6,883,968</u>	<u>4,311,677</u>	<u>3,610,364</u>	<u>2,637,763</u>
Investments accounted for under equity method					7,144,160	4,567,339		
Share of losses over investments					(260,192)	(255,662)		
Total net investments in subsidiaries					<u>6,883,968</u>	<u>4,311,677</u>		

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

The Company offset the above dividend income of years 2004 and 2003 against amount receivable from/payable to subsidiaries in the balance sheets.

As at 31 December 2004, the Company has pledged the shares of 35 subsidiaries amounting to Baht 6,363.4 million (2003: 27 subsidiaries amounting to Baht 3,416.7 million), stated under the equity method, with banks to secure the long-term loans referred to in Note 8.

During the year 2003, the 3 local subsidiaries - Precious Cities Limited, Precious Lakes Limited and Precious Sapphires Limited - issued new ordinary shares, which the Company purchased in proportion to its shareholding at the acquisition date, at par value, or a total of Baht 225 million.

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

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

- The Company disposed of the whole of the Company's investment in the ordinary shares of Geepee Corporation Limited and its subsidiaries (Cargo Systems International Limited, Geepee Bulk Handlers Private Limited and Multi Cargo Systems (India) Private Limited), to another party at a price of Baht 14.2 million. The Company offset the cash received from the sale of the investment in these subsidiaries against "advance receipt for sale of investments" and recorded a gain of Baht 33.5 million in the earnings statement of the current year. General reserve of subsidiaries amounting to Baht 24.2 million has been written-off from the consolidated financial statements.

In addition, the remaining balance of advance receipt for sale of investments, amounting to Baht 56.0 million, was

paid to the Company on behalf of an account receivable arising from the sale of an investment in an overseas associated company, which the Company wrote off as bad debt in the year 2002. The Company therefore recorded the amount as “bad debt recovery” in the earnings statement of the current year.

- The Company has acquired 1 additional ordinary share in an overseas subsidiary (Precious Shipping (Mauritius) Limited) at par value, a total of USD 1. As a result, the Company holds 100.0 percent of the registered share capital of that subsidiary.
- The Company transferred all ordinary shares of Regidor Pte. Limited to Precious Shipping (Singapore) Pte. Limited. However, based on its indirect holding, the Company still holds 100.0 percent of the registered capital of that company.
- The 12 local subsidiaries issued new ordinary shares, which the Company purchased in proportion to its shareholding at the acquisition date, at par value, or a total of Baht 630 million, as follows: -

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

During the third quarter of 2004, the 5 local subsidiaries issued new ordinary shares, which the Company purchased in proportion to its shareholding at the acquisition date, at par value, or a total of Baht 600 million, as follows: -

	<u>Amount</u> (Million Baht)
Precious Rivers Limited	190
Precious Diamonds Limited	150
Precious Orchids Limited	50
Precious Stones Shipping Limited	120
Precious Minerals Limited	90
Total	<u>600</u>

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

- A local subsidiary (Precious Orchids Limited) issued new ordinary shares, which the Company purchased in proportion to its shareholding at the acquisition date, at par value, or a total of Baht 115.0 million.
- An overseas subsidiary (Precious Shipping (Singapore) Pte. Limited) received dividend amounting to SGD 1.7 million from an overseas subsidiary (PSL Thun Shipping Pte. Limited).

(Unit: Thousand Baht)

		CONSOLIDATED					
		Percentage of ownership		Cost method		Equity method	
		2004	2003	2004	2003	2004	2003
<u>Associate held by a subsidiary</u>							
International Seaports (Haldia)		22.40	17.92	87,7	87,7	95,0	87,7
Private Limited				<u>01</u>	<u>01</u>	<u>45</u>	<u>01</u>

During the year 2003, International Lighterage Limited has additionally acquired 5,855,207 of ordinary shares of International Seaports (Haldia) Private Limited. This represents 22.40 percent of registered share capital of that company. Based on indirect holding, the Company holds 17.92 percent of the registered capital of that company, which is engaged in the design, construction, development and operation of a berth in India.

During the year 2004, Precious Shipping (Mauritius) Limited acquired an additional 2,000 ordinary shares of International Lighterage Limited, meaning that Precious Shipping (Mauritius) Limited now holds 100.0 percent of the registered share capital of that company. As a result of this transaction, the shareholding of the Company in International Seaports (Haldia) Private Limited has increased from 17.92 percent to 22.40 percent of registered share capital.

Shares of profit from investment in associate held by a subsidiary for the year ended 31 December 2004 was recorded based on financial statements prepared by the management of that company and not reviewed by its auditor.

(Unit: Thousand Baht)

		Percentage of				CONSOLIDATED		THE COMPANY ONLY	
		ownership		Cost method		Equity method		Equity method	
		2004	2003	2004	2003	2004	2003	2004	2003
<u>Current investments</u>									
International Seaports Pte. Limited		34.30	34.30	19,50	19,50	25,23	25,231	25,23	25,23
				1	1	1		1	1
Dhamra Port Company Private Limited		33.33	33.33	96,88	96,88	96,88	96,889	-	-
				9	9	9			
Southern LPG Limited		50.00	47.99	31,71	31,71	19,36	19,365	-	-
				6	6	5			
Kakinada Seaports Limited		8.95	16.65	24,00	22,14	24,00	22,144	-	-
				4	4	4			
Total				172,1	170,2	165,4	163,62	25,23	25,23
				10	50	89	9	1	1
Less: Allowance for possible loss on									

investments	(165,489)	(163,629)	(25,231)	(25,231)
Net current investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company and subsidiaries recorded investments in 3 overseas associated companies under the equity method only until 31 December 2000, since the management of the Company and the subsidiaries are making efforts to sell these investments and an investment in another company. The investments have therefore been reclassified as current investment, under current assets.

As a result of Precious Shipping (Mauritius) Limited's acquisition of the additional share capital of International Lighterage Limited, the proportion of shareholding of the Company in Southern LPG Limited increased from 47.99 percent to 50.00 percent.

As at 31 December 2004 and 2003, the Company and subsidiaries have set up provision for possible loss on investments of Baht 165.5 million and Baht 163.6 million, respectively (The Company Only: Baht 25.2 million and Baht 25.2 million, respectively).

7. VESSELS, CONDOMINIUM AND EQUIPMENT

(Unit: Thousand Baht)

CONSOLIDATED											
	Assets at appraisal	Assets at cost									
	1										
		Vessels and equipment				Furniture , fixtures					
	Condomi nium	Condomi nium	Vessels and equipme nt	Dry-dock and special survey expens es	Total	Berth equipm ent	and office equipm ent	Motor vehicles	Leasehol d improvm ent	Work in progres s	Total
<u>Cost / Appraised value</u>											
31 December 2003	175,063	8,654	8,168,305	468,160	8,636,465	114,582	34,946	13,706	750	-	8,984,166
Acquisitions	-	209	7,894,252	380,620	8,274,872	-	4,556	4,463	-	25,871	8,309,971
Disposals	-	-	-	(152,868)	(152,868)	(114,582)	(7,203)	(1,069)	-	-	(275,722)
31 December 2004	175,063	8,863	16,062,557	695,912	16,758,469	-	32,299	17,100	750	25,871	17,018,415
<u>Accumulated depreciation</u>											
31 December 2003	75,169	4,428	3,950,936	208,127	4,159,063	82,502	33,492	10,914	599	-	4,366,167
Depreciation for the year	4,708	434	1,140,436	225,152	1,365,588	5,341	1,306	1,160	70	-	1,378,607
Depreciation on revaluation surplus	4,688	-	-	-	-	-	-	-	-	-	4,688

Depreciation on disposals	-	-	-	(152,868)	(152,868)	(87,843)	(6,856)	(1,069)	-	-	(248,636)
31 December 2004	84,565	4,862	5,091,372	280,411	5,371,783	-	27,942	11,005	669	-	5,500,826
Net book value											
31 December 2003	99,894	4,226	4,217,369	260,033	4,477,402	32,080	1,454	2,792	151	-	4,617,999
31 December 2004	90,498	4,001	10,971,185	415,501	11,386,686	-	4,357	6,095	81	25,871	11,517,589
Depreciation for the year											
2003											601,965
2004											1,383,295
Net book value as presented at historical cost											
31 December 2003	65,143										
31 December 2004	59,492										

(Unit: Thousand Baht)

THE COMPANY ONLY

	Furniture				
	fixtures and office equipment	Motor vehicles	Leasehold improvement	Work in progress	Total
<u>Cost</u>					
31 December 2003	11,662	10,593	750	-	23,005
Acquisitions	4,437	4,463	-	25,721	34,621
Disposals	(6,909)	(1,069)	-	-	(7,978)
31 December 2004	9,190	13,987	750	25,721	49,648
<u>Accumulated depreciation</u>					
31 December 2003	10,943	8,742	599	-	20,284
Depreciation for the year	1,082	924	70	-	2,076
Depreciation on disposals	(6,776)	(1,069)	-	-	(7,845)
31 December 2004	5,249	8,597	669	-	14,515
<u>Net book value</u>					
31 December 2003	719	1,851	151	-	2,721
31 December 2004	3,941	5,390	81	25,721	35,133
<u>Depreciation for the year</u>					
2003					1,614
2004					2,076

During the year 2004, the subsidiaries purchased 22 second-hand vessels for a total of USD 199.2 million (2003: 2 second-hand vessels for USD 15.6 million)

As at 31 December 2004, the subsidiaries have mortgaged 51 vessels with net book value of Baht 10,332.7 million (2003: 30 vessels amounting to Baht 4,217.4 million) and condominium

units with net book value of Baht 94.5 million (2003: Baht 104.1 million) with banks to secure long-term loans as referred to in Note 8.

As at 31 December 2004 and 2003, the Company and subsidiaries have fully depreciated equipment which are still in use, the costs of such assets amounted to Baht 37.0 million and Baht 40.6 million, respectively (The Company Only: Baht 12.1 million and Baht 15.9 million, respectively).

8. LONG-TERM LOANS

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

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
New loans	7,543,592	3,387,984	-	242,582
Other loan	17,580	34,367	-	-
Total	7,561,172	3,422,351	-	242,582
Less: Current portion	(1,127,542)	(938,579)	-	(242,582)
Long-term portion	6,433,630	2,483,772	-	-

New loans

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

- 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 vessels and/or to fund the redemption of the Bonds. Such facility can be drawn down until the end of 2005.

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

- c) A facility of USD 170 million to be used to pay for purchases of vessels. Such facility is to be drawn down by 31 December 2004.

d) Credit facilities for use as working capital consisting of: -

- an overdraft facility up to an aggregate amount not exceeding Baht 10 million.
- a letter of guarantee facility up to an aggregate amount not exceeding Baht 105 million.
- a foreign currency exchange facility up to an aggregate amount not exceeding USD 20 million.

As at 31 December 2004, no draw down has been made from facility d).

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

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

As at 31 December 2004, the 34 subsidiaries have outstanding loan balance by USD 192.4 million.

As at 31 December 2004 and 2003, these loans are secured by the following: -

- a) The mortgage of 50 vessels (2003: 29 vessels) and condominium units belonging to subsidiaries (Note 7).
- b) The pledge of the shares of 35 subsidiaries (2003: 27 subsidiaries) (Note 6).
- c) The assignment of the beneficiary rights under insurance policies for the subsidiaries' vessels and condominium units.
- d) The assignment of the revenues from vessels and deposit accounts of the Company and subsidiaries if they breach the conditions in the loan agreements.

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

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

Other loan

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

As at 31 December 2004, the subsidiary has outstanding other loan of USD 0.5 million (2003: USD 0.9 million). During the year 2004, the subsidiary repaid other loan of USD 0.4 million (2003: USD 0.4 million). The loan is secured by the mortgage and the assignment of the beneficiary rights under insurance policy of its vessel to a creditor (Note 7).

9. STATUTORY RESERVE

Under the Public Limited Companies Act B.E. 2535, the Company is required to set aside a reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. This reserve is not available for dividend distribution.

In accordance with Section 1202 of the Civil and Commercial Code, each time the subsidiaries (incorporated under Thai laws) declares a dividend payment, it must allocate not less than 5 percent of its earnings to its statutory reserve, until this statutory reserve reaches not less than 10 percent of registered share capital. This reserve is not available for dividend distribution.

10. TREASURY STOCK RESERVE

At the request of the Securities and Exchange Commission of Thailand, the Judicial Council deliberated the issue of treasury share schemes under Section 66/1(2) of the Public Limited Companies Act B.E. 2535, and concluded that the cost of treasury shares as acquired by a public limited company should not exceed its retained earnings. The Council also suggested that the relevant authorities should require public limited companies to set aside from the retained earnings a separate reserve account in an amount equal to the cost of the treasury shares. The reserve shall remain outstanding until either the shares are sold or paid-up capital is reduced by the cancellation of any remaining unsold shares. To date the authorities have yet to officially impose such requirement.

For reasons of conservatism, the Company has set aside a reserve for treasury stock in an amount equal to that paid to acquire such treasury stock, in line with above principle.

11. TREASURY STOCK

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

- a) The maximum budget for the share repurchase plan is Baht 1,000 million.
- b) The number of shares to be repurchased is not to exceed 26 million shares at par value of Baht 1 per share, equal to 5 percent of the total issued shares.
- c) The period for the share repurchase is 10 April 2004 to 9 October 2004.
- d) The period for disposal of the repurchased shares is 10 April 2005 to 8 October 2007 (at least 6 months but not

more than 3 years after the date the share repurchase scheme is completed). In the event, the Company does not or is unable to dispose of the repurchased shares within such period, the Company will reduce its capital by cancelling the remaining unsold shares.

As at 31 December 2004, details of treasury stock are as follows: -

	CONSOLIDATE D		THE COMPANY ONLY	
	2004	2003	2004	2003
Value of treasury stock (Baht)	450,880,716	-	450,880,716	-
Number of treasury shares (Shares)	13,386,300	-	13,386,300	-
Average price per share (Baht)	33.6823	-	33.6823	-
The percentage of number of treasury shares per the shares capital issued by the Company	2.57	-	2.57	-

12. EXCHANGE GAINS

Exchange gains for the years ended 31 December 2004 and 2003 were summarised below: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Realised exchange gains (losses)	(29,482)	23,154	15,376	14,764
Unrealised exchange gains	85,621	161,037	67	7,496
Exchange gains - net	<u>56,139</u>	<u>184,191</u>	<u>15,443</u>	<u>22,260</u>

13. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

14. CORPORATE INCOME TAX

The Company does not have corporate income tax liabilities on its net earnings for the years 2004 and 2003 because tax losses brought forward exceed the net earnings of these years.

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

15. DIVIDEND PAID

15.1 On 18 November 2003, the Board of Directors Meeting of the Company approved the payment of an interim dividend of 520 million shares of Baht 0.50 per share, to the Company's shareholders, a total of Baht 260 million.

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

However, as at the closing date of the share register 517,665,600 of the Company's ordinary shares were held by parties other than the Company itself, and the total dividend paid was thus Baht 388.2 million.

15.3 On 20 August 2004, a meeting of the Board of Directors of the Company approved the payment of an interim dividend of Baht 1 per share from its earnings for the six-month period ended 30 June 2004 to the holders of its 520 million shares, a total of Baht 520 million.

However, as at the closing date of the share register 506,713,700 of the Company's ordinary shares were held by parties other than the Company itself, and the total dividend paid was thus Baht 506.7 million.

16. EMPLOYEES AND RELATED COSTS

CONSOLIDAT THE

	ED		COMPANY ONLY	
	2004	2003	2004	2003
Number of employees at end of year	1,435	886	78	66
Employee costs for the year (Thousand Baht)	1,095,038	766,545	153,726	141,231

17. PROMOTIONAL PRIVILEGES

Under the provisions of the Investment Promotion Act B.E. 2520, the subsidiaries were granted certain promotional privileges for their marine transportation. The promotional privileges include, among other things, exemption from the payment of income tax for a period of 5 - 8 years commencing as from the date of first earning operating income on the condition that the vessels owned by the subsidiaries are registered in Thailand. As at 31 December 2004, the 34 subsidiaries have registered their 51 vessels under the Thai flag (2003: 26 subsidiaries have registered their 29 vessels under the Thai flag).

Revenues and expenses for 2004 and 2003 (before eliminating related transactions), classified between promoted and non-promoted business can be summarised below: -

(Unit: Thousand Baht)

	Promoted Business		Non-Promoted Business		Total	
	2004	2003	2004	2003	2004	2003
Revenues	5,445,471	2,485,892	3,599,227	2,113,674	9,044,698	4,599,566
Costs and expenses	2,604,364	1,404,889	1,542,418	1,458,933	4,146,782	2,863,822
Net earnings	2,841,107	1,081,003	2,056,809	654,741	4,897,916	1,735,744

18. CONTINGENT LIABILITIES

As at 31 December 2004, the Company and subsidiaries have contingent liabilities as a result of being sued for damages in maritime claims totalling USD 0.6 million (2003: USD 0.8 million). The ultimate outcome of these claims cannot be determined at this time, but management anticipates that no material liability will arise. Accordingly, no provision has been provided in the accounts.

19. FINANCIAL INSTRUMENTS

19.1 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 31 December 2004 was USD 1: Baht 39.2025 (2003: Baht 39.7378).

19.2 Interest Rate Risk

As at 31 December 2004, the Company and subsidiaries have the following financial assets and financial liabilities exposed to interest rate risk:

(Unit: Thousand Baht)

Amounts of assets/liabilities				Average interest rate (% p.a.)	
Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing	Total	Float ing USD curren cy	Fixe d USD curren cy
Financial assets:					
Cash and cash equivalents	1,016,125	491,670	17,321	1,525,116	0.25 2.05
Financial liabilities:					

Long-term loans	7,561, 172	-	-	7,561, 172	4.93 5	-
-----------------	---------------	---	---	---------------	-----------	---

19.3 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.

19.4 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.

20.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.

21.PRESENTATION

The presentation of the financial statements has been made in compliance with the Notification of the Business Development Department dated 14 September 2001, issued under the Accounting Act B.E. 2543.

22. APPROVAL OF FINANCIAL STATEMENTS

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

