

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

1. GENERAL INFORMATION

Precious Shipping Public Company Limited (“The Company”) is a public limited 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.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. BASIS OF CONSOLIDATION

3.1 The consolidated financial statements include the financial statements of Precious Shipping Public Company Limited and the following subsidiaries:

Subsidiaries	Country of incorporation	Percentage directly and indirectly owned by the Company		Nature of business	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
		2006	2005		2006	2005	2006	2005
		Percent	Percent		Percent	Percent	Percent	Percent
<u>Subsidiaries held by the Company</u>								
1. Precious Metals Limited	Thailand	99.99	99.99	Marine transportation	2.18	2.67	3.75	3.78
2. Precious Wishes Limited	Thailand	99.99	99.99	Marine transportation	2.84	2.34	3.92	3.90
3. Precious Stones Shipping Limited	Thailand	99.99	99.99	Marine transportation	5.27	5.05	2.44	2.25
4. Precious Minerals Limited	Thailand	99.99	99.99	Marine transportation	4.74	4.99	3.47	3.97
5. Precious Lands Limited	Thailand	99.99	99.99	Marine transportation	0.97	1.23	1.96	1.96
6. Precious Rivers Limited	Thailand	99.99	99.99	Marine transportation	5.39	5.43	4.10	3.73
7. Precious Lakes Limited	Thailand	99.99	99.99	Marine transportation	1.35	1.54	1.61	2.07
8. Precious Seas Limited	Thailand	99.99	99.99	Marine transportation	1.95	1.86	1.73	2.08
9. Precious Stars Limited	Thailand	99.99	99.99	Marine transportation	1.79	1.76	1.87	1.32
10. Precious Oceans Limited	Thailand	99.99	99.99	Marine transportation	1.33	1.38	2.08	2.16
11. Precious Planets Limited	Thailand	99.99	99.99	Marine transportation	1.92	2.29	3.89	3.57

12. Precious Diamonds Limited	Thailand	99.99	99.99	Marine transportation	4.73	4.63	4.03	5.19
		Percentage			Assets as a		Revenues as a	
	Country	directly and		Nature of	percentage to		percentage to the	
	of	indirectly owned		business	the consolidated		consolidated total	
Subsidiaries	incorporation	by the Company			total assets as at		revenues for the years	
		2006	2005		31 December	ended 31 December		
		Percent	Percent		Percent	Percent	Percent	Percent
13. Precious Sapphires Limited	Thailand	99.99	99.99	Marine transportation	3.05	2.92	1.98	1.26
14. Precious Emeralds Limited	Thailand	99.99	99.99	Marine transportation	8.88	8.93	5.47	4.71
15. Precious Rubies Limited	Thailand	99.99	99.99	Marine transportation	0.95	1.38	1.92	1.95
16. Precious Opals Limited	Thailand	99.99	99.99	Marine transportation	0.54	1.19	2.10	2.45
17. Precious Garnets Limited	Thailand	99.99	99.99	Marine transportation	8.41	8.60	5.45	4.32
18. Precious Pearls Limited	Thailand	99.99	99.99	Marine transportation	1.54	1.57	4.17	3.18
19. Precious Flowers Limited	Thailand	99.99	99.99	Marine transportation	1.90	1.61	3.57	4.41
20. Precious Forests Limited	Thailand	99.99	99.99	Marine transportation	1.76	2.11	3.87	4.43
21. Precious Trees Limited	Thailand	99.99	99.99	Marine transportation	1.76	2.13	3.53	3.43
22. Precious Ponds Limited	Thailand	99.99	99.99	Marine transportation	2.19	2.61	3.04	3.13
23. Precious Ventures Limited	Thailand	99.99	99.99	Marine transportation	1.01	1.06	3.27	3.46
24. Precious Capitals Limited	Thailand	99.99	99.99	Marine transportation	2.28	2.08	3.33	4.03
25. Precious Jasmines Limited	Thailand	99.99	99.99	Marine transportation	1.07	1.03	3.56	3.70
26. Precious Orchids Limited	Thailand	99.99	99.99	Marine transportation	5.18	5.32	4.30	3.57
27. Precious Lagoons Limited	Thailand	99.99	99.99	Marine transportation	1.97	1.90	1.52	1.55
28. Precious Cliffs Limited	Thailand	99.99	99.99	Marine transportation	1.93	1.98	1.62	1.59
29. Precious Hills Limited	Thailand	99.99	99.99	Marine transportation	2.25	2.22	1.74	1.57
30. Precious Mountains Limited	Thailand	99.99	99.99	Marine transportation	2.30	2.28	1.65	1.49
31. Precious Resorts Limited	Thailand	99.99	99.99	Marine transportation	2.72	2.80	1.45	1.56
32. Precious Cities Limited	Thailand	99.99	99.99	Marine transportation	3.32	3.31	2.37	1.96
33. Precious Comets Limited	Thailand	99.99	99.99	Marine transportation	0.97	0.94	1.89	2.69
34. Precious Ornaments Limited	Thailand	99.99	99.99	Marine transportation	0.83	1.13	1.85	1.72
35. Nedtex Limited	Thailand	69.99	69.99	Bulk storage barges*	-	-	-	-
36. Precious Storage Terminals Limited	Thailand	69.99	69.99	Bulk storage barges*	-	-	-	-
37. Thebes Pte. Limited	Singapore	100.00	100.00	Holding company*	-	-	-	-
38. Precious Shipping (Panama) S.A.	Panama	99.99	99.99	Chartering	0.18	0.84	(0.07)	0.01
39. Precious Shipping (Mauritius) Limited	Mauritius	100.00	100.00	Holding company*	0.11	-	-	-
40. Precious Shipping (Singapore) Pte. Limited	Singapore	100.00	100.00	Marine transportation	3.52	2.11	0.06	0.13
41. Precious Shipping (UK) Limited	England	99.99	99.99	Chartering	0.83	0.23	0.05	-
42. Great Circle Shipping Agency Limited	Thailand	99.99	99.99	Ship technical management	1.81	0.78	0.22	0.24
<u>Subsidiaries held by subsidiaries</u>								
43. Rapid Port Leasing Pte. Limited	Singapore	100.00	100.00	Holding company*	-	-	-	-
44. PSL Bulk Terminal Company Limited	Mauritius	100.00	100.00	Holding company*	-	-	-	-
45. PSL Investments Limited	Mauritius	100.00	100.00	Holding company*	-	-	-	-
46. International Lighterage Limited	Mauritius	100.00	100.00	Holding company	0.89	0.82	0.21	0.16
47. PSL Thun Shipping Pte. Limited	Singapore	64.06	64.06	Marine transportation	0.36	0.33	1.34	1.24
48. Regidor Pte. Limited	Singapore	100.00	100.00	Holding company*	-	-	-	-

*Currently suspended their businesses

3.2 The financial statements of overseas subsidiary and associated companies are translated into Thai Baht at the closing exchange rate in respect of assets and liabilities, and at monthly average exchange rates in respect of revenues and expenses. The resultant differences have been shown under the caption of “Translation adjustment” in shareholders’ equity.

3.3 Material balances and transactions between the Company and subsidiaries, and investments in subsidiaries by the Company and shareholders’ equity of the subsidiaries have been eliminated from the consolidated financial statements.

4. ADOPTION OF A NEW ACCOUNTING STANDARD

In October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method. Entities which are not ready to adopt the cost method in 2006 can continue to use the equity method through the end of 2006 and adopt the cost method as from 1 January 2007.

In this regard, the Company has elected to adopt the change in 2007. However, if the Company had adopted the change in 2006, it would have had the effect of decreasing net income in the separate income statement for the year ended 31 December 2006 by approximately Baht 1,478.0 million (Baht 2.92 per share) and decreasing net worth in the separate balance sheet at 31 December 2006 by approximately Baht 5,184.2 million.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue and expense recognition

Vessel operating income

Vessel operating income (consisting of Hire income from Time charter and Freight income from Voyage charter) and related expenses are recognised on an accrual basis.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is based on collection experiences and analysis of debtor aging.

5.4 Bunker Oil

Bunker oil is valued at the lower of cost (first-in, first-out method) and net realisable value and are charged to vessel operating costs whenever consumed.

5.5 Investments

Investment in an associated company in the consolidated financial statements, investments in subsidiary 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 subsidiary and associated companies.

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

5.6 Property, plant and equipment

Land is stated at cost/revalued amount. Vessels, condominium and equipment are stated at cost/revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and condominium are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the subsidiary's assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets of subsidiary". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the subsidiary's assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets of subsidiary" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets of subsidiary" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

5.7 Depreciation

Depreciation of vessels, condominium and equipment is calculated by reference to their costs or the revalued amounts, after deducting residual value, on the straight-line basis over the following estimated useful lives:

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

Depreciation is included in determining income.

No depreciation is provided on land and work in progress.

5.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.9 Foreign currencies

Foreign currency transactions during a particular month are translated into Baht at the average exchange rates ruling during the previous transaction month. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date. Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

The Company and subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

5.11 Employees' benefits

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

5.12 Provisions

Provisions are recognised when the Company and subsidiaries have a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.13 Income tax

Income tax of the Company and its subsidiaries in Thailand is provided for in the accounts based on the taxable income determined in accordance with tax legislation.

Overseas subsidiaries calculate corporate income tax in accordance with the tax rates stipulated by tax laws in those countries.

5.14 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.

5.15 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes.

Actual results could differ from these estimates.

6. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable as at 31 December 2006 and 2005 are aged, based on invoice date, as follows:

		(Unit: Thousand Baht)	
		CONSOLIDATED	
		2006	2005
<u>Age of receivables</u>			
Not over 3 months		79,742	149,571
3 - 6 months		4,655	23,773
6 - 12 months		16,585	2,916
Over 12 months		36,910	23,554
Total		137,892	199,814
Less: Allowance for doubtful accounts		(36,785)	(23,411)
Trade accounts receivable - net		101,107	176,403

7. RELATED PARTY TRANSACTIONS

During the years, the Company and its 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		THE COMPANY ONLY		Pricing policy
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Service income	-	-	92,656	94,931	Fixed rate per vessel per day set with reference to the administrative cost of the Company

(Unit: Thousand Baht)

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>		<u>Pricing policy</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
Dividend received	-	-	2,465,216	4,651,524	As declared
Condominium rental expenses	-	-	10,016	10,673	Market price
<u>Transactions with related companies</u>					
Dividend received	16,814	-	-	-	As declared
Air ticket expenses	26,568	26,193	4,360	4,481	Market price
Rental and service expenses	2,333	3,977	1,876	2,462	Market price

The balances of the accounts as at 31 December 2006 and 2005 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	<u>THE COMPANY ONLY</u>			
	<u>2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>2006</u>
<u>Receivable from and advances to subsidiaries</u>				
Precious Stones Shipping Limited	83,181	290,154	188,687	184,648
Precious Minerals Limited	58,663	331,677	293,766	96,574
Precious Lands Limited	-	291,872	290,666	1,206
Precious Rivers Limited	90,460	373,905	366,114	98,251
Precious Lakes Limited	-	132,409	130,328	2,081
Precious Seas Limited	23,941	208,559	230,558	1,942
Precious Stars Limited	105,670	149,315	253,617	1,368
Precious Planets Limited	3,656	341,019	342,257	2,418
Precious Diamonds Limited	198	815,224	689,982	125,440
Precious Sapphires Limited	74,027	132,160	150,700	55,487
Precious Emeralds Limited	493,661	286,306	429,341	350,626
Precious Rubies Limited	-	194,402	191,625	2,777
Precious Garnets Limited	506,545	221,062	409,904	317,703
Precious Pearls Limited	-	437,447	434,489	2,958
Precious Flowers Limited	-	345,288	343,621	1,667
Precious Forests Limited	-	340,970	339,103	1,867
Precious Trees Limited	486	334,250	332,964	1,772
Precious Ponds Limited	8,043	269,701	275,876	1,868
Precious Capitals Limited	1,238	-	1,238	-
Precious Jasmines Limited	945	-	945	-
Precious Orchids Limited	283,345	159,280	439,995	2,630

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	2005	Increase	Decrease	2006
Precious Lagoons Limited	925	137,893	126,505	12,313
Precious Cliffs Limited	108,652	178,766	286,275	1,143
Precious Hills Limited	3,584	141,869	143,549	1,904
Precious Mountains Limited	16,838	116,804	133,057	585
Precious Resorts Limited	83,072	75,327	125,931	32,468
Precious Cities Limited	30,806	182,425	195,555	17,676
Precious Comets Limited	-	294,500	293,487	1,013
Precious Ornaments Limited	-	257,601	257,413	188
Precious Storage Terminals Limited	13	20	14	19
Precious Shipping (Panama) S.A.	70,789	-	70,789	-
Precious Shipping (Mauritius) Limited	113,943	23,366	9,064	128,245
Pecious Shipping (UK) Limited	26,145	467,132	391,939	101,338
Great Circle Shipping Agency Limited	100,437	103,178	4,179	199,436
Total	<u>2,289,263</u>	<u>7,633,881</u>	<u>8,173,533</u>	<u>1,749,611</u>
<u>Payable to and advances from subsidiaries</u>				
Precious Metals Limited	119,652	365,462	446,721	38,393
Precious Wishes Limited	119,958	290,268	388,934	21,292
Precious Lands Limited	31,769	-	31,769	-
Precious Lakes Limited	2,306	-	2,306	-
Precious Oceans Limited	96,289	176,731	205,227	67,793
Precious Rubies Limited	10,005	-	10,005	-
Precious Opals Limited	39,738	198,846	199,112	39,472
Precious Pearls Limited	15,400	-	15,400	-
Precious Flowers Limited	50,694	-	50,694	-
Precious Forests Limited	8,344	-	8,344	-
Precious Ventures Limited	44,523	292,908	279,713	57,718
Precious Capitals Limited	-	414,332	401,295	13,037
Precious Jasmines Limited	-	476,678	440,406	36,272
Precious Comets Limited	95,557	-	95,557	-
Precious Ornaments Limited	33,414	-	33,414	-
Nedtex Limited	4,753	15	22	4,746
Thebes Pte. Limited	12	77	62	27
Precious Shipping (Panama) S.A.	-	415,682	401,579	14,103
Precious Shipping (Singapore) Pte. Limited	421,301	930,578	1,060,817	291,062
Total	<u>1,093,715</u>	<u>3,561,577</u>	<u>4,071,377</u>	<u>583,915</u>

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

In 2006 the Company and subsidiaries paid salaries, bonus, personal income tax, house rental, children's school fees, contributions to provident fund, other allowance, and meeting allowances to their directors and management totaling Baht 106.5 million (The Company only: Baht 94.7 million) (2005: Baht 90.6 million, The Company only: Baht 80.2 million).

Subordinated loans from subsidiaries

During the year 2006, the Company repaid subordinated interest-free-loans from subsidiaries amounting to Baht 662.8 million by offsetting such loans against the amounts receivable from/payable to subsidiaries in the balance sheet.

8. INVESTMENTS

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

(Unit: Thousand Baht)

THE COMPANY ONLY										
Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method		Dividend received		
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
		Percent	Percent							
<i><u>Investments accounted for under equity method</u></i>										
<i><u>Subsidiaries</u></i>										
Precious Metals Limited	250,000	250,000	99.99	99.99	250,000	250,000	307,295	332,353	162,500	198,249
Precious Wishes Limited	230,000	230,000	99.99	99.99	229,999	229,999	294,472	291,541	115,000	260,819
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	260,000	260,000	476,158	332,517	-	121,420
Precious Minerals Limited	230,000	230,000	99.99	99.99	230,000	230,000	488,707	332,812	-	229,079
Precious Lands Limited	84,000	84,000	99.99	99.99	84,000	84,000	115,706	106,764	55,440	103,067
Precious Rivers Limited	234,000	234,000	99.99	99.99	234,000	234,000	553,813	375,493	-	125,190
Precious Lakes Limited	99,000	99,000	99.99	99.99	99,000	99,000	165,988	142,680	33,165	119,393
Precious Seas Limited	100,000	100,000	99.99	99.99	100,000	100,000	243,581	289,334	147,499	89,999
Precious Stars Limited	105,000	105,000	99.99	99.99	105,000	105,000	219,884	195,848	81,900	26,250
Precious Oceans Limited	175,000	175,000	99.99	99.99	175,000	175,000	221,835	246,729	146,999	130,375
Precious Planets Limited	100,000	100,000	99.99	99.99	100,000	100,000	224,318	164,858	118,999	209,299
Precious Diamonds Limited	205,000	205,000	99.99	99.99	205,000	205,000	468,638	370,233	71,750	270,804
Precious Sapphires Limited	144,000	144,000	99.99	99.99	143,999	143,999	323,069	210,327	-	27,360

(Unit: Thousand Baht)

	THE COMPANY ONLY									
	Shareholding						Carrying amounts based			
	Paid-up capital		percentage		Cost		on equity method		Dividend received	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
			Percent	Percent						
Precious Emeralds Limited	366,000	366,000	99.99	99.99	366,000	366,000	746,755	613,926	-	107,155
Precious Rubies Limited	84,000	84,000	99.99	99.99	84,000	84,000	113,592	105,326	37,380	64,511
Precious Opals Limited	74,000	74,000	99.99	99.99	74,000	74,000	105,711	118,600	62,899	83,619
Precious Garnets Limited	379,000	379,000	99.99	99.99	378,999	378,999	714,830	538,416	-	103,805
Precious Pearls Limited	73,000	73,000	99.99	99.99	72,999	72,999	161,930	109,942	49,275	150,233
Precious Flowers Limited	76,000	76,000	99.99	99.99	75,999	75,999	213,125	163,220	106,779	278,006
Precious Forests Limited	96,000	96,000	99.99	99.99	95,999	95,999	205,715	174,841	83,519	253,342
Precious Trees Limited	80,000	80,000	99.99	99.99	79,999	79,999	205,998	153,528	53,200	193,039
Precious Ponds Limited	84,000	84,000	99.99	99.99	83,999	83,999	250,111	234,580	67,199	53,256
Precious Ventures Limited	80,000	80,000	99.99	99.99	79,999	79,999	153,082	124,332	125,999	256,078
Precious Capitals Limited	200,000	200,000	99.99	99.99	199,999	199,999	267,967	370,712	292,999	297,999
Precious Jasmines Limited	98,000	98,000	99.99	99.99	97,999	97,999	160,796	204,542	195,019	232,259
Precious Orchids Limited	217,000	217,000	99.99	99.99	216,999	216,999	646,667	479,687	37,975	130,200
Precious Lagoons Limited	140,000	140,000	99.99	99.99	139,999	139,999	223,091	218,203	57,400	50,400
Precious Cliffs Limited	140,000	140,000	99.99	99.99	139,999	139,999	238,955	266,262	104,299	63,000
Precious Hills Limited	140,000	140,000	99.99	99.99	139,999	139,999	279,135	262,614	68,600	35,000
Precious Mountains Limited	140,000	140,000	99.99	99.99	139,999	139,999	287,436	256,569	37,800	56,000
Precious Resorts Limited	140,000	140,000	99.99	99.99	139,999	139,999	310,456	260,139	-	63,000
Precious Cities Limited	170,000	170,000	99.99	99.99	169,999	169,999	404,198	288,832	27,200	49,300
Precious Comets Limited	71,100	71,100	99.99	99.99	71,099	71,099	118,217	132,141	67,900	136,937
Precious Ornaments Limited	68,100	68,100	99.99	99.99	68,099	68,099	97,660	101,160	56,522	83,081
Nedtex Limited	2,500	2,500	69.99	69.99	648	648	(4,832)	(4,817)	-	-
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	4,199	4,199	(23)	(9)	-	-
Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	0.0365	0.0365	(872)	(795)	-	-
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	250	250	37,626	44,138	-	-
Precious Shipping (Mauritius) Limited	250	250	100.00	100.00	250	250	(7,367)	(28,750)	-	-
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	363,338	363,338	748,890	729,590	-	-
Precious Shipping (UK) Limited	250	250	99.99	99.99	250	250	2,742	5,004	-	-
Great Circle Shipping Agency Limited	15,000	15,000	99.99	99.99	121,995	121,995	22,329	(93,303)	-	-
Total net investments in subsidiaries					<u>5,623,110</u>	<u>5,623,110</u>	<u>10,807,384</u>	<u>9,220,119</u>	<u>2,465,216</u>	<u>4,651,524</u>
Investments accounted for under equity method							10,820,478	9,347,793		
Share of losses over investments							(13,094)	(127,674)		
Total net investments in subsidiaries							10,807,384	9,220,119		

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

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

As at 31 December 2005, the Company pledged the shares of 35 subsidiaries amounting to Baht 8,475.8 million, stated under equity method, with bank to secure the long-term loans as referred to in Note 12.

During the year 2005, there had been the following changes in the investments in subsidiaries:

- a) An overseas subsidiary (Precious Shipping (Singapore) Pte. Limited) received dividend amounting to SGD 1.6 million from an overseas subsidiary (PSL Thun Shipping Pte. Limited).
- b) The 2 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 580 million, as follows:

	<u>Amount</u> (Million Baht)
Precious Emeralds Limited	280
Precious Garnets Limited	<u>300</u>
Total	<u>580</u>

(Unit: Thousand Baht)

CONSOLIDATED										
						Carrying amounts				
Paid-up capital		Shareholding		Cost		based on		Dividend received		
		percentage				equity method				
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
Thousand	Thousand	Percent	Percent							
INR	INR									
<i><u>Associate held by a subsidiary</u></i>										
International Seaports (Haldia)										
Private Limited	440,580	440,580	22.40	22.40	87,701	87,701	119,768	113,306	16,814	-

Shares of income from investment in associate held by a subsidiary for the years 2006 and 2005 amounting to Baht 19.9 million and Baht 18.3 million respectively, included in the consolidated income statements were recorded based on financial statements as at 30 September 2006 and 2005 respectively, prepared by the management of that company and not reviewed by its auditor.

(Unit: Thousand Baht)

CONSOLIDATED								
Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method		
2006	2005	2006	2005	2006	2005	2006	2005	
Thousand INR	Thousand INR	Percent	Percent					
<u>Current investment</u>								
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							(19,365)	(19,365)
Current investment - net							<u>-</u>	<u>-</u>

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

During the year 2005, there had been the following changes in the current investments:

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

- c) The Company disposed of its current investment in International Seaports Pte. Limited, which had a capital deficit, to another party at a price of USD 1 (equivalent to Baht 39.8 at the date of disposal), realising a loss on the sale of this current investment of Baht 25.2 million. Since the Company had previously set up provision for loss on this current investment amounting to Baht 25.2 million, such amount was reversed in the income statement of the year 2005.

9. OTHER LONG-TERM INVESTMENT

During the year 2006, the Company invested in 2,026,086 ordinary shares of par value of Baht 10 each, in TMN Company Limited of which Baht 5 per share is paid-up. The Company has paid a total of Baht 10.1 million.

10. PROPERTY, PLANT AND EQUIPMENT

(Unit: Thousand Baht)

CONSOLIDATED									
	Revaluation basis	Cost basis							
		Vessels and equipment			Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Work in progress	Total
	Land and condominium	Vessels and equipment	Dry-dock and special survey expenses	Total					
Cost/Revaluation amount:									
31 December 2005	181,694	18,075,282	1,330,056	19,405,338	33,085	17,692	2,774	47,800	19,688,383
Acquisitions	-	16,751	446,251	463,002	2,859	2,685	94	7,631	476,271
Disposals	-	-	(288,221)	(288,221)	(159)	(2,469)	-	-	(290,849)
Transfers	-	-	-	-	7,700	-	10,131	(17,831)	-
Revaluations	144,284	-	-	-	-	-	-	-	144,284
31 December 2006	325,978	18,092,033	1,488,086	19,580,119	43,485	17,908	12,999	37,600	20,018,089
Accumulated depreciation:									
31 December 2005	97,958	6,580,503	472,576	7,053,079	28,124	10,437	2,037	-	7,191,635
Depreciation for the year	5,040	1,511,418	564,636	2,076,054	3,318	2,179	2,151	-	2,088,742
Depreciation for revaluation surplus	4,688	-	-	-	-	-	-	-	4,688
Reversal for disposals	-	-	(288,221)	(288,221)	(138)	(2,469)	-	-	(290,828)
31 December 2006	107,686	8,091,921	748,991	8,840,912	31,304	10,147	4,188	-	8,994,237
Net book value:									
31 December 2005	83,736	11,494,779	857,480	12,352,259	4,961	7,255	737	47,800	12,496,748
31 December 2006	218,292	10,000,112	739,095	10,739,207	12,181	7,761	8,811	37,600	11,023,852
Depreciation for the year:									
2005									1,874,594
2006									2,093,430

(Unit: Thousand Baht)

THE COMPANY ONLY

	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Work in progress	Total
Cost:					
31 December 2005	10,379	16,018	750	42,534	69,681
Acquisitions	2,024	2,685	94	7,631	12,434
Disposals	(159)	(1,971)	-	-	(2,130)
Transfers	5,775	-	6,790	(12,565)	-
31 December 2006	18,019	16,732	7,634	37,600	79,985
Accumulated depreciation:					
31 December 2005	5,730	9,233	739	-	15,702
Depreciation for the year	2,727	1,944	1,382	-	6,053
Reversal for disposals	(138)	(1,971)	-	-	(2,109)
31 December 2006	8,319	9,206	2,121	-	19,646
Net book value:					
31 December 2005	4,649	6,785	11	42,534	53,979
31 December 2006	9,700	7,526	5,513	37,600	60,339
Depreciation for the year:					
2005					3,184
2006					6,053

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 31 December 2006 and 2005 would have been as follows:

(Unit: Thousand Baht)

	CONSOLIDATED	
	2006	2005
Land and condominium	44,520	49,560

As at 31 December 2005, the subsidiaries mortgaged 50 vessels with net book value of Baht 8,929.4 million and condominium units with net book value of Baht 84.5 million with bank to secure long-term loans as referred to in Note 12. The subsidiaries are in the process of releasing all security, and as on 31 December 2006, the release of mortgages on 24 vessels with net book value of Baht 4,713.7 million remain pending.

As at 31 December 2006, certain equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 31.1 million (2005: Baht 34.2 million) (The Company only: Baht 9.3 million, 2005: Baht 10.9 million).

As at 31 December 2006, 18 subsidiaries (2005: 17 subsidiaries) have vessels at cost of approximately Baht 4,073.3 million (USD 155.4 million) (2005: Baht 3,799.4 million (USD 148.5 million)), with residual value of approximately Baht 1,380.4 million (USD 49.8 million) (2005: Baht 1,221.7 million (USD 45.8 million)). 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 2006 are Baht 130.2 million (2005: Baht 139.1 million).

11. ADVANCES RECEIVED FROM VESSEL SALES

During the year 2006, the 8 local subsidiaries entered into Sale Agreements termed as Memorandum of Agreement with overseas companies to sell the subsidiaries' 8 second-hand vessels for a total of USD 43.9 million. The buyers paid deposits totalling USD 4.4 million (10 percent of the selling price of each of the vessels) and the remaining balances were to be paid on delivery of the vessels.

As at 31 December 2006, cash and cash equivalents included advance received amounting to USD 3.9 million which were deposited in nominated joint bank accounts of the buyers and sellers. Such advance received alongwith the balance of the sale price (90 percent of the selling price of each of the vessels) were subsequently transferred to the bank accounts of the subsidiaries at the beginning of 2007 as and when respective vessels were delivered to the buyers, in accordance with the respective Memorandum of Agreement.

12. LONG-TERM LOANS

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

- a) A facility of USD 65 million to be used to refinance all outstanding loans of the Company and subsidiaries. Such facility was to be drawn down within 12 months from the date of the agreement.
- b) A facility of USD 35 million 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.

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 was to be drawn down by 31 December 2004.
- d) Credit facilities for use as working capital consisting of:
 - an overdraft facility up to an aggregate amount not exceeding Baht 10 million.
 - a letter of guarantee facility up to an aggregate amount not exceeding Baht 105 million.
 - a foreign currency exchange facility up to an aggregate amount not exceeding USD 20 million.

Facilities a) and b) carried interest at the rate of LIBOR plus 2.375 percent per annum. They were payable in quarterly installments over a period of 7.5 years, in accordance with the proportionate amounts stipulated in the agreement, with a one year grace period.

Facility c) carried interest at the rate of LIBOR plus 2.375 percent per annum and was payable in quarterly installments of the proportionate amounts stipulated in the agreement, over a period of 9 years.

The Company and subsidiaries had 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.

During 2006, the 34 subsidiaries repaid all outstanding loans to the bank and therefore there is no outstanding balance of loans as at 31 December 2006 (2005: USD 80.0 million).

The subsidiaries are in the process of releasing the security provided for the above facilities which has been completed as on 31 December 2006 except for 24 mortgaged vessels (Note 10).

12.2 On 22 August 2005, the Company and local subsidiaries entered into a secured revolving loan facility agreement with overseas banks to obtain credit facilities of USD 250 million carrying interest at the rate of LIBOR plus 1.00 to 1.40 percent per annum, the margin of which is based on the consolidated operating results of the Company and subsidiaries of each quarter. Details are as follows:

- A Revolving Acquisition and Refinancing Facility (RARF) was to be used for refinancing all outstanding loans from Krung Thai Bank Public Company Limited and in the purchasing of vessels. Such facility was to be drawn down by 31 December 2006 and was automatically to be converted to a Revolving Reducing Credit Facility (RRCF) as at 31 December 2006, or earlier if mutually agreed between the borrowers and the lenders.
- The Revolving Reducing Credit Facility (RRCF) was to be repaid in 30 quarterly installments, per the proportions stipulated in the agreement, from March 2007 or three months after conversion of the RARF to RRCF if earlier.

On 28 December 2006 the Company and subsidiaries entered into an amendment agreement with banks to amend certain conditions, as follows:

- A Revolving Acquisition Facility (RAF) is to be used for purchasing of vessels. Such facility is to be drawn down by 31 December 2007 and is automatically to be converted to a Revolving Reducing Credit Facility (RRCF) as at 31 December 2007, or earlier if mutually agreed between the borrowers and the lenders.
- The Revolving Reducing Credit Facility (RRCF) is to be repaid in 32 quarterly installments, per the proportions stipulated in the agreement, from March 2008 or three months after conversion of the RAF to RRCF if earlier.

The loan is secured by the mortgage of the subsidiaries' vessels, 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.

The loan agreement includes certain covenants and restrictions pertaining to, among other things, non-payment of dividend in an event of default, the pledge/mortgage of assets, the provision of guarantees for liabilities, conditions on the disposal of certain vessels, and the maintenance of financial ratios such as:

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

As at 31 December 2006 and 2005, no draw down has been made from this facility.

13. REVALUATION SURPLUS ON ASSETS OF SUBSIDIARY

This represents surplus arising from revaluation of land and condominium. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

14. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

According to Section 1202 of the Thai Civil and Commercial Code, a subsidiary (incorporated under Thai Laws) is required to set aside a statutory reserve equal to at least 5 percent of its income each time the company pays out a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

15. TREASURY STOCK RESERVE

Under the notification of Office of Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2548 and the notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2548 public companies buying back their own shares (treasury shares) must have retained earnings in an amount not less than the outstanding balance of the treasury shares, and if retained earnings are appropriated for dividend payment, the balance of retained earnings remaining after such payment must likewise be no less than the balance of the treasury shares. The Company proceeded in accordance with these guidelines and appropriated an amount of retained earnings to the treasury stock reserve equal to the amount paid to acquire the shares.

16. TREASURY STOCK

Details of treasury stock are as follows:

	CONSOLIDATED/ THE COMPANY ONLY	
	2006	2005
Value of treasury stock (Baht)	414,918,176	450,880,716
Number of treasury shares (Shares)	12,318,600	13,386,300
Average cost per share (Baht)	33.6823	33.6823
The percentage of number of treasury shares to the share capital issued by the Company	2.37	2.57

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

During the year 2006, the Company disposed 1.1 million treasury shares with cost of Baht 36.0 million at total price of Baht 57.1 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 21.1 million as a gain on the aforesaid shares which has been presented as “Premium on treasury stock” in the shareholders’ equity.

17. EMPLOYEES AND RELATED COSTS

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Number of employees at end of year (persons)	1,523	1,524	79	79
Employee costs for the year (Thousand Baht)	1,447,047	1,401,337	217,952	197,727

The above employees include crew on board the Company’s ships who are employed on fixed period contracts on periods ranging from six to nine months.

18. CORPORATE INCOME TAX

No corporate income tax was payable for the years 2006 and 2005, since the Company had tax losses brought forward from previous 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.

19. 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 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 2006, the 34 subsidiaries have registered their 53 vessels under the Thai flag (2005: 34 subsidiaries have registered their 53 vessels under the Thai flag).

Revenues and expenses for 2006 and 2005 (before eliminating related transactions), classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2006	2005	2006	2005	2006	2005
Revenues	4,699,178	6,461,058	5,353,453	5,009,365	10,052,631	11,470,423
Costs and expenses	(2,994,579)	(3,106,156)	(3,088,327)	(1,940,500)	(6,082,906)	(5,046,656)
Net income	<u>1,704,599</u>	<u>3,354,902</u>	<u>2,265,126</u>	<u>3,068,865</u>	<u>3,969,725</u>	<u>6,423,767</u>

20. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year net of treasury stock held by the Company.

21. SEGMENT INFORMATION

The Company and its 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 its 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 fuel. 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.

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) derived from Time charter and Voyage charter presented as "Hire income" and "Freight income" respectively, as under:

(Unit: Thousand Baht)

	CONSOLIDATED									
	Time charter		Voyage charter		Total		Elimination		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Hire income	6,896,813	10,244,373	-	-	6,893,813	10,244,373	-	-	6,893,813	10,244,373
Freight income	-	-	2,906,226	1,104,631	2,906,226	1,104,631	(743,736)	(342,187)	2,162,490	762,444
Total vessel operating income	6,893,813	10,244,373	2,906,226	1,104,631	9,800,039	11,349,004	(743,736)	(342,187)	9,056,303	11,006,817
Voyage disbursements	-	-	(1,083,952)	(495,698)	(1,083,952)	(495,698)	743,736	342,187	(340,216)	(153,511)
Bunker consumption	-	-	(489,689)	(151,166)	(489,689)	(151,166)	-	-	(489,689)	(151,166)
Total voyage expenses	-	-	(1,573,641)	(646,864)	(1,573,641)	(646,864)	743,736	342,187	(829,905)	(304,677)
Net vessel operating income/time charter equivalent income	6,893,813	10,244,373	1,332,585	457,767	8,226,398	10,702,140	-	-	8,226,398	10,702,140

22. PROVIDENT FUND

The Company and subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company/the subsidiaries contributed to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2006, the Company and subsidiaries contributed Baht 1.4 million (2005: Baht 1.3 million) to the provident fund (The Company only: Baht 0.9 million, 2005: Baht 0.8 million).

23. DIVIDENDS

Dividends declared in the year 2006 consist of the following:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
a) Final dividends of 2005	Annual General Meeting of the shareholders on 20 April 2006	<u>785.3</u>	<u>1.55</u>
b) Interim dividends on operating results for the six-month period ended 30 June 2006	Board of Directors' meeting on 28 August 2006	<u>506.6</u>	<u>1.00</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.

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.

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
c) Interim dividends on retained earnings as of 30 September 2006	Board of Directors' meeting on 21 November 2006	506.6	1.00

As at the closing date of the share register 505,410,012 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 1,203,688 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 505.4 million.

Dividends declared in the year 2005 consist of the following:

d) Final dividends of 2004	Annual General Meeting of the shareholders on 29 April 2005	785.3	1.55
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As at the closing date of the share register 506,147,500 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 466,200 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.

e) Interim dividends on operating results for the six-month period ended 30 June 2005	Board of Directors' meeting on 18 August 2005	759.9	1.50
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As at the closing date of the share register 506,085,700 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 528,000 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 759.1 million.

24. COMMITMENT AND CONTINGENT LIABILITIES

24.1 Uncalled portion of other long-term investment

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

24.2 Litigation

As at 31 December 2006, the Company and subsidiaries have contingent liabilities as a result of being sued for damages in maritime claims totalling USD 1.8 million (2005: 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 made in the accounts.

25. FINANCIAL INSTRUMENTS

25.1 Financial risk management

The Company and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "*Financial Instruments: Disclosure and Presentations*", principally comprise cash and cash equivalents, trade accounts receivable, investments, trade accounts payable, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and subsidiaries manage the risk by adopting a credit policy whereby they evaluate the creditworthiness of charterers and other parties and restrict dealings to financially sound parties, and strictly attend to the preparation and completeness of documentation and therefore do not expect to incur material financial losses. In addition, the Company and subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheet.

Interest rate risk

The Company and subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, and long-term borrowings which carry interest rates. However, since most of the Company and subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2006 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

	Fixed interest rate	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)	
					Fixed	Floating
					USD	USD
					currency	currency
<u>Financial assets</u>						
Cash and cash equivalents	450,918	787,767	19,890	1,258,575	5.021	3.30
Trade accounts receivable	-	-	101,107	101,107	-	-
	<u>450,918</u>	<u>787,767</u>	<u>120,997</u>	<u>1,359,682</u>		
<u>Financial liabilities</u>						
Trade accounts payable	-	-	82,603	82,603	-	-
	<u>-</u>	<u>-</u>	<u>82,603</u>	<u>82,603</u>		

Foreign currency risk

Almost all revenues and expenditures of the Company and subsidiaries are denominated in U.S. dollars, which provide 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 financial instruments denominated in other currencies. However, the Company and subsidiaries' management has decided to maintain an open position with regard to this exposure, but endeavors to limit this exposure to least possible amounts by not holding significant financial instruments denominated in other currencies.

25.2 Fair values of financial instruments

Since the majority of the Company and subsidiaries' financial assets and liabilities are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instruments.

26. SUBSEQUENT EVENTS

26.1 On 18 January 2007, the Company and local subsidiaries entered into an agreement with Krung Thai Bank Public Company Limited, whereby the bank, either as sole lender or with a syndicate of other commercial banks, will provide 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 loan is 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.

The loan agreement contains 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.

26.2 On 30 January 2007, a local subsidiary entered into a Memorandum of Agreement with an overseas company to sell a second-hand vessel for USD 6.4 million. A deposit of 10% was received on 5 February 2007 and was deposited in a nominated joint bank account of the buyer and seller. The remaining balance is to be received on delivery of the vessel.

27. RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2005 have been reclassified to conform to the current year's classifications, with no effect on previously reported net income or shareholders' equity.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2007.