

## Precious Shipping Public Company Limited and subsidiaries

### Notes to consolidated financial statements

For the years ended 31 December 2009 and 2008

#### 1. Corporate 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. Its registered address is Cathay House, 7th Floor, 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

#### 2. Basis of preparation

- 2.1 The financial statements in Thai language have been prepared in accordance with accounting standards enunciated under the Accounting Professions 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 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Precious Shipping Public Company Limited (“the Company”) and the following subsidiaries (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage		Assets as a		Revenues as a	
			directly and		percentage to		percentage to the	
			indirectly owned		the consolidated		consolidated total	
			by the Company		total assets as at		revenues for the years	
			31 December		ended 31 December			
			2009	2008	2009	2008	2009	2008
			%	%	%	%	%	%
<u>Subsidiaries held by the Company</u>								
1. Precious Metals Limited	Shipowner	Thailand	99.99	99.99	0.13	1.21	5.60	4.32
2. Precious Wishes Limited	Shipowner	Thailand	99.99	99.99	1.08	0.94	6.41	4.63
3. Precious Stones Shipping Limited	Shipowner	Thailand	99.99	99.99	2.68	3.68	1.57	1.24
4. Precious Minerals Limited	Shipowner	Thailand	99.99	99.99	1.95	3.15	6.47	4.73

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company		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	
			2009		2008		2009	
			2009		2008		2009	
			%		%		%	
5. Precious Lands Limited	Shipowner	Thailand	99.99	99.99	0.01	0.47	1.99	2.96
6. Precious Rivers Limited	Shipowner	Thailand	99.99	99.99	2.30	3.01	2.32	1.76
7. Precious Lakes Limited	Shipowner	Thailand	99.99	99.99	0.63	0.91	4.64	3.00
8. Precious Seas Limited	Shipowner	Thailand	99.99	99.99	0.91	1.33	2.36	4.02
9. Precious Stars Limited	Shipowner	Thailand	99.99	99.99	0.85	1.02	2.10	1.95
10. Precious Oceans Limited	Shipowner	Thailand	99.99	99.99	0.74	1.05	2.38	1.61
11. Precious Planets Limited	Shipowner	Thailand	99.99	99.99	-	1.44	0.85	6.75
12. Precious Diamonds Limited	Shipowner	Thailand	99.99	99.99	1.71	2.43	3.71	3.53
13. Precious Sapphires Limited	Shipowner	Thailand	99.99	99.99	1.53	2.04	2.38	1.63
14. Precious Emeralds Limited	Shipowner	Thailand	99.99	99.99	3.40	4.88	4.31	2.79
15. Precious Rubies Limited	Shipowner	Thailand	99.99	99.99	-	0.58	1.41	2.76
16. Precious Opals Limited	Shipowner	Thailand	99.99	99.99	0.01	0.39	3.02	3.46
17. Precious Garnets Limited	Shipowner	Thailand	99.99	99.99	3.46	5.24	3.75	2.45
18. Precious Pearls Limited	Shipowner	Thailand	99.99	99.99	0.01	0.39	2.74	3.14
19. Precious Flowers Limited	Shipowner	Thailand	99.99	99.99	-	0.68	1.25	4.26
20. Precious Forests Limited	Shipowner	Thailand	99.99	99.99	0.01	0.70	1.60	1.40
21. Precious Trees Limited	Shipowner	Thailand	99.99	99.99	0.07	0.92	0.22	3.48
22. Precious Ponds Limited	Shipowner	Thailand	99.99	99.99	0.63	0.95	4.52	2.44
23. Precious Ventures Limited	Shipowner	Thailand	99.99	99.99	-	0.43	1.46	2.86
24. Precious Capitals Limited	Shipowner	Thailand	99.99	99.99	0.85	1.11	2.38	2.79
25. Precious Jasmines Limited	Shipowner	Thailand	99.99	99.99	3.76	0.94	5.79	5.98
26. Precious Orchids Limited	Shipowner	Thailand	99.99	99.99	2.27	3.70	3.13	5.16
27. Precious Lagoons Limited	Shipowner	Thailand	99.99	99.99	0.97	1.17	1.67	1.32
28. Precious Cliffs Limited	Shipowner	Thailand	99.99	99.99	1.05	1.34	1.82	1.41
29. Precious Hills Limited	Shipowner	Thailand	99.99	99.99	1.15	1.47	1.97	1.43
30. Precious Mountains Limited	Shipowner	Thailand	99.99	99.99	1.23	1.48	1.96	1.40
31. Precious Resorts Limited	Shipowner	Thailand	99.99	99.99	1.33	1.77	1.96	1.40
32. Precious Cities Limited	Shipowner	Thailand	99.99	99.99	1.70	2.00	2.41	1.83
33. Precious Comets Limited	Shipowner	Thailand	99.99	99.99	0.41	0.39	1.95	1.43
34. Precious Ornaments Limited	Shipowner	Thailand	99.99	99.99	0.03	0.64	3.02	2.46
35. Nedtex Limited	Bulk storage barges*	Thailand	69.99	69.99	-	-	-	-
36. Precious Storage Terminals Limited	Bulk storage barges*	Thailand	69.99	69.99	-	-	-	-
37. Thebes Pte. Limited	Maritime Business*	Singapore	100.00	100.00	-	-	-	-
38. Precious Shipping (Panama) S.A.	Shipowner/ Chartering	Panama	99.99	99.99	0.37	1.86	0.01	0.21
39. Precious Shipping (Mauritius) Limited	Holding company*	Mauritius	100.00	100.00	-	-	0.35	-
40. Precious Shipping (Singapore) Pte. Limited	Holding company/ Chartering	Singapore	100.00	100.00	12.47	7.81	0.32	0.16

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company		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	
			2009	2008	2009	2008	2009	2008
			%	%	%	%	%	%
41. Precious Shipping (UK) Limited	Chartering	England	99.99	99.99	0.04	0.04	0.01	(0.09)
42. Great Circle Shipping Agency Limited	Technical manager of ships	Thailand	99.99	99.99	1.25	0.95	0.26	0.04
43. Precious Projects Pte. Limited	Investment holding company	Singapore	100.00	100.00	-	-	-	-
<u>Subsidiaries held by subsidiaries</u>								
44. Rapid Port Leasing Company Pte. Limited	Marine Construction*	Singapore	100.00	100.00	-	-	-	-
45. PSL Bulk Terminal Company Limited	Holding company*	Mauritius	100.00	100.00	-	-	-	-
46. PSL Investments Limited	Holding company*	Mauritius	100.00	100.00	-	-	-	-
47. International Lighterage Limited	Holding company	Mauritius	100.00	100.00	0.70	0.75	-	0.12
48. PSL Thun Shipping Pte. Limited	Chartering	Singapore	64.06	64.06	1.02	0.89	2.75	1.24
49. Regidor Pte. Limited	Maritime Business *	Singapore	100.00	100.00	-	-	-	-

\*Suspended their businesses

- b) Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- The financial statements of the associated company are prepared for a reporting date that differs from that of the Company by no more than three months. In this respect, the accounting periods and differences are consistent and the financial statements are prepared using the same significant accounting policies.
- d) 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 adjustments" in shareholders' equity.
- e) 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.

- f) Minority interests represent the portion of income or loss and net assets that is not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.
- 2.3 The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

### **3. Adoption of new accounting standards**

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and No. 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

#### **3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year**

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007)      Impairment of Assets

TFRS 5 (revised 2007)      Non-current Assets Held for Sale and Discontinued  
Operations

Accounting Treatment Guidance for Leasehold right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for leasehold right do not have any significant impact on the financial statements for the current year.

### 3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

## 4. Significant accounting policies

### 4.1 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.

#### ***Dividend received***

Dividends received are recognised when the right to receive the dividends is established.

### 4.2 Cash and cash equivalents

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

#### **4.3 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 generally based on collection experiences and analysis of debt aging.

#### **4.4 Bunker oil**

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

#### **4.5 Investments**

- a) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. Premiums/discounts on debt securities are amortised by the effective rate method, with the amortised amount presented as an adjustment to the interest income.
- b) 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).
- c) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

#### **4.6 Property, building and equipment**

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

Land and condominium units of a subsidiary 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.

#### **4.7 Depreciation**

Depreciation of vessels, condominium units 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 - 25 years
Dry-dock and special survey expenses	2 years and 4 years respectively
Condominium units	20 years
Leasehold improvement	5 years
Others	5 years

Depreciation is included in determining income.

No depreciation is provided on land.

#### **4.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are treated as expenses in the period these are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.9 Intangible assets and amortisation**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense is recognised in the income statement as an expense.

A summary of the useful lives of intangible assets with finite useful lives is as following:

Computer software	5 years and 10 years
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No amortisation is provided on computer software under development.

#### **4.10 Deferred financial fees**

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in determining borrowing costs.

#### **4.11 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.



#### **4.12 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.

#### **4.13 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 indication exists, or when annual impairment testing for an asset is required, the Company and subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and subsidiaries could obtain at the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Impairment losses are generally recognised in the income statement. However in cases where land and condominium units were previously revalued and the revaluation was taken to equity, the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company and subsidiaries estimate the asset's recoverable amount in which case an impairment loss recognised in prior periods for an asset other than goodwill shall be reversed.

#### **4.14 Employee benefits**

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

#### **4.15 Provisions**

Provisions are recognised when the Company and subsidiaries have a present obligation as a result of a past event, 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.

##### *Provisions for maritime claims*

Provisions for maritime claims are recorded by the subsidiaries upon receipt of the claim advices from the charterers, based on the maximum liabilities of the subsidiaries which may arise after considering amounts recoverable from insurances as stipulated in the relevant policies.

#### **4.16 Income tax**

Income tax of the Company and 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 method and tax rates stipulated by tax laws in those countries.

#### **4.17 Premium on treasury stock**

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.

#### **4.18 Derivatives**

##### **Cross currency swap contracts**

Receivables and payables arising from cross currency swap contracts are translated into Baht at the exchange rates ruling on the balance sheet date. Gains and losses from the translation are included in determining income.

#### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows:

**Allowance for doubtful accounts**

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

**Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

**Property building and equipment/Depreciation**

In calculating depreciation on vessels, condominium units and equipment, the management estimates useful lives and salvage values of the Company's and subsidiaries' vessels, condominium units and equipment and reviews estimated useful lives and salvage values if there are any changes.

A subsidiary measures land and condominium units at revalued amounts. Fair value from revaluation is determined by independent valuation specialists using market approach. Management determined the assumptions and estimates for independent valuation specialists to use in determining fair value.

**Intangible assets**

Intangible assets are systematically amortised over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired. The initial recognition and measurement of intangible assets, and subsequent impairment analysis, require management to make subjective judgments concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

## 6. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2009	2008
<u><i>Investment in debts securities</i></u>		
Bill of exchange	27,500	-

As at 31 December 2009, investment in debts securities of the Company amounting to Baht 27.50 million are bill of exchange in Baht currency and due within January 2010, bearing interest at the rate of 1.22% per annum.

(Unit: Thousand Baht)

Consolidated financial statements								
Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method		
2009	2008	2009	2008	2009	2008	2009	2008	
Thousand	Thousand	%	%					
INR	INR							
<b><u>Investment in associate held by a subsidiary</u></b>								
Southern LPG Limited	64,592	64,592	50.00	50.00	31,716	31,716	19,365	19,365
Less: Allowance for loss on investment							(19,365)	(19,365)
Current investment - net							-	-

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

## 7. Trade accounts receivable

The outstanding balances of trade accounts receivable as at 31 December 2009 and 2008 are aged, based on invoice date, as follows:

		(Unit: Thousand Baht)	
		Consolidated	
		financial statements	
		2009	2008
<b><u>Age of receivables</u></b>			
Not over 3 months		29,378	61,271
3 - 6 months		1,528	3,203
6 - 12 months		15,422	190
Over 12 months		8,944	8,000
Total		55,272	72,664
Less: Allowance for doubtful accounts		(13,194)	(25,898)
Trade accounts receivable - net		42,078	46,766

## 8. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
<b><u>Transactions with subsidiaries</u></b>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	69,432	94,428	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	71,732	-	3% of vessels' selling price
Service income - commission from compensation from cancellation of vessel hire contracts	-	-	9,366	-	5% of the compensation from cancellation of vessel hire contracts

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2009	2008	2009	2008	
Dividend received	-	-	4,700,110	4,700,418	As declared
Interest income	-	-	5,293	-	At interest rate of 0.50% per annum
Condominium rental expenses	-	-	9,297	9,249	Market price
<b><u>Transactions with related companies</u></b>					
Dividend received	-	10,654	-	-	As declared
Air ticket expenses	14,579	15,801	3,034	3,806	Market price
Rental and service expenses	6,145	8,310	4,831	4,882	Market price

The balances of the accounts as at 31 December 2009 and 2008 between the Company and those subsidiaries are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	2008	Increase	Decrease	2009
<b><u>Receivables from and advances to subsidiaries</u></b>				
Precious Stones Shipping Limited	21,445	-	21,445	-
Precious Minerals Limited	-	571,884	562,375	9,509
Precious Sapphires Limited	33,590	-	33,590	-
Precious Emeralds Limited	12,468	-	12,468	-
Nedtex Limited	160	22	-	182
Precious Storage Terminals Limited	86	22	-	108
Thebes Pte. Limited	990	69	-	1,059
Precious Shipping (Panama) S.A.	300,134	48,269	341,252	7,151
Precious Shipping (Mauritius) Limited	119,400	1,356	-	120,756
Precious Shipping (Singapore) Pte. Limited	438,366	-	438,366	-
Precious Shipping (UK) Limited	13,653	9,160	7,003	15,810
Great Circle Shipping Agency Limited	162,362	460,904	495,520	127,746
Precious Projects Pte. Ltd.	291	69	-	360
Total	1,102,945	1,091,755	1,912,019	282,681

(Unit: Thousand Baht)

	Separate financial statements			
	2008	Increase	Decrease	2009
<b><u>Payables to and advances from subsidiaries</u></b>				
Precious Metals Limited	139,634	525,024	362,710	301,948
Precious Wishes Limited	193,566	333,082	402,455	124,193
Precious Stones Shipping Limited	-	142,766	106,919	35,847
Precious Minerals Limited	81,311	-	81,311	-
Precious Lands Limited	83,262	199,251	191,686	90,827
Precious Rivers Limited	4,047	156,026	154,718	5,355
Precious Lakes Limited	71,922	280,026	294,410	57,538
Precious Seas Limited	41,140	141,542	151,638	31,044
Precious Stars Limited	28,167	131,509	121,162	38,514
Precious Oceans Limited	49,552	149,695	130,962	68,285
Precious Planets Limited	15,450	258,563	159,188	114,825
Precious Diamonds Limited	51,237	289,447	305,288	35,396
Precious Sapphires Limited	-	124,418	80,455	43,963
Precious Emeralds Limited	-	339,168	294,775	44,393
Precious Rubies Limited	8,257	185,600	99,847	94,010
Precious Opals Limited	90,395	237,968	235,975	92,388
Precious Garnets Limited	3,114	341,180	308,479	35,815
Precious Pearls Limited	87,273	230,236	229,320	88,189
Precious Flowers Limited	60,609	174,372	141,526	93,455
Precious Forests Limited	8,168	235,533	136,041	107,660
Precious Trees Limited	20,699	136,353	78,166	78,886
Precious Ponds Limited	36,120	256,920	264,372	28,668
Precious Ventures Limited	49,706	147,827	109,301	88,232
Precious Capitals Limited	74,743	151,769	167,101	59,411
Precious Jasmines Limited	109,676	493,355	526,739	76,292
Precious Orchids Limited	72,051	264,992	327,264	9,779
Precious Lagoons Limited	27,777	97,004	96,190	28,591
Precious Cliffs Limited	5,454	127,045	106,735	25,764
Precious Hills Limited	25,228	112,545	105,115	32,658
Precious Mountains Limited	18,211	88,671	83,246	23,636
Precious Resorts Limited	21,267	123,494	104,609	40,152

(Unit: Thousand Baht)

	Separate financial statements			
	2008	Increase	Decrease	2009
Precious Cities Limited	42,850	126,043	138,353	30,540
Precious Comets Limited	48,216	149,074	154,689	42,601
Precious Ornaments Limited	49,730	297,596	277,850	69,476
Precious Shipping (Singapore) Pte. Limited	-	2,089,992	2,044,451	45,541
Total	<u>1,618,832</u>	<u>9,138,086</u>	<u>8,573,046</u>	<u>2,183,872</u>

The outstanding balances of the amounts due from/to subsidiaries represent current accounts between the Company and those subsidiaries. The Company's management believes that no allowance for doubtful accounts is necessary. No interest was charged on advances to/from subsidiaries.

## 9. Short-term loans to subsidiary

Short-term loans to wholly owned subsidiary are in the form of promissory notes in US Dollar, which carry interest at the rate of 0.50% per annum, and are due at call. Movements in the balance of the loans during the year were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	2008	Increase	Unrealised loss on exchange	2009
<b><u>Short-term loans to subsidiary</u></b>				
Precious Shipping (Singapore) Pte. Limited	<u>176,287</u>	<u>2,029,594</u>	<u>(86,400)</u>	<u>2,119,481</u>

## 10. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries:

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received for the years ended 31 December	
	2009	2008	2009	2008	2009	2008	2009	2008
			%	%				
Precious Metals Limited	250,000	250,000	99.99	99.99	250,000	250,000	255,000	217,499
Precious Wishes Limited	230,000	230,000	99.99	99.99	230,000	229,999	289,800	227,699
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	260,000	260,000	39,000	-



(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements							
							Dividend received	
							for the years ended	
	Paid-up capital		Shareholding		Cost		31 December	
percentage								
	2009	2008	2009	2008	2009	2008	2009	2008
			%	%				
Precious Minerals Limited	230,000	230,000	99.99	99.99	230,000	230,000	482,999	218,499
Precious Lands Limited	84,000	84,000	99.99	99.99	84,000	84,000	142,799	150,359
Precious Rivers Limited	234,000	234,000	99.99	99.99	234,000	234,000	93,600	-
Precious Lakes Limited	99,000	99,000	99.99	99.99	99,000	99,000	257,399	100,979
Precious Seas Limited	100,000	100,000	99.99	99.99	100,000	100,000	120,000	261,998
Precious Stars Limited	105,000	105,000	99.99	99.99	105,000	105,000	31,500	124,949
Precious Oceans Limited	175,000	175,000	99.99	99.99	175,000	175,000	70,000	68,250
Precious Planets Limited	100,000	100,000	99.99	99.99	100,000	100,000	115,000	431,997
Precious Diamonds Limited	205,000	205,000	99.99	99.99	205,000	205,000	174,250	174,249
Precious Sapphires Limited	144,000	144,000	99.99	99.99	144,000	143,999	7,200	136,799
Precious Emeralds Limited	366,000	366,000	99.99	99.99	366,000	366,000	183,000	73,200
Precious Rubies Limited	84,000	84,000	99.99	99.99	84,000	84,000	50,400	168,839
Precious Opals Limited	74,000	74,000	99.99	99.99	74,000	74,000	210,899	205,718
Precious Garnets Limited	379,000	379,000	99.99	99.99	379,000	378,999	151,600	37,900
Precious Pearls Limited	73,000	73,000	99.99	99.99	73,000	72,999	197,099	148,919
Precious Flowers Limited	76,000	76,000	99.99	99.99	76,000	75,999	110,200	278,918
Precious Forests Limited	96,000	96,000	99.99	99.99	96,000	95,999	81,600	43,200
Precious Trees Limited	80,000	80,000	99.99	99.99	80,000	79,999	68,000	185,599
Precious Ponds Limited	84,000	84,000	99.99	99.99	84,000	83,999	226,799	50,400
Precious Ventures Limited	80,000	80,000	99.99	99.99	80,000	79,999	76,000	187,999
Precious Capitals Limited	200,000	200,000	99.99	99.99	200,000	199,999	90,000	145,000
Precious Jasmines Limited	98,000	98,000	99.99	99.99	98,000	97,999	328,299	327,318
Precious Orchids Limited	217,000	217,000	99.99	99.99	217,000	216,999	260,400	249,549
Precious Lagoons Limited	140,000	140,000	99.99	99.99	139,999	139,999	35,000	56,000
Precious Cliffs Limited	140,000	140,000	99.99	99.99	139,999	139,999	42,000	60,200
Precious Hills Limited	140,000	140,000	99.99	99.99	139,999	139,999	63,000	44,800
Precious Mountains Limited	140,000	140,000	99.99	99.99	139,999	139,999	42,000	67,200
Precious Resorts Limited	140,000	140,000	99.99	99.99	139,999	139,999	56,000	49,000
Precious Cities Limited	170,000	170,000	99.99	99.99	170,000	169,999	76,500	68,000
Precious Comets Limited	71,100	71,100	99.99	99.99	71,100	71,099	78,210	27,018
Precious Ornaments Limited	68,100	68,100	99.99	99.99	68,099	68,099	194,084	112,364
Nedtex Limited	2,500	2,500	69.99	69.99	648	648	-	-
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	4,199	4,199	-	-
Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	0.0365	0.0365	-	-
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	250	250	-	-
Precious Shipping (Mauritius) Limited	250	250	100.00	100.00	250	250	135	-

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received	
							for the years ended	
	2009	2008	2009	2008	2009	2008	31 December	
			%	%			2009	2008
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	363,338	363,338	338	-
Precious Shipping (UK) Limited	250	250	99.99	99.99	250	250	-	-
Great Circle Shipping Agency Limited	100,000	60,000	99.99	99.99	206,995	166,995	-	-
Precious Projects Pte. Limited	0.0345	0.0345	100.00	100.00	0.0345	0.0345	-	-
Total investments in subsidiaries					5,708,124	5,668,110	4,700,110	4,700,418
Less: Allowance for loss on investments in subsidiaries					(5,097)	(5,097)		
Total investments in subsidiaries - net					5,703,027	5,663,013		

The Company offsets the dividend income against amounts receivables from/payables to subsidiaries in the balance sheets.

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

On 5 January 2009, the Company purchased 4 more shares in each of 37 local subsidiaries from the minority shareholders at par value. However, these share purchases did not affect the Company's shareholding in these subsidiaries.

On 29 January 2009, a local subsidiary (Great Circle Shipping Agency Limited) issued new ordinary shares, which the Company purchased in proportion to its shareholding at that date, at par value, for a total of Baht 40.00 million.

During the year 2008, there had been the following changes in the investments in subsidiaries:

On 22 January 2008, a local subsidiary (Great Circle Shipping Agency Limited) issued new ordinary shares, to the Company at par value, for a total value of Baht 45.00 million.

## 11. Investment in associate held by a subsidiary

### 11.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

Consolidated financial statements								
Associate's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2009	2008	2009	2008	2009	2008
			%	%				
International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40	87,701	87,701	143,219	122,566

(Unit: Thousand Baht)

Consolidated financial statements				
Associate's name	Dividend received from associate held by a subsidiary for the years ended 31 December		Share of income from investment in associate held by a subsidiary for the years ended 31 December	
	2009	2008	2009	2008
International Seaports (Haldia) Private Limited	-	10,654	22,317	10,167

Shares of income from investment in associate held by a subsidiary for the years ended 31 December 2009 and 2008, included in the consolidated income statements, was recorded based on the audited financial statements of that associate as at 30 September 2009 and 2008.

### 11.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at 30 September		Total assets as at 30 September		Total liabilities as at 30 September		Total revenues for the years ended 30 September		Net income for the years ended 30 September	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Thousand INR	Thousand INR								
International Seaports (Haldia) Private Limited	440,580	440,580	837,200	790,178	314,511	336,002	455,557	489,526	99,631	45,391

On 30 December 2008, International Lighterage Limited, a subsidiary of the Company (shareholding is through Precious Shipping (Mauritius) Limited), signed an agreement to buy 4.92 million shares of International Seaports (Haldia) Private Limited for a price of INR 110.46 million, from an existing shareholder. This transaction was to be effective only upon receipt of the appropriate approval from the relevant government agency in the associate's country, and the Company therefore did not record the transaction in the prior year. During the current year, in accordance with the agreement, the subsidiary made an advance payment for the share acquisition to the existing shareholder, amounting to INR 15.93 million or approximately Baht 11.54 million. This amount was recorded as advance for share acquisition in associate held by a subsidiary, under other non-current assets in the balance sheet. The appropriate government approvals have not been received and therefore the Company could not close the transaction in the year 2009 but is expected to be completed in 2010. After the transaction is closed and the shares are acquired, such additional investment will raise the Company's stake in this company (International Seaports (Haldia) Private Limited) to 33.55%.

## **12. Other long-term investment**

The Company acquired 2,026,086 ordinary shares in TMN Company Limited with a par value of Baht 10 each, representing a 3% equity interest. The Company has paid up Baht 5 per share, or a total of Baht 10.13 million.

### 13. Property, building and equipment

(Unit: Thousand Baht)

#### Consolidated financial statements

	Revaluation basis	Cost basis						
	Land and condominium units	Vessels and equipment			Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
		Vessels and equipment	Dry-dock and special survey expenses	Total				
Cost/Revaluation amount								
31 December 2008	326,208	16,261,193	1,703,584	17,964,777	55,204	20,568	13,662	18,380,419
Acquisitions	267	710,503	305,644	1,016,147	931	-	-	1,017,345
Revaluation increase	120,053	-	-	-	-	-	-	120,053
Disposals	-	(4,745,879)	(1,268,710)	(6,014,589)	(25)	(494)	-	(6,015,108)
31 December 2009	446,528	12,225,817	740,518	12,966,335	56,110	20,074	13,662	13,502,709
Accumulated depreciation								
31 December 2008	167,468	8,289,800	786,840	9,076,640	36,048	12,504	7,254	9,299,914
Depreciation for the year	9,820	467,130	425,602	892,732	6,084	3,078	2,582	914,296
Depreciation for revaluation surplus	20,313	-	-	-	-	-	-	20,313
Reversal for disposals	-	(3,642,585)	(869,868)	(4,512,453)	(16)	(267)	-	(4,512,736)
31 December 2009	197,601	5,114,345	342,574	5,456,919	42,116	15,315	9,836	5,721,787
Net book value								
31 December 2008	158,740	7,971,393	916,744	8,888,137	19,156	8,064	6,408	9,080,505
31 December 2009	248,927	7,111,472	397,944	7,509,416	13,994	4,759	3,826	7,780,922
Depreciation for the year								
2008								1,085,165
2009								934,609

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
<b>Cost</b>				
31 December 2008	27,905	19,392	10,321	57,618
Acquisitions	462	-	-	462
Disposals	(25)	(494)	-	(519)
31 December 2009	28,342	18,898	10,321	57,561
<b>Accumulated depreciation</b>				
31 December 2008	14,753	11,328	5,255	31,336
Depreciation for the year	4,293	3,078	1,914	9,285
Reversal for disposals	(16)	(266)	-	(282)
31 December 2009	19,030	14,140	7,169	40,339
<b>Net book value</b>				
31 December 2008	13,152	8,064	5,066	26,282
31 December 2009	9,312	4,758	3,152	17,222
<b>Depreciation for the year</b>				
2008				9,546
2009				9,285

In December 2009, a subsidiary arranged for an independent professional valuer to appraise the value of its land and condominium units, using the market approach as per the appraisal report dated 4 December 2009. The subsidiary already recorded the increase from revaluation amounting to Baht 120.05 million.

Had the land and condominium units been carried in the financial statements based on historical cost, their net book value as of 31 December 2009 and 2008 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2009	2008
Land and condominium units	29,935	34,799

During the current year, local subsidiaries have sold and delivered 20 vessels and had gain on sales of vessels and equipment totaling Baht 760.28 million as presented in the current year consolidated income statement.

As at 31 December 2009, certain vessels and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 604.99 million (2008: Baht 4,151.08 million) in the consolidated financial statements and approximately Baht 9.67 million (2008: Baht 6.16 million) in the separate financial statements.

As at 31 December 2009, the subsidiaries have mortgaged 5 vessels with net book value of Baht 1,574.00 million with banks to secure long-term loans as referred to in Note 19.2.

### **Change in accounting estimate**

On 1 January 2008, the Group changed the estimated residual value of its vessels by increasing the assumed steel price to USD 400.00 per tonne from USD 135.00 per tonne (residual value is calculated by multiplying steel weight of the vessel (Light Displacement Tonnage) with assumed steel price per tonne). This change in estimation was made in line with prevailing steel prices in the market which had significantly increased from previous estimation. However, there was no change made in estimated useful life of vessels. This change in estimation has resulted in increase of net income for the year ended 31 December 2008 by Baht 642.20 million (Baht 0.62 per share), in the Group's consolidated income statements and the net book value of its vessels increased by the same amount.

The review and adjustment of the estimates of the residual value of vessels was in line with IAS 16 Property, Plant and Equipment, and was a normal practice in the marine transportation industry. In addition, draft TAS 16 (revised), which has been concurred by the committee of the Federation of Accounting Professions (FAP) but is still to be announced in the Royal Gazette, states that the residual value of an asset shall be reviewed at least at each financial year-end, if such residual value differs from the previous estimates.

#### 14. Computer software

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2009	2008
Computer software	56,296	44,269
Additions	2,872	12,027
Adjustment	(199)	-
Accumulated amortisation	(12,057)	(1,471)
Net	46,912	54,825
Amortisation expenses included in the income statements for the year	10,586	697

#### 15. Advances for vessel constructions

On 20 July 2007, 14 September 2007 and 11 February 2008, the Company entered into 18 contracts with a shipbuilder to construct 18 vessels (12 handysize vessels and 6 supramax vessels) classified as bulk carriers at an aggregate price of approximately USD 588.00 million (or approximately USD 30.00 million per handysize vessel and USD 38.00 million per supramax vessel). The contract price will be paid in 5 installments of 20% each, with each installment (except the fifth) paid only on the submission of a bank guarantee in favour of the Company, guaranteeing the refund of each installment (with interest at 7.5% per annum) in case of a failure by the shipbuilder to perform per the contract. The vessels are expected to be delivered in the years 2010 to 2013. However, if the shipbuilder can deliver the vessels earlier, the Company has to pay an aggregate sum of incentive amount not exceeding USD 18.52 million to the shipbuilder for all the 18 vessels.



As at 31 December 2009 and 2008, advances for vessel construction are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2009	2008
Balance at beginning of year	4,720,520	3,239,547
Additions	3,007,335	1,468,444
Interest costs	63,727	6,956
Transfer from deferred financial fees	8,454	375
Other costs	9,246	5,198
Balance at end of year	<u>7,809,282</u>	<u>4,720,520</u>

During the year 2009, the Company made payment of installments to the shipbuilder, amounting to USD 86.00 million or approximately Baht 3,007.34 million (2008: USD 44.00 million or approximately Baht 1,468.44 million). All of these have been financed by overseas and local commercial banks and the amount of borrowing costs capitalised during the year ended 31 December 2009 was approximately Baht 63.73 million (2008: Baht 6.96 million). The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 1.45% - 2.02% (2008: 4.74% - 5.14%).

#### 16. Deferred financial fees

As at 31 December 2009 and 2008, deferred financial fees are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Balance at beginning of year	330,740	298,102	330,740	298,102
Additions	2,948	87,934	2,948	87,934
Write-off	(2,658)	(50,670)	(2,658)	(50,670)
Transfer to advances for vessel constructions	(8,454)	(375)	(8,454)	(375)
Transfer to subsidiary as a borrower	-	-	(20,809)	-
Presented as a deduction from long-term loans	(31,323)	(4,251)	(10,514)	(4,251)
Balance at end of year	<u>291,253</u>	<u>330,740</u>	<u>291,253</u>	<u>330,740</u>

During the year 2009, the Company has written off Baht 2.66 million (2008: Baht 50.67 million) being a part of the deferred financial fees paid in earlier years for credit facilities. The amount of write-off has been estimated on a pro-rata basis to the amount of reduction of the facilities.

As at 31 December 2009, deferred financial fee amounting to Baht 31.32 million (2008: Baht 4.25 million) was presented as a deduction against long-term loans in liabilities in the consolidated balance sheet and amounting to Baht 10.51 million (2008: Baht 4.25 million) in the separate balance sheet, in proportion to the drawdown amount.

#### **17. Advances received from vessel sales**

During the year 2009, local subsidiaries entered into Sale Agreements termed as Memorandum of Agreement with overseas companies to sell the subsidiaries' second-hand vessels. The buyers paid deposits 20% of the selling price of each of the vessels and the remaining balances are to be paid on delivery of the vessels.

As at 31 December 2009, cash and cash equivalents included advance received amounting to USD 0.87 million or approximately Baht 29.16 million (2008: USD 0.62 million or approximately Baht 21.89 million) which was deposited in nominated joint bank account of the buyer and seller. Such advance received along with the balance of the sale price (80% of the selling price of each of the vessels) was subsequently transferred to the bank account of the subsidiary on 7 January 2010 and the respective vessel was delivered to the buyer, in accordance with the respective Memorandum of Agreement.

#### **18. Accrued employee benefits**

As at 31 December 2009 and 2008, accrued employee benefits can be separated based on the year the payment is to be made to employees, as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Payable within	2009	2008	2009	2008
1 year	165,690	147,795	152,196	135,677
2 - 3 years	173,011	217,850	159,090	199,435
Total	338,701	365,645	311,286	335,112

## 19. Long-term loan facilities

### 19.1 Loan facility for financing the constructions and acquisitions of new vessels

On 3 July 2008, the Company entered into a secured loan agreement with overseas and local commercial banks to obtain a loan facility of USD 398.40 million carrying interest at LIBOR plus margin. The loan is to be used to finance the construction and acquisition of 15 new vessels (9 handysizes and 6 supramaxes) out of the 18 new vessels already ordered by the Company and the total loan amount is equivalent to 80% of the aggregate contract prices of the 15 vessels. The drawing, final maturity, repayment and security of the loan are summarised as follows:

Facility / Description	Pre-delivery facility	Post-delivery facility
Drawing	As per milestones in the shipbuilding contracts whereby the aggregate of all drawings per vessel would be equivalent to 60% of the contracted price of each vessel	100% of the post-delivery facility amount equivalent to 80% of the contracted price of each vessel is to be drawn upon delivery of the respective vessel out of which the entire pre-delivery facility amount of each vessel will be repaid
Final maturity	Delivery of each vessel	10 years from delivery of the first vessel
Repayment	To be repaid in one lump sum upon delivery of the respective vessel	Each tranche (aggregate drawings in respect of each vessel) is to be amortised (repaid) in quarterly installments, each equivalent to 1/60th of the post-delivery facility amount, and in a balloon amount equal to the balance under such tranche on final maturity. The first quarterly repayment of each tranche shall commence 3 months after delivery of each respective vessel
Security	<ul style="list-style-type: none"> <li>a) Corporate guarantee from the Company if the Company is not a joint borrower</li> <li>b) 1st priority assignment of the shipbuilding contracts</li> <li>c) 1st priority assignment of the refund guarantees by the refund guarantors given in relation to the shipbuilding contracts with the Company</li> </ul>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage over the vessels</li> <li>b) Pledge of the vessel-owning subsidiaries' shares</li> <li>c) Corporate guarantee from the Company if the Company is not a joint borrower</li> <li>d) 1st priority assignment of requisition compensation in respect of the vessels</li> <li>e) 1st priority assignment of all insurance proceeds</li> <li>f) 1st priority assignment of the earnings of the vessels and pledge over the earnings and retention account of each vessel</li> </ul>

The credit facility agreement contains covenants that, among other things, require the Company to maintain certain financial ratios which include:

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

As at 31 December 2009 and 2008, long-term loans presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements / Separate financial statements	
	2009	2008
Long-term loans	3,593,000	743,747
Less: Deferred financial fees	(14,765)	(4,251)
Long-term loans - net	<u>3,578,235</u>	<u>739,496</u>

Movements in the long-term loans account during the year ended 31 December 2009 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance at beginning of year	739,496
Add: Additional borrowings	3,007,335
Less: Unrealised exchange gain	(158,082)
Deferred financial fees	<u>(10,514)</u>
Balance at end of year	<u>3,578,235</u>

As at 31 December 2009, the long-term loan facility which has not yet been drawn down amounted to USD 291.20 million (2008: USD 377.20 million).

## 19.2 Loan facilities for purchasing of vessels

During the current year, the Company and local subsidiaries entered into amended credit agreements with banks to fund vessel purchases. Details are as follows:

### Facility 1

On 13 February 2009, the Company and local subsidiaries entered into an amended and restated agreement (of the main secured revolving loan facility agreement dated 22 August 2005), to extend the availability period of the facility to 31 December 2009, with overseas banks for a credit facility of USD 100.00 million carrying interest at LIBOR plus a margin of 2.50% per annum (2008: USD 200.00 million carrying interest at LIBOR plus margin of 1.00% to 1.40% per annum). Subsequently, on 22 October 2009, the Company and local subsidiaries voluntarily cancelled this credit facility with overseas banks, with effect from 29 October 2009, because the Company and local subsidiaries did not expect to draw the facility this year and therefore the Company and local subsidiaries decided to cancel the facility to save payment of commitment fees for the rest of the year.

### Facility 2

On 23 February 2009 and 29 October 2009, the Company and local subsidiaries entered into an amended and restated agreement (of the main agreement dated 18 January 2007), with local commercial banks to obtain credit facilities, as detailed below.

- a) A term loan of Baht 8,750.00 million carrying interest at MLR minus 1.00% per annum. The loan is to be used for purchase of vessels, to be drawn down within 18 January 2010 (availability period), and to be repaid in equal 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).
- b) A foreign currency exchange facility of USD 5.00 million.
- c) A swap facility of Baht 8,750.00 million is to be used for convert the Thai Baht loan (as and when the facility is drawn) to convert into US Dollar so that there is no foreign exchange exposure for the Company and local subsidiaries when the loan facility is utilised. The swap period and payments correspond to the drawdown and loan repayment schedule. A swap fee is payable at a fixed rate per annum based on the market rates as and when the loan drawdowns are made and converted into US Dollar.

The credit facilities 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 credit facility agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- 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 debt service coverage ratio of at least 1.1:1

As at 31 December 2009 and 2008, long-term loans presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2009	2008
Long-term loans	734,273	-
Less: Deferred financial fees	(20,809)	-
Long-term loans - net	<u>713,464</u>	<u>-</u>

Movements in the long-term loan account during the year ended 31 December 2009 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance at beginning of year	-
Add: Additional borrowings	734,273
Less: Deferred financial fees	(20,809)
Balance at end of year	<u>713,464</u>

During the year 2009, a local subsidiary had drawn down Baht 734.27 million from the facility from the local commercial banks and the entire loan has been converted to a dollar loan of USD 22.15 million with the said local commercial banks.

As at 31 December 2009, the long-term facility and swap facility that have not yet been drawn down amounted to Baht 8,015.73 million. The Company and subsidiaries are currently in discussions with the lenders to extend the availability period of the facility up to the end of December 2010 and expect to sign extension agreements with the lenders shortly.

## **20. Debentures offering plan**

On 6 July 2007, the Extraordinary General Meeting of shareholders passed a resolution to approve the Company or a newly established subsidiary of the Company to issue debentures in an amount not exceeding USD 1,000.00 million or the equivalent in another currency to foreign investors, and to empower the Board of Directors to subsequently determine details of the debenture issue and offering such as the nature of the debentures, the value, the currency, the interest rate, the maturity, the redemption period, the selling method, the subscription period, the allocation method and others. As at 31 December 2009, the debentures have yet to be issued by either the Company or the subsidiary.

## **21. Revaluation surplus on assets of subsidiary**

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	2009	2008
Balance at beginning of year	103,712	123,966
Add: Revaluation increase	120,053	-
Less: Amortisation	(20,313)	(20,254)
Balance at end of year	203,452	103,712

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

## 22. 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% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% 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% of its income each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

## 23. Corporate social responsibility (CSR) reserve

The Company has earmarked 0.5% of its net income every year as a reserve towards CSR activities. The Company expects to earmark amounts based on the same percentage of net income annually on a cumulative basis, but subject to a minimum of Baht 1.75 million and a maximum of Baht 25.00 million per year. The reserve was approved by a meeting of the Board of Directors of the Company on 14 August 2008.

During the year 2009, the Company set aside Baht 15.24 million (2008: Baht 24.69 million) to a reserve for corporate social responsibility activities and reversed Baht 2.15 million (2008: none) of such reserve when the Company made related donation payments.

## 24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Salary, wages and other benefits				
of employees and crews	1,182,599	1,580,625	281,687	453,474
Rental expenses	5,589	3,012	3,539	2,235

## 25. Corporate income tax

No corporate income tax was payable for the years 2009 and 2008, 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.

Income tax on income from sales of vessels of subsidiaries can be exempted subject to certain imposed conditions as stipulated in the Royal Decree issued under the Revenue Code No. 299 on reduction of or exemption from income taxes, dated 21 September 1996. The conditions include the purchase of vessels to replace sold vessels and registration of the vessel under the Thai flag, within one year of the sale. The replacement vessel must also have a useful life no shorter and a capacity no smaller than the sold vessel. If income from sales of vessels is qualified for exemption, the remaining cost of the sold vessel may not be treated as an expense in determining net income for tax purposes.

Corporate income tax of the local subsidiaries has been calculated at the rate of 30% on the income from the non-exempt activities, after adding back certain provisions and expenses which are disallowed for tax computation purposes.

Corporate income tax of the overseas subsidiaries has been calculated by applying the applicable statutory rates of the relevant countries.

## **26. Promotional privileges**

The Company has been granted promotional privileges under the Investment Promotion Act, as approved by the Board of Investment under BOI certificate No. 1405/2550 dated 23 March 2007. Subject to certain imposed conditions, the significant privileges are the rights to employ skilled foreigners to work within the scope of duties approved by the Board of Investment and for the period for which they are permitted to stay in Thailand, permission to own land in an amount considered appropriate by the Board of Investment, and permission to transfer funds in or out of Thailand in foreign currencies.

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 2009, the subsidiaries have registered their 24 vessels (2008: 43 vessels) under the Thai flag.

Revenues and expenses for 2009 and 2008 (before eliminating related transactions), classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

			Non-promoted operations				Total	
			Operations exempted from corporate income tax in accordance with the Director-General's Notification on Income Tax No. 72		Operations not eligible for corporate income tax exemption			
			Promoted operations					
			2009	2008	2009	2008		
Revenues	3,600,776	4,889,451	1,888,664	3,576,784	5,877,757	5,118,303	11,367,197	13,584,538
Costs and expenses	(1,681,026)	(1,901,146)	(992,584)	(1,151,634)	(1,030,609)	(905,871)	(3,704,219)	(3,958,651)
Net income	1,919,750	2,988,305	896,080	2,425,150	4,847,148	4,212,432	7,662,978	9,625,887

## 27. Basic earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

## 28. 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 financial statements									
	Time charter		Voyage charter		Total		Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Hire income	5,153,491	8,372,920	-	-	5,153,491	8,372,920	(44,391)	(35,815)	5,109,100	8,337,105
Freight income	-	-	503,231	251,430	503,231	251,430	(88,686)	(52,735)	414,545	198,695
Total vessel operating income	5,153,491	8,372,920	503,231	251,430	5,656,722	8,624,350	(133,077)	(88,550)	5,523,645	8,535,800
Voyage disbursements	-	-	(239,339)	(121,246)	(239,339)	(121,246)	133,077	88,550	(106,262)	(32,696)
Bunker consumption	-	-	(105,422)	(37,805)	(105,422)	(37,805)	-	-	(105,422)	(37,805)
Total voyage expenses	-	-	(344,761)	(159,051)	(344,761)	(159,051)	133,077	88,550	(211,684)	(70,501)
Net vessel operating income/time charter equivalent income	5,153,491	8,372,920	158,470	92,379	5,311,961	8,465,299	-	-	5,311,961	8,465,299

During the year 2009, compensation from cancellation of vessel hire contracts amounting to approximately Baht 184.53 million (2008: Baht 31.27 million) has been recorded in “Hire income” account in the income statement.

## 29. 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% 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 2009, the Company and subsidiaries contributed Baht 2.66 million (2008: Baht 2.45 million) to the provident fund (Separate financial statements: Baht 2.40 million, 2008: Baht 2.22 million). The Company and subsidiaries changed the Fund Manager to Kasikornbank Public Company Limited, effective from 1 January 2010.

## 30. Dividend paid

Dividends declared in the year 2009 consist of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
a) Interim dividend on operating results for the nine-month period ended 30 September 2009	Board of Directors' meeting on 9 November 2009	415.74	0.40

As at the closing date of the share register, 1,039,350,820 of the Company's ordinary shares were qualified to receive dividend, after deduction of the 169,780 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 415.74 million and this was paid by the Company on 4 December 2009.

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
b) Interim dividend on operating results for the six-month period ended 30 June 2009	Board of Directors' meeting on 5 August 2009	415.74	0.40

As at the closing date of the share register, 1,039,360,620 of the Company's ordinary shares were qualified to receive dividend, after deduction of the 159,980 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 415.74 million and this was paid by the Company on 2 September 2009.

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
c) Interim dividend on operating results for the three-month period ended 31 March 2009	Board of Directors' meeting on 12 May 2009	415.75	0.40

As at the closing date of the share register, 1,039,378,300 of the Company's ordinary shares were qualified to receive dividend, after deduction of the 142,300 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 415.75 million and this was paid by the Company on 8 June 2009.

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
d) Final dividend of 2008 income	Annual General Meeting of the shareholders on 18 March 2009	831.50	0.80

As at the closing date of the share register, 1,039,380,300 of the Company's ordinary shares were qualified to receive final dividend, after deduction of the 140,300 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving final dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 831.50 million and this was paid by the Company on 27 March 2009.

Dividends declared in the year 2008 consist of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
a) Interim dividend on operating results for the nine-month period ended 30 September 2008	Board of Directors' meeting on 13 November 2008	779.53	0.75

As at the closing date of the share register, 1,039,379,300 of the Company's ordinary shares were qualified to receive dividend, after deduction of the 141,300 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 779.53 million and this was paid by the Company on 12 December 2008.

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
b) Interim dividend on operating results for the six-month period ended 30 June 2008	Board of Directors' meeting on 14 August 2008	779.54	0.75

As at the closing date of the share register, 1,039,389,300 of the Company's ordinary shares were qualified to receive dividend, after deduction of the 140,300 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 779.54 million and this was paid by the Company on 11 September 2008.

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
c) Interim dividend on operating results for the three-month period ended 31 March 2008	Board of Directors' meeting on 22 May 2008	519.65	0.50

As at the closing date of the share register, 1,039,304,995 of the Company's ordinary shares were qualified to receive dividend, after deduction of the 215,605 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 519.65 million and this was paid by the Company on 17 June 2008.

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
d) Final dividend of 2007 income	Annual General Meeting of the shareholders on 27 March 2008	779.48	0.75

As at the closing date of the share register, 1,039,311,395 of the Company's ordinary shares were qualified to receive final dividend, after deduction of the 209,205 shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving final dividend, from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 779.48 million and this was paid by the Company on 10 April 2008.

### 31. Commitments and contingent liabilities

#### 31.1 Vessel building contracts commitments

As at 31 December 2009, the Company's future payment commitments under vessel building contracts amounting to USD 363.20 million or approximately Baht 12,173.30 million (2008: USD 449.20 million or approximately Baht 15,759.01 million).

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

As at 31 December 2009, the Company and subsidiaries had obligations in respect of the charges for management of the undrawn portion of loan facilities, which can be summarised as follows:

Facility	Percentage of obligation	Currency	Maximum facility amount per contract	Undrawn loan balance as at 31 December 2009	Term of payment	Drawdown period ending
<b>Loan facility for financing the construction and acquisition of new vessels</b>						
Facility 1	0.35% per annum of undrawn loan balance	million USD	398.40	291.20	Every three months starting from 3 July 2008 until the end of the drawdown period	Upon delivery of each vessel
<b>Loan facilities for purchasing of vessels</b>						
Facility 2	1% per annum of undrawn loan balance	million Baht	8,750.00	8,015.73	Quarterly starting from 19 January 2009 until the end of the drawdown period	18 January 2010

Availability period of Facility 2 expired on 18 January 2010. As such, the obligation in respect of commitment fee stated above for the facility is no longer valid but shall be replaced by new obligation which is presently being discussed with the respective lenders.

#### 31.3 Uncalled portion of other long-term investment

As at 31 December 2009, the Company has a commitment of Baht 10.13 million in respect of the uncalled portion of other long-term investment (2008: Baht 10.13 million).

#### 31.4 Vessel sale contract commitments

On 5 December 2009, a local subsidiary enters into Memorandum of Agreement with an overseas company to sell the subsidiary's second-hand vessel for USD 4.35 million which the vessel is delivered on 7 January 2010.

### **31.5 Long-term time charter commitments**

Pursuant to a Memorandum of Understanding signed in October 2009, on 2 December 2009, the Company signed Long-Term Time Charter Contracts with a company incorporated in India (the charterer) for 4 (3 definite ships, plus an additional ship at Charterer's option to be declared within 30 April 2011) new cement carriers. The charter periods under the contracts are 15 years, with a fixed charter rate per day as stipulated in the contracts. There is an option to extend the charter period twice by blocks of 5 years, with reduced charter rates as stipulated in the contracts. The ships are new custom-built cement carriers, which have to be delivered to the charterer as per the committed schedule during 2011 to 2014. If the ships are not delivered to the charterer within the agreed schedule, there is a fine payable of USD 4,250 per ship per day.

## **32. Financial instruments**

### **32.1 Financial risk management**

The Company and subsidiaries' financial instruments, as defined under Thai Accounting Standard No.32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investments, trade accounts payable and 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 sheets.



### **Interest rate risk**

The Company and subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, investment in debts securities and long-term loans. 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 2009 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 within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)	
					Fixed USD currency	Floating USD currency
<u>Financial assets</u>						
Cash and cash equivalents	3,785,523	2,058,811	4,448	5,848,782	0.6300	0.1550
Current investment - Bill of exchange	27,500	-	-	27,500	-	-
Trade accounts receivable	-	-	42,078	42,078	-	-
Total	3,813,023	2,058,811	46,526	5,918,360		
<u>Financial liabilities</u>						
Trade accounts payable	-	-	44,728	44,728	-	-
Long-term loans	-	4,291,699	-	4,291,699	-	1.4759
Total	-	4,291,699	44,728	4,336,427		

### **Foreign currency risk**

Almost all revenues and expenditures of the Company and subsidiaries are denominated in US Dollars, which provide a natural hedge against the currency risk associated with transactions in US 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 the minimum possible amounts by not holding significant amounts of financial instruments denominated in other currencies or use derivative instruments, as and when it considers appropriate, to manage such risks.

The Company and its subsidiaries do not use foreign currency forward contracts or purchased currency options for trading purposes.

### **32.2 Fair values of financial instruments**

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.

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

### **33. Capital management**

The primary objectives of the Company and subsidiaries' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

As at 31 December 2009, debt-to-equity ratio in the consolidated financial statements was 0.29:1.00 (2008: 0.11:1.00) and the separate financial statements was 0.49:1.00 (2008: 0.27:1.00).

### **34. Subsequent events**

- a) On 7 January 2010 a local subsidiary, received the remaining balance of price of vessel it had sold to an overseas company under a Memorandum of Agreement (80% of the selling price of each vessel), amounting to USD 3.48 million. The subsidiary has already delivered the respective vessel to the buyer.
- b) On 11 January 2010, the Company has entered into a Joint venture agreement with PFS Shipping (Singapore) Pte. Limited ("PFS") which is a company incorporated under the laws of the Republic of Singapore and wholly owned by PFS Shipping (India) Ltd., which is part of the ABG Group from India for the purpose of execution and performance of the MOU and the Time Charters (explained in Note 31.5) as well as other similar business of owning and operating cement carriers in India on equal sharing basis. According to the agreement, a company will be set up in Singapore as the jointly controlled entity ("jointly controlled entity") which shall order 3 new ships (Cement Carriers) from ABG Shipyard Ltd., at an expected price of USD 28.50 million per ship. The jointly controlled entity may order one more ship if the Charterer exercises the option to take one more ship on time charter. The total amount to be paid for acquiring 4

ships (if the option for the 4th ship is exercised) is expected to be USD 114.00 million out of which the Company's share would be USD 57.00 million (50%).

On 14 January 2010, the Company acquired a 50% equity interest in the jointly controlled entity by acquiring 1 share at par of USD 1.

- c) On 14 January 2010, the Company has entered into a new Secured Term Loan Facility Agreement of USD 250.00 million from one International Bank's Bangkok Branch and 4 local banks to fund additional second-hand vessels which the Company may want to buy. The loan is carrying interest at LIBOR plus margin. The loan is to be used for purchase of vessels, to be drawn down within 30 June 2011 (availability period), and to be repaid in equal quarterly installments over a period of 8 years commencing from the end of the availability period.

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

The credit facility agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of net funded debt to total shareholders' equity ratio not exceeding 2:1
  - b) maintenance of net funded debt to EBITDA ratio not exceeding 5:1
  - c) maintenance of minimum free cash balance of USD 100,000 per vessel
  - d) maintenance of debt service coverage ratio of at least 1.1:1
- d) On 15 January 2010 and 20 January 2010, two local subsidiaries separately entered into Memorandum of Agreements with two overseas companies to sell the subsidiaries' 2 second-hand vessels for USD 4.70 million and USD 4.15 million, respectively. A subsidiary already delivered one vessel on 28 January 2010 and the other is to be delivered in the first quarter of 2010.
- e) On 2 February 2010, the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held in March 2010 to adopt a resolution to pay a dividend of Baht 0.60 per share, or a total of Baht 623.71 million, to the shareholders in respect of the 2009 income.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

### 35. Reclassifications

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	Separate financial statements		
	Previously reported	Increase (Decrease)	As reclassified
Receivables from and advances to subsidiaries	1,279,232	(176,287)	1,102,945
Short-term loans to subsidiary	-	176,287	176,287

### 36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 2 February 2010.