

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

1. GENERAL INFORMATION

1.1 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the related statements of earnings, changes in shareholders’ equity and cash flows, as in the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.2 Basis of consolidation

These consolidated financial statements include the financial statements of Precious Shipping Public Company Limited and subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2002. There have been no changes in the composition of the Group during the current period.

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2002.

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No diluted earnings per share for the three-month period ended 30 June 2002 have been presented since the conditions for converting debentures to the Company's ordinary shares were cancelled in accordance with the result of the bondholders' meeting as discussed in Note 8.

2 TRADE ACCOUNTS RECEIVABLE

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

			(Unit : Thousand Baht)	
	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002
Less than 3 months	56,909	131,366	-	-
3 - 6 months	7,031	4,907	-	-
6 - 12 months	4,259	5,518	-	-
More than 12 months	92,213	93,170	1,961	2,016
Total	160,412	234,961	1,961	2,016
Less : Allowance for doubtful accounts	(91,675)	(92,942)	(1,961)	(2,016)
Trade accounts receivable - net	68,737	142,019	-	-

3 RELATED PARTY TRANSACTIONS

During the periods, the Company had significant business transactions with its subsidiaries, associated and related companies (related by way of common shareholders and/or directors). Such transactions, have been concluded on the terms and basis as stipulated in the agreements between the Company and those companies, were in the normal course of business. The transactions included advances to Nedtex Limited and Precious Storage Terminals Limited charging interest at a rate of 8% per annum and advances to/from other subsidiary and associated companies on which no interest is charged. The transactions are summarised below:-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 June			
	2003	2002	2003	2002
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Interest expenses	-	-	-	34
Administrative expenses	-	-	1,653	1,653
<u>Transactions with related companies</u>				
Rental and related expenses	336	487	168	243
Air ticket expenses	2,819	3,817	1,410	1,646

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Interest income	-	-	642	373
Administrative expenses	-	-	3,306	3,306
<u>Transactions with related companies</u>				
Rental and related expenses	693	950	336	475
Air ticket expenses	5,524	7,193	1,921	2,247

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

(Unit : Thousand Baht)

	THE COMPANY ONLY				
	31 March			30 June	31 December
	2003	Increase	Decrease	2003	2002
<u>Receivable from and advances to subsidiaries</u>					
Precious Hills Limited	82,689	14,066	35,177	61,578	90,691
Great Circle Shipping Agency Limited	126,853	21,360	23,525	124,688	134,201
Precious Capitals Limited	162,471	70,165	94,610	138,026	180,514
Precious Jasmines Limited	34,755	68,851	65,300	38,306	61,796

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

THE COMPANY ONLY

	31 March 2003	Increase	Decrease	30 June 2003	31 December 2002
Precious Orchids Limited	2,883	-	2,883	-	9,020
Precious Seas Limited	50,694	9,031	14,929	44,796	39,738
Precious Resorts Limited	136,202	26,655	18,671	144,186	113,639
Precious Shipping (Mauritius) Limited	76,241	30,413	14,737	91,917	48,350
Precious Trees Limited	-	-	-	-	2,058
Precious Stars Limited	167,776	32,138	58,392	141,522	137,948
Precious Ponds Limited	-	-	-	-	208
Precious Cliffs Limited	126,090	461,305	361,948	225,447	48,167
Geepee Corporation Limited	20,974	236	1,530	19,680	22,148
Nedtex Limited	6,420	-	6,420	-	6,350
Precious Lakes Limited	3,980	26	-	4,006	3,993
Precious Shipping (Panama) S.A.	1,049	114,084	108,875	6,258	-
Precious Mountains Limited	47,707	18,570	25,873	40,404	51,339
Precious Storage Terminals Limited	-	5,965	294	5,671	-
Total	1,046,784	872,865	833,164	1,086,485	950,160
<i>Payable to and advances from subsidiaries</i>					
Precious Shipping (Singapore) Pte. Limited	500,942	81,732	84,247	498,427	479,206
Precious Wishes Limited	263,448	30,263	16,166	277,545	272,285
Precious Metals Limited	269,767	14,752	19,620	264,899	252,014
Precious Minerals Limited	139,924	-	15	139,909	139,924
Precious Cities Limited	139,447	-	15	139,432	139,447
Precious Stones Shipping Limited	137,667	-	15	137,652	137,667
Precious Flowers Limited	141,956	30,539	20,633	151,862	136,394
Precious Forests Limited	142,490	15,895	27,126	131,259	123,036
Precious Planets Limited	172,780	42,978	27,863	187,895	167,820
Precious Diamonds Limited	73,901	85,433	35,406	123,928	59,274
Precious Lagoons Limited	65,028	145,112	182,671	27,469	61,076
Precious Opals Limited	23,876	-	16	23,860	23,876
Precious Lands Limited	21,322	-	15	21,307	21,322
Precious Rubies Limited	65,496	-	15	65,481	65,933
Precious Sapphires Limited	790	4	519	275	1,902
Precious Pearls Limited	77,928	105,734	98,459	85,203	54,143

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

THE COMPANY ONLY

	31 March 2003	Increase	Decrease	30 June 2003	31 December 2002
Precious Garnets Limited	64,362	28,379	10,886	81,855	57,195
Precious Ornaments Limited	23	-	15	8	-
Precious Oceans Limited	130,661	127,991	11,995	246,657	111,517
Precious Rivers Limited	20,480	20,884	16,432	24,932	11,189
Precious Emeralds Limited	71,917	45,355	40,994	76,278	36,390
Precious Storage Terminals Limited	1,193	-	1,193	-	1,166
Precious Ventures Limited	99,344	55,778	53,512	101,610	65,969
Regidor Pte. Limited	128	9	128	9	17
Thebes Pte. Limited	120	9	120	9	17
Precious Shipping (Panama) S.A.	-	-	-	-	3,623
Precious Shipping (UK) Limited	1,573	88,264	84,285	5,552	8,357
Precious Trees Limited	24,863	27,334	10,218	41,979	-
Precious Ponds Limited	13,236	44,503	28,997	28,742	-
Precious Comets Limited	23	-	15	8	-
Precious Orchids Limited	-	41,206	30,559	10,647	-
Nedtex Limited	-	1,031	520	511	-
Total	2,664,685	1,033,185	802,670	2,895,200	2,430,759

(Unit : Thousand Baht)

CONSOLIDATED

	31 March 2003	Increase	Decrease	30 June 2003	31 December 2002
<i>Receivable from and advances to other related companies</i>					
International Seaports Pte. Ltd.	440	-	-	440	440
International Seaports (Haldia) Private Limited	52,144	-	52,144	-	23,683
Kakinada Seaports Limited	1,860	-	-	1,860	1,860
Total	54,444	-	52,144	2,300	25,983

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

(UNAUDITED BUT REVIEWED)

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

	(Unit : Thousand Baht)	
	THE COMPANY ONLY	
	30 June 2003	31 December 2002
Precious Cliffs Limited	143,000	143,000
Precious Capitals Limited	143,000	143,000
Precious Jasmynes Limited	100,750	100,750
Precious Stars Limited	96,525	96,525
Precious Seas Limited	95,693	95,693
Precious Orchids Limited	57,850	57,850
Precious Ponds Limited	21,450	21,450
Precious Lakes Limited	4,550	4,550
Total	<u>662,818</u>	<u>662,818</u>

4 INVESTMENTS

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

			(Unit : Thousand Baht)	
			CONSOLIDATED	THE COMPANY ONLY
	Percentage of Ownership	Cost Method	Equity Method	Equity Method
	2003/2002	2003/2002	30 June 2003	31 December 2002
<u><i>Investments accounted for under equity method</i></u>				
<u><i>Subsidiaries</i></u>				
Precious Shipping (Singapore) Pte. Limited	100.00	363,338	625,433	607,050
Precious Metals Limited	99.99	250,000	369,227	354,449
Precious Wishes Limited	99.99	229,999	330,134	309,575
Precious Capitals Limited	99.99	199,999	274,910	226,207
Precious Oceans Limited	99.99	175,000	362,834	333,884

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership	Cost Method	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 June	31 December	30 June	31 December
	2003/2002	2003/2002	2003	2002	2003	2002
Precious Minerals Limited	99.99	140,000			139,875	139,890
Precious Stones Shipping Limited	99.99	140,000			137,662	137,688
Precious Mountains Limited	99.99	139,999			227,173	191,467
Precious Hills Limited	99.99	139,999			282,602	260,418
Precious Resorts Limited	99.99	139,999			190,641	171,900
Precious Lagoons Limited	99.99	139,999			214,111	189,775
Precious Cities Limited	99.99	139,999			139,427	139,442
Precious Cliffs Limited	99.99	139,999			94,825	79,498
Great Circle Shipping Agency Limited	99.99	121,995			(56,645)	(44,821)
Precious Stars Limited	99.99	105,000			146,449	115,965
Precious Seas Limited	99.99	100,000			242,470	216,810
Precious Planets Limited	99.99	100,000			222,785	190,220
Precious Jasmines Limited	99.99	97,999			280,230	254,729
Precious Ventures Limited	99.99	79,999			211,052	164,906
Precious Diamonds Limited	99.99	55,000			183,390	155,623
Precious Orchids Limited	99.99	51,999			169,746	152,174
Precious Rivers Limited	99.99	44,000			72,769	54,340
Precious Forests Limited	99.99	39,999			135,495	119,656
Precious Trees Limited	99.99	39,999			77,112	47,337
Precious Flowers Limited	99.99	38,999			173,770	146,839
Precious Pearls Limited	99.99	38,999			157,669	125,836
Precious Emeralds Limited	99.99	32,000			127,598	98,913
Precious Ponds Limited	99.99	31,999			112,603	79,548
Precious Garnets Limited	99.99	30,999			135,334	113,569
Precious Rubies Limited	99.99	24,000			65,662	65,847
Precious Lands Limited	99.99	24,000			21,237	21,253
Precious Opals Limited	99.99	24,000			23,888	23,904
Precious Lakes Limited	99.99	24,000			(3,728)	(3,725)
Precious Sapphires Limited	99.99	23,999			368	672
Geepee Corporation Limited	99.88	5,874			(6,673)	(3,878)
Precious Storage Terminals Limited	69.99	4,199			(13,102)	(12,669)

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Percentage of Ownership	Cost Method	CONSOLIDATED		THE COMPANY ONLY	
			Equity Method		Equity Method	
			30 June	31 December	30 June	31 December
	2003/2002	2003/2002	2003	2002	2003	2002
Nedtex Limited	69.99	648			(14,708)	(14,290)
Precious Shipping (UK) Limited	99.99	250			7,317	7,729
Precious Shipping (Panama) S.A.	99.99	250			420	(97)
Precious Shipping (Mauritius) Limited	99.99	250			(172,176)	(171,692)
Precious Comets Limited	99.40	99			(79)	(64)
Precious Ornaments Limited	99.40	99			(80)	(64)
Thebes Pte. Limited	100.00	0.0365			(591)	(479)
Regidor Pte. Limited	100.00	0.0503			(653)	(532)
Total net investments in subsidiaries		<u>3,478,984</u>			<u>5,687,783</u>	<u>5,044,802</u>
Investments accounted for under equity method					5,956,218	5,297,114
Share of losses over investments					(268,435)	(252,312)
Net					<u>5,687,783</u>	<u>5,044,802</u>

(Unit : Thousand Baht)

	Percentage of Ownership		Cost method		CONSOLIDATED		THE COMPANY ONLY	
					Equity Method		Equity Method	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2003	2002	2003	2002	2003	2002	2003	2002
<u>Other investments</u>								
International Seaports Pte. Limited	33.33	33.33	17,225	17,225	22,955	22,955	22,955	22,955
Dhamra Port Company Private Limited	26.37	26.37	96,889	96,889	96,889	96,889	-	-
Southern LPG Limited	39.96	39.96	31,716	31,716	19,365	19,365	-	-
Kakinada Seaports Limited	16.65	16.65	22,144	22,144	22,144	22,144	-	-
International Seaports (Haldia) Private Limited	17.92	17.83	87,701	35,556	87,701	35,556	-	-
Total			<u>255,675</u>	<u>203,530</u>	<u>249,054</u>	<u>196,909</u>	<u>22,955</u>	<u>22,955</u>
Less : Provision for possible loss on investments					(161,353)	(161,353)	(22,955)	(22,955)
Net other investments					<u>87,701</u>	<u>35,556</u>	<u>-</u>	<u>-</u>
Net current investments					-	-	-	-
Net long-term investments					87,701	35,556	-	-
Total net other investments					<u>87,701</u>	<u>35,556</u>	<u>-</u>	<u>-</u>

(UNAUDITED BUT REVIEWED)

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

As at 30 June 2003, the Company has pledged the shares of twenty-seven subsidiaries amounting to Baht 5,360 million (31 December 2002 : twenty-three subsidiaries amounting to Baht 3,840 million), stated under the equity method, with banks to secure the long-term loans referred to in Note 7.

During the current period, an overseas subsidiary has additional acquired 5,855,207 ordinary shares of International Seaports (Haldia) Private Limited at par value, a total of Baht 52.15 million. This represents 22.40% of registered share capital of that company. Based on indirect holding, the Company holds 17.92% of the registered capital of that company.

The Company and subsidiaries have recorded investments in three overseas associated companies under the equity method upto 31 December 2000 since the Company and subsidiaries are making efforts to sell these investments and the investment in other company. This is to comply with the conditions of the debt restructuring agreement. Therefore, the above investments have been reclassified to current investments in current assets. On conservative basis, during 2002, the Company and subsidiaries set up the provision for possible loss on other investments of Baht 161.4 million (The Company Only : Baht 22.9 million).

5. VESSELS, CONDOMINIUM AND EQUIPMENT

As at 30 June 2003, the subsidiaries have mortgaged twenty-eight vessels with net book value of Baht 3,836 million (31 December 2002 : twenty-eight vessels amounting to Baht 4,046 million) and condominium units with net book value of Baht 109 million (31 December 2002 : Baht 114 million) with banks to secure long-term loans as referred to in Note 7.

As at 30 June 2003 and 31 December 2002, the Company and subsidiaries has fully depreciated equipment which are still in use, the costs of such assets amounted to Baht 40 million and Baht 37 million, respectively (The Company Only : Baht 15 million and Baht 12 million, respectively).

(UNAUDITED BUT REVIEWED)

6 DEFERRED CHARGES

(Unit : Thousand Baht)

	CONSOLIDATED	
	30 June 2003	31 December 2002
Dry-dock expenses	247,613	282,010
Special survey expenses	284,571	276,314
Total deferred charges	532,184	558,324
Less : Accumulated amortisation	(297,500)	(338,959)
Deferred charges - net	234,684	219,365
Amortisation for the period/year	71,728	155,171

7 LONG-TERMLOANS

The original loans and commercial loans are the loans resulting from the restructuring of debts under the debt restructuring agreement dated 6 July 2000 and 10 July 2000.

The outstanding balances of long-term loans as at 30 June 2003 and 31 December 2002 were as follows:-

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002
Original loans	690,664	1,519,414	-	-
Commercial loans	1,601,265	1,618,368	1,601,265	1,618,368
New loans	413,551	-	-	-
Less : Current portion	(17,538)	(393,386)	-	-
Long-term portion	2,687,942	2,744,396	1,601,265	1,618,368

(UNAUDITED BUT REVIEWED)

Original loans

As at 30 June 2003, the eighteen subsidiaries had outstanding loans from various banks and financial institutions aggregating approximately USD 16.4 million (31 December 2002 : Baht 241.4 million and USD 29.5 million) on which interest is charged at fixed and floating rates specified in the agreements. According to the repayment schedule, the loans will be repaid in quarterly installments commencing 31 March 2000 until the end of 2005. The certain subsidiaries repaid a total of Baht 89.6 million and USD 5.55 million in the first quarter and Baht 151.8 million and USD 7.55 million in the second quarter of 2002. (During the year 2002 : Baht 48.2 million, USD 17.6 million and INR 15 million) of the loans.

As at 30 June 2003, these loans are secured by the following:-

- a) The mortgage of twenty vessels belonging to subsidiaries (Note 5).
- b) The pledge of the shares of nineteen subsidiaries (Note 4).
- c) The guarantees of nineteen subsidiaries by Precious Shipping Public Company Limited.
- d) The assignment of the insurance policies for twenty of the subsidiaries' vessels.

Commercial loans

These are Thai Baht loans which the Company shall, by no later than each of the repayment dates specified below, repay an aggregate principal amount of at least equal to the amounts specified below:-

<u>Repayment Date</u>	<u>Equivalent to Million US dollar</u>
31 December 2001	7.0
25 July 2004	40.0

(UNAUDITED BUT REVIEWED)

The commercial loans carry interest at fixed rates per annum. If the Company fails to repay at the applicable repayment dates, interest rate will be increased by 1% per year from those dates. The loans are finally due for repayment on 17 July 2005. During the first quarter of 2003, the Company repaid Baht 17.1 million (During the year 2002 : Baht 83.36 million) of the loans. These loans are secured by pledge of the shares of four subsidiaries (Note 4), the mortgage and the assignment of the insurance policy of four vessels of subsidiaries and the condominium units of a subsidiary (Note 5). The Company has to comply with certain conditions and restrictions provided in the above loan agreements such as:-

- a) Maintenance of debt service coverage ratio of at least 1.25 : 1 and debt to equity ratio of not exceeding 2 : 1 and funded debt ratio not exceeding 4 : 1.
- b) Certain amounts of cash flow surplus shall be used for loans repayment.
- c) Not create or permit to subsist any security interest on the whole or any part of its present or future assets, except for permitted security interest.
- d) Limit the acquisition of assets and investments at the amount as defined in the agreements.
- e) Not to permit the reduction of the Company's share capital.

New loans

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

- a) USD 65 million is to be used to refinance all outstanding loans of the Company and subsidiaries. Such facility is to be drawn down within 12 months from the date of the agreement.
- b) USD 35 million is to be used to pay for purchases of new vessels and/or to fund the redemption of the Bond. Such facility can be drawn on until the end of 2005.

These loans carry interest at the rate of LIBOR plus margin per annum and are payable in quarterly installments over a period of 7.5 years, in accordance with the proportionate amounts stipulated in the agreement, with a waiver of debt repayment for one year.

(UNAUDITED BUT REVIEWED)

The Company and subsidiaries have provided collateral for these loans, including vessels, condominium units and ordinary shares in the subsidiaries. The collateral will be mortgaged/pledged when the loans have been drawn down.

As at 30 June 2003, USD 9.82 million was drawn down from the loan a) by four subsidiaries, and used to refinance the original loans. Their four vessels and ordinary shares have been mortgaged/pledged to secure the loan.

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

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

8 BONDS / REDEEMABLE CONVERTIBLE DEBENTURES

These redeemable convertible debentures (RCDs) were issued under the terms of the debt restructuring agreement dated 17 July 2000.

On 17 July 2000, the Company issued Thai Baht 589,503,000 and USD 20,936,297 of zero coupon RCDs. Under the terms and conditions of the Thai Baht's and US dollar's RCDs, the Company had an option to redeem the bonds within a period of thirty months from the issue date due on 16 January 2003.

However, on 10 January 2003, the meeting of the holders of the USD redeemable convertible debentures passed a resolution approving new terms and conditions for the bonds, effective from 16 January 2003, which can be summarised as follows:-

- a) The bonds are no longer convertible to shares of the Company.
- b) The coupon rate is to be 4.25% per annum, with interest paid quarterly commencing on 31 March 2003.
- c) The bonds will be redeemed by the Company on 16 January 2009 or may be redeemed in part or in full at any time prior to maturity.

(UNAUDITED BUT REVIEWED)

Subsequently, on 17 January 2003, the meeting of the holders of the Baht redeemable convertible debentures passed a resolution approving new terms and conditions for the bonds, effective from 17 January 2003, which can be summarised as follows:-

- a) The bonds are no longer convertible to shares of the Company.
- b) The coupon rate is to be 5% per annum until 16 January 2006 and then 6% per annum from 17 January 2006 to 16 January 2009. Interest is to be paid quarterly, commencing on 17 April 2003.
- c) The bonds will be redeemed by the Company in quarterly installments, from 17 January 2006 to 17 January 2009.

During the second quarter of 2003, the USD Bonds of USD 34,014 was redeemed at the amount of USD 22,486 and the Baht Bonds of Baht 68.82 million was redeemed at the amount of Baht 58.29 million. The redemption was resulted in a gain of Baht 11.02 million which was recorded as an extraordinary item in the earnings statement for the three-month and six-month periods ended 30 June 2003.

During the second quarter of 2002, the USD RCDs of USD 68,028 was redeemed at the amount of USD 36,055. The redemption was resulted in a gain of Baht 1.36 million which was recorded as an extraordinary item in the earnings statement for the three-month and six-month periods ended 30 June 2002.

As at 30 June 2003, there were outstanding USD bonds of USD 13.13 million and Baht bonds of Baht 247.68 million (31 December 2002 : USD RCDs of USD 13.7 million and THB RCDs of Baht 316.50 million).

9 EXCHANGE GAINS

Exchange gains for the three-month and six-month periods ended 30 June 2003 and 2002 were summarised below:-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 June			
	2003	2002	2003	2002
Realised exchange gains (losses)	(1,264)	21,594	(1,389)	(3,012)
Unrealised exchange gains	23,760	76,486	11,719	28,185
Exchange gains - net	22,496	98,080	10,330	25,173

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	2003	2002	2003	2002
Realised exchange gains (losses)	2,594	6,793	(2,655)	(4,351)
Unrealised exchange gains	31,763	134,555	15,685	39,438
Exchange gains - net	34,357	141,348	13,030	35,087

10. COMMITMENTS AND CONTINGENT LIABILITIES

- a) As at 30 June 2003, the Company is contingently liable as guarantor for the payment of subsidiaries' loans totalling USD 16.40 million (31 December 2002 : USD 29.49 million and Baht 241.35 million).
- b) As at 30 June 2003, the Company and subsidiaries are defendants against maritime claims whereby total liabilities may aggregate up to USD 0.6 million (31 December 2002 : USD 0.6 million). The ultimate outcome of these claims cannot be determined at this time, but management anticipates that no material liability will arise. Accordingly, no provision has been provided in the accounts.

11. FINANCIAL INSTRUMENTS

The Company and subsidiaries do not hold or issue derivative instruments for speculative or trading purposes.

(UNAUDITED BUT REVIEWED)

11.1 Foreign Currency Risk

Almost all revenues and expenditures of the Company and subsidiaries are denominated in U.S. dollars, which provides a natural hedge against the currency risk associated with transactions in U.S. dollars. Consequently, the Company and subsidiaries are exposed to a currency risk in respect of its financial instruments denominated in other currencies. The Company and subsidiaries has certain secured/unsecured baht loans which are not hedged. Therefore, the Company and subsidiaries remain exposed to risk from the appreciation of the Thai Baht against the US dollar. However, the Company's management has decided to maintain an open position of this exposure.

Exchange rate applied for translation of foreign currency liabilities as at 30 June 2003 was USD 1 : Baht 42.1177 (31 December 2002 : Baht 43.3039).

11.2 Interest Rate Risk

As at 30 June 2003 the Company and subsidiaries had the following financial assets and financial liabilities exposed to interest rate risk:-

(Unit : Thousand Baht)

	Amounts of assets/liabilities					Average interest rate (% p.a.)			
	Floating interest rate	Fixed interest maturing in		Non-interest bearing	Total	Floating		Fixed	
		1 year or less	Over 1 year			THB	USD	THB	USD
Financial assets:-									
Cash and cash equivalents	451,845	-	-	5,181	457,026	-	0.25	-	-
Trade accounts receivable	-	-	-	68,737	68,737	-	-	-	-
Receivable from and advances to related parties - other related companies	-	-	-	2,300	2,300	-	-	-	-
Total	451,845	-	-	76,218	528,063				
Financial liabilities:-									
Long-term loans	1,104,215	-	1,601,265	-	2,705,480	-	2.50	7.00	-
Trade accounts payable	-	-	-	74,017	74,017	-	-	-	-
Bonds	-	-	800,863	-	800,863	-	-	5.00	4.25
Total	1,104,215	-	2,420,128	74,017	3,580,360				

(UNAUDITED BUT REVIEWED)

11.3 Credit Risk

The Company has established a credit policy of evaluating the creditworthiness of its charterers and other parties and restricts its dealings to only sound parties along with tight and adequate documentation to minimize the risk of financial loss from default. The Company's management believes that the maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the balance sheets.

11.4 Fair Value

Since the majority of financial assets are short-term and loans carry interest at rates close to current market rates, the management believes that the fair value of the Company's and subsidiaries' financial assets and liabilities do not materially differ from their carrying value.

12 FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' activities predominantly involve the shipping businesses and carries cargo operations to various locations worldwide. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain mainly to the aforementioned industry segment and geographic area.

13 SHARE CAPITAL

On 30 April 2003, the ordinary shareholders' meeting passed a resolution approving to decrease authorised share capital from Baht 1,973 million (197.3 million ordinary shares of Baht 10 each) to be Baht 520 million (52 ordinary shares of Baht 10 each). The Company registered the reduction of its authorised share capital with the Commerce Ministry on 20 May 2003.

14 SUBSEQUENT EVENTS

On 23 July 2003, one subsidiary has entered into the Memorandum of Agreement to purchase of second-hand vessel of USD 4.5 million. Deposit of 10% will be paid within 3 days after signature and the remaining balance will be paid upon shipment is made.

15 APPROVAL OF FINANCIAL STATEMENTS

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

