

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2005 AND 2004

**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 2004. 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 2004.

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## 2. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 September	31 December	30 September	31 December
	2005	2004	2005	2004
Less than 3 months	121,453	15,224	-	-
3 - 6 months	7,873	12,182	-	-
6 - 12 months	8,812	3,303	-	-
More than 12 months	80,658	69,498	-	1,825
Total	218,796	100,207	-	1,825
Less: Allowance for doubtful accounts	(79,873)	(68,738)	-	(1,825)
Trade accounts receivable - net	138,923	31,469	-	-

## 3. RELATED PARTY TRANSACTIONS

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

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 September			
	2005	2004	2005	2004
<b><u>Transactions with subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Service income	-	-	24,038	-
Dividends received	-	-	1,192,981	1,440,432
Administrative expenses	-	-	2,660	2,480
<b><u>Transactions with related companies</u></b>				
Administrative expenses	7,713	5,740	1,152	673

## (UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the nine-month periods ended 30 September			
	2005	2004	2005	2004
<b><u>Transactions with subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Service income	-	-	69,952	-
Dividends received	-	-	3,932,758	1,953,059
Administrative expenses	-	-	7,998	7,439
<b><u>Transactions with related companies</u></b>				
Administrative expenses	22,342	18,308	5,593	3,362

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 December			30 September
	2004	Increase	Decrease	2005
<b><u>Receivable from and advances to subsidiaries</u></b>				
Precious Rivers Limited	-	525,890	518,255	7,635
Precious Seas Limited	69,214	154,862	169,655	54,421
Precious Stars Limited	124,080	78,057	91,193	110,944
Precious Sapphires Limited	-	148,725	117,372	31,353
Precious Emeralds Limited	-	1,153,267	385,748	767,519
Precious Garnets Limited	-	1,196,791	389,425	807,366
Precious Pearls Limited	-	306,498	299,435	7,063
Precious Capitals Limited	11,505	342,834	338,609	15,730
Precious Jasmines Limited	8,333	309,391	304,402	13,322
Precious Orchids Limited	376,815	241,684	269,549	348,950
Precious Lagoons Limited	29,294	-	29,294	-
Precious Cliffs Limited	124,128	125,016	130,496	118,648
Precious Hills Limited	33,865	101,577	113,481	21,961
Precious Mountains Limited	23,559	119,932	103,069	40,422

## (UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	31 December			30 September
	2004	Increase	Decrease	2005
Precious Resorts Limited	75,846	113,011	123,973	64,884
Precious Storage Terminals Limited	-	14	-	14
Precious Shipping (Mauritius) Limited	94,951	137,440	126,338	106,053
Precious Shipping (UK) Limited	7,785	-	7,785	-
Great Circle Shipping Agency Limited	111,339	3,301	16,783	97,857
Total	1,090,714	5,058,290	3,534,862	2,614,142
<b><i>Payable to and advances from subsidiaries</i></b>				
Precious Metals Limited	142,399	577,087	618,940	100,546
Precious Wishes Limited	152,726	668,759	731,080	90,405
Precious Stones Shipping Limited	106,521	312,332	418,501	352
Precious Minerals Limited	170,078	448,306	584,792	33,592
Precious Lands Limited	91,247	286,778	326,092	51,933
Precious Rivers Limited	140,725	-	140,725	-
Precious Lakes Limited	44,289	154,868	174,552	24,605
Precious Oceans Limited	89,329	248,328	246,908	90,749
Precious Planets Limited	136,915	292,760	415,630	14,045
Precious Diamonds Limited	101,277	496,702	531,101	66,878
Precious Sapphires Limited	20,135	-	20,135	-
Precious Emeralds Limited	121,910	-	121,910	-
Precious Rubies Limited	110,595	199,712	275,641	34,666
Precious Opals Limited	68,122	202,985	182,488	88,619
Precious Garnets Limited	112,705	-	112,705	-
Precious Pearls Limited	105,228	-	105,228	-
Precious Flowers Limited	103,527	357,102	358,300	102,329
Precious Forests Limited	96,313	383,048	408,194	71,167
Precious Trees Limited	106,713	277,941	334,840	49,814
Precious Ponds Limited	45,539	250,874	290,024	6,389
Precious Ventures Limited	18,185	355,046	264,478	108,753
Precious Lagoons Limited	-	519,254	507,821	11,433
Precious Cities Limited	19,193	177,666	195,445	1,414
Precious Comets Limited	80,152	261,778	222,490	119,440

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	31 December			30 September
	2004	Increase	Decrease	2005
Precious Ornaments Limited	95,764	213,638	244,517	64,885
Nedtex Limited	4,762	-	9	4,753
Thebes Pte. Limited	9	2	-	11
Precious Shipping (Panama) S.A.	11,503	63,614	62,728	12,389
Precious Shipping (Singapore) Pte. Limited.	34,053	419,851	72,397	381,507
Precious Shipping (UK) Limited	-	74,890	72,528	2,362
Total	2,329,914	7,243,321	8,040,199	1,533,036

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

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

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	30 September	31 December
	2005	2004
Precious Cliffs Limited	143,000	143,000
Precious Capitals Limited	143,000	143,000
Precious Jasmines 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	662,818	662,818
Less: Current portion	(662,818)	-
Long-term portion	-	662,818

## (UNAUDITED BUT REVIEWED)

## 4. INVESTMENTS

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

(Unit: Thousand Baht)

	THE COMPANY ONLY							
	Percentage of ownership		Cost method		Equity method		Dividend received	
	30	31	30	31	30	31	For the nine-month periods ended 30 September	
	September	December	September	December	September	December		
	2005	2004	2005	2004	2005	2004	2005	2004
<i><b>Investments accounted for under equity method</b></i>								
<i><b>Subsidiaries</b></i>								
Precious Metals Limited	99.99	99.99	250,000	250,000	344,085	296,296	130,750	55,000
Precious Wishes Limited	99.99	99.99	229,999	229,999	300,203	301,279	214,819	85,100
Precious Stones Shipping Limited	99.99	99.99	260,000	260,000	305,930	320,294	121,420	-
Precious Minerals Limited	99.99	99.99	230,000	230,000	307,602	323,854	229,079	69,700
Precious Lands Limited	99.99	99.99	84,000	84,000	110,763	115,806	85,427	-
Precious Rivers Limited	99.99	99.99	234,000	234,000	326,315	315,537	125,190	70,960
Precious Lakes Limited	99.99	99.99	99,000	99,000	152,054	128,052	76,823	8,910
Precious Seas Limited	99.99	99.99	100,000	100,000	245,470	209,690	89,999	77,999
Precious Stars Limited	99.99	99.99	105,000	105,000	170,880	147,901	26,250	29,400
Precious Oceans Limited	99.99	99.99	175,000	175,000	232,225	203,039	91,875	31,500
Precious Planets Limited	99.99	99.99	100,000	100,000	140,724	155,343	194,299	107,999
Precious Diamonds Limited	99.99	99.99	205,000	205,000	330,759	280,970	215,454	72,500
Precious Sapphires Limited	99.99	99.99	143,999	143,999	195,370	177,493	27,360	-
Precious Emeralds Limited	99.99	99.99	86,000	86,000	264,756	138,149	107,155	65,789
Precious Rubies Limited	99.99	99.99	84,000	84,000	98,404	115,029	58,631	5,040
Precious Opals Limited	99.99	99.99	74,000	74,000	119,235	63,527	45,880	-
Precious Garnets Limited	99.99	99.99	78,999	78,999	208,747	128,335	103,805	38,710
Precious Pearls Limited	99.99	99.99	72,999	72,999	78,158	122,529	150,233	109,499
Precious Flowers Limited	99.99	99.99	75,999	75,999	161,249	122,258	202,006	75,619
Precious Forests Limited	99.99	99.99	95,999	95,999	166,493	154,002	192,863	70,560
Precious Trees Limited	99.99	99.99	79,999	79,999	138,968	130,717	180,239	75,199
Precious Ponds Limited	99.99	99.99	83,999	83,999	191,245	118,998	53,256	79,799
Precious Ventures Limited	99.99	99.99	79,999	79,999	154,248	120,130	190,478	159,999
Precious Capitals Limited	99.99	99.99	199,999	199,999	350,150	345,234	249,999	161,999
Precious Jasmines Limited	99.99	99.99	97,999	97,999	173,094	152,699	195,019	165,619
Precious Orchids Limited	99.99	99.99	216,999	216,999	411,100	372,261	130,200	76,459
Precious Lagoons Limited	99.99	99.99	139,999	139,999	207,767	164,348	35,000	70,000
Precious Cliffs Limited	99.99	99.99	139,999	139,999	236,510	222,747	63,000	28,000
Precious Hills Limited	99.99	99.99	139,999	139,999	234,881	191,787	35,000	32,200
Precious Mountains Limited	99.99	99.99	139,999	139,999	229,865	214,226	56,000	58,800
Precious Resorts Limited	99.99	99.99	139,999	139,999	240,746	219,614	63,000	58,800
Precious Cities Limited	99.99	99.99	169,999	169,999	252,412	210,161	49,300	11,900

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(Unit: Thousand Baht)

	THE COMPANY ONLY							
	Percentage of ownership		Cost method		Equity method		Dividend received	
	30	31	30	31	30	31	For the nine-month periods	
	September	December	September	December	September	December	ended 30 September	
	2005	2004	2005	2004	2005	2004	2005	2004
Precious Comets Limited	99.99	99.99	71,099	71,099	130,139	73,545	85,746	-
Precious Ornaments Limited	99.99	99.99	68,099	68,099	100,627	90,492	57,203	-
Nedtex Limited	69.99	69.99	648	648	(4,816)	(4,794)	-	-
Precious Storage Terminals Limited	69.99	69.99	4,199	4,199	(9)	15	-	-
Thebes Pte. Limited	100.00	100.00	0.0365	0.0365	(783)	(651)	-	-
Precious Shipping (Panama) S.A.	99.99	99.99	250	250	43,328	42,579	-	-
Precious Shipping (Mauritius) Limited	100.00	100.00	250	250	(35,593)	(171,765)	-	-
Precious Shipping (Singapore) Pte. Limited	100.00	100.00	363,338	363,338	704,589	650,232	-	-
Precious Shipping (UK) Limited	99.99	99.99	250	250	5,023	4,992	-	-
Great Circle Shipping Agency Limited	99.99	99.99	121,995	121,995	(95,946)	(82,982)	-	-
<b>Total net investments in subsidiaries</b>			<u>5,043,110</u>	<u>5,043,110</u>	<u>7,926,967</u>	<u>6,883,968</u>	<u>3,932,758</u>	<u>1,953,059</u>
Investments accounted for under equity method					8,064,114	7,144,160		
Share of losses over investments					(137,147)	(260,192)		
<b>Total net investments in subsidiaries</b>					<u>7,926,967</u>	<u>6,883,968</u>		

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

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

During the current period, an overseas subsidiary (Precious Shipping (Singapore) Pte. Limited) received dividend amounting to SGD 1.6 million from an overseas subsidiary (PSL Thun Shipping Pte. Limited).

As at 30 September 2005, the Company has pledged the shares of 35 subsidiaries amounting to Baht 7,215.2 million (31 December 2004: 35 subsidiaries amounting to Baht 6,363.4 million), stated under equity method, with a bank to secure the long-term loans referred to in Note 6.

## (UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	CONSOLIDATED					
	Percentage of ownership		Cost method		Equity method	
	30 September	31 December	30 September	31 December	30 September	31 December
	2005	2004	2005	2004	2005	2004
<b><u>Associate held by a subsidiary</u></b>						
International Seaports (Haldia) Private Limited	22.40	22.40	<u>87,701</u>	<u>87,701</u>	<u>105,786</u>	<u>95,045</u>

Share of profit from investment in associate held by a subsidiary was recorded based on the financial statements as at 30 June 2005 prepared by the management of that company and not reviewed by its auditor.

(Unit: Thousand Baht)

	Percentage of ownership				CONSOLIDATED		THE COMPANY ONLY	
	ownership		Cost method		Equity method		Equity method	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2005	2004	2005	2004	2005	2004	2005	2004
<b><u>Current investments</u></b>								
International Seaports Pte. Limited	-	34.30	-	19,501	-	25,231	-	25,231
Dhamra Port Company Private Limited	-	33.33	-	96,889	-	96,889	-	-
Southern LPG Limited	50.00	50.00	31,716	31,716	19,365	19,365	-	-
Kakinada Seaports Limited	-	8.95	-	24,004	-	24,004	-	-
Total			<u>31,716</u>	<u>172,110</u>	19,365	165,489	-	25,231
Less: Allowance for loss on investments					<u>(19,365)</u>	<u>(165,489)</u>	-	(25,231)
Net current investments					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company and subsidiaries recorded investments in an overseas associated company (31 December 2004: 3 companies) under equity method only until 31 December 2000, since the management of the Company and the subsidiaries are making efforts to sell these investments and an investment in another company. The investments have therefore been reclassified as current investments, under current assets. As at 30 September 2005, the Company and subsidiaries have set up provision for loss on investments of Baht 19.4 million (31 December 2004: Baht 165.5 million) (The Company Only, as at 31 December 2004: Baht 25.2 million).



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During the current period, there have been the following changes in the current investments: -

- a) PSL Investments Limited, a subsidiary of the Company (shareholding is through Precious Shipping (Mauritius) Limited), disposed of its current investment in Dhamra Port Company Private Limited to another party at a price equal to its original cost of INR 111 million (equivalent to Baht 97.7 million at the date of disposal). The subsidiary received payment in March and April 2005. This represents a gain on the sale of this current investment of Baht 0.8 million. Since the subsidiary had previously set up provision for loss on this current investment amounting to Baht 96.9 million, such amount was reversed in the earnings statement of the current period.
- b) PSL Bulk Terminal Company Limited, a subsidiary of the Company (shareholding is through Precious Shipping (Mauritius) Limited), disposed of its current investment in Kakinada Seaports Limited to another party at a price equal to its original cost of INR 26.8 million (equivalent to Baht 24.2 million at the date of disposal). The subsidiary received payment in May 2005. This represents a gain on the sale of this current investment of Baht 0.2 million. Since the subsidiary had previously set up provision for loss on this current investment amounting to Baht 24.0 million, such amount was reversed in the earnings statement of the current period.
- c) The Company disposed of its current investment in International Seaports Pte. Limited, which had a capital deficit, to another party at a price of USD 1 (equivalent to Baht 39.8 at the date of disposal), realising a loss on the sale of this current investment of Baht 25.2 million. Since the Company had previously set up provision for loss on this current investment amounting to Baht 25.2 million, such amount was reversed in the earnings statement of the current period.

## **5. VESSELS, CONDOMINIUM AND EQUIPMENT**

During the current period, subsidiaries have purchased 2 second-hand vessels for a total of USD 49.5 million.

As at 30 September 2005, the subsidiaries have mortgaged 50 vessels with net book value of Baht 9,267.9 million (31 December 2004: 51 vessels amounting to Baht 10,332.7 million) and condominium units with net book value of Baht 86.9 million (31 December 2004: Baht 94.5 million) with banks to secure long-term loans as referred to in Note 6.

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## 6. LONG-TERM LOANS

The outstanding balances of long-term loans as at 30 September 2005 and 31 December 2004 were as follows: -

	(Unit: Thousand Baht)	
	CONSOLIDATED	
	30 September 2005	31 December 2004
New loans	4,786,943	7,543,592
Other loan	-	17,580
Total	4,786,943	7,561,172
Less: Current portion	-	(1,127,542)
Long-term portion	4,786,943	6,433,630

### New loans

- 1) On 16 June 2003, the Company and local subsidiaries entered into an agreement with Krung Thai Bank Public Company Limited to obtain credit facilities of USD 100 million for the following purposes: -
  - a) USD 65 million was to be used to refinance all outstanding loans of the Company and subsidiaries. Such facility was to be drawn down within 12 months from the date of the agreement.
  - b) USD 35 million was to be used to pay for purchases of vessels and/or to fund the redemption of the Bonds. Such facility can be drawn down until the end of 2005.

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

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

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

As at 30 September 2005, no draw down has been made from facility d).

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

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

As at 30 September 2005, the 34 subsidiaries (31 December 2004: 34 subsidiaries) have outstanding loan balance by USD 116.4 million (31 December 2004: USD 192.4 million).

As at 30 September 2005, these loans are secured by the following: -

- a) The mortgage of 50 vessels (31 December 2004: 50 vessels) and condominium units belonging to subsidiaries (Note 5).
- b) The pledge of the shares of 35 subsidiaries (31 December 2004: 35 subsidiaries) (Note 4).
- c) The assignment of the beneficiary rights under insurance policies for the subsidiaries' vessels and condominium units.
- d) The assignment of the revenues from vessels and deposit accounts of the Company and subsidiaries if they breach the conditions in the loan agreements.

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

- a) Maintenance of a debt service coverage ratio of at least 1 : 1.
  - b) Maintenance of a debt to equity ratio of not exceeding 2 : 1.
  - c) Maintenance of available liquid reserves of no less than USD 100,000 per vessel.
- 2) On 22 August 2005, the Company and local subsidiaries entered into a secured revolving loan facility agreement with overseas banks to obtain credit facilities of USD 250 million carrying interest at the rate of LIBOR plus a margin per annum, the margin of which is based on the consolidated operating results of the Company and subsidiaries. The details are as follows: -

- a) A Revolving Acquisition and Refinancing Facility (RARF) is to be used as follows: -
  - Purchases of vessels
  - Refinance all outstanding loans from Krung Thai Bank Public Company Limited within 31 January 2006

Such facility is to be drawn down by 31 December 2006 and is automatically to be converted to a Revolving Reducing Credit Facility (RRCF) as at 31 December 2006, or earlier if mutually agreed between the borrower and the lenders.

- b) A Revolving Reducing Credit Facility (RRCF) to be repaid quarterly, per the proportions stipulated in the agreement, from March 2007 until June 2014.

The loan is secured by the mortgage of certain of the subsidiaries' vessels, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders.

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

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

As at 30 September 2005, no draw down has been made from this facility.

#### Other loan

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

As at 30 September 2005, the subsidiary has no other outstanding loan. (31 December 2004: USD 0.5 million). As at 31 December 2004, the loan was secured by the mortgage of the subsidiary's vessel and the assignment of the beneficiary rights under insurance policy of its vessel to a creditor (Note 5).

## **7. TREASURY STOCK**

Details of treasury stock are as follows: -

	CONSOLIDATED/ THE COMPANY ONLY	
	30 September 2005	31 December 2004
Value of treasury stock (Baht)	450,880,716	450,880,716
Number of treasury shares (Shares)	13,386,300	13,386,300
Average price per share (Baht)	33.6823	33.6823
The percentage of number of treasury shares to the share capital issued by the Company	2.57	2.57

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

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## 8. EXCHANGE GAINS (LOSSES)

Exchange gains (losses) for the three-month and nine-month periods ended 30 September 2005 and 2004 were summarised below: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the three-month periods ended 30 September			
	2005	2004	2005	2004
Realised exchange gains (losses)	(10,370)	27,602	(4,436)	17,479
Unrealised exchange gains (losses)	35,399	(144,389)	(7)	(58)
Exchange gains (losses) - net	25,029	(116,787)	(4,443)	17,421

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the nine-month periods ended 30 September			
	2005	2004	2005	2004
Realised exchange gains	61,516	80,439	16,197	47,562
Unrealised exchange losses	(222,906)	(472,031)	(157)	(190)
Exchange gains (losses) - net	(161,390)	(391,592)	16,040	47,372

## 9. CORPORATE INCOME TAX

The Company does not have corporate income tax liabilities on its net earnings for the three-month and nine-month periods ended 30 September 2005 and 2004 because tax losses brought forward exceed the net earnings.

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

(UNAUDITED BUT REVIEWED)

## 10. DIVIDENDS

Dividends declared in the current period consist of the following: -

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
a) Final dividends on 2004 earnings	Annual General Meeting of the shareholders on 29 April 2005	<u>785.3</u>	<u>1.55</u>

As at the closing date of the share register 506,147,500 of the Company's ordinary shares were held by parties other than the Company itself and are entitle to receive dividend. The total dividend paid was thus Baht 784.5 million.

b) Interim dividends on operating results for the period ended 30 June 2005	Board of Directors' meeting on 18 August 2005	<u>759.9</u>	<u>1.50</u>
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As at the closing date of the share register 506,085,700 of the Company's ordinary shares were held by parties other than the Company itself and are entitle to receive dividend. The total dividend paid was thus Baht 759.1 million.

## 11. CONTINGENT LIABILITIES

As at 30 September 2005, the Company and subsidiaries have contingent liabilities as a result of being sued for damages in maritime claims totalling USD 0.8 million (31 December 2004: 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.

(UNAUDITED BUT REVIEWED)

## 12. FINANCIAL INSTRUMENTS

### 12.1 Foreign Currency Risk

Almost revenues and expenditures of the Company and subsidiaries are denominated in U.S. dollars, which provides a natural hedge against the currency risk associated with transactions in U.S. dollars. Consequently, the Company and subsidiaries are exposed to a currency risk in respect of its financial instruments denominated in other currencies. However, the Company's management has decided to maintain an open position of this exposure.

Exchange rate applied for translation of foreign currency liabilities as at 30 September 2005 was USD 1: Baht 41.1075 (31 December 2004: Baht 39.2025).

### 12.2 Interest Rate Risk

As at 30 September 2005 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	Fixed interest	Non-interest bearing	Total	rate (% p.a.)	
	Interest	maturing in				
	Rate	1 year or less	bearing	Total	Floating	Fixed
					g	
					USD	USD
					currency	currency
<b>Financial assets:</b>						
Cash and cash equivalents	587,455	206,016	13,470	806,941	2.11	3.30
<b>Financial liabilities:</b>						
Long-term loans	4,786,943	-	-	4,786,943	5.885	-



(UNAUDITED BUT REVIEWED)

### **12.3 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.

### **12.4 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.

## **13. 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.

## **14. PRESENTATION**

Certain amounts in the financial statements presented for comparative purpose have been reclassified to conform to the current period's classification, with no effect on the net earnings or shareholders' equity previously reported.

## **15. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements were authorised for issue by the Authorised Directors on 3 November 2005.