

(UNAUDITED BUT REVIEWED)

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2006 AND 2005

1. GENERAL INFORMATION

1.1 Corporate information

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

1.2 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, the Company has presented the balance sheets, and the statements of earnings, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The 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.

1.3 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 2005. There have been no changes in the composition of the Group during the current period.

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1.4 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 2005.

2. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Thousand Baht)

	CONSOLIDATED	
	30 June 2006	31 December 2005
Less than 3 months	150,348	149,571
3 - 6 months	15,111	23,773
6 - 12 months	30,331	2,916
More than 12 months	24,871	23,554
Total	220,661	199,814
Less: Allowance for doubtful accounts	(24,738)	(23,411)
Trade accounts receivable - net	195,923	176,403

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 June			
	2006	2005	2006	2005
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Service income	-	-	23,077	45,914
Dividend received	-	-	352,923	1,261,013
Administrative expenses	-	-	2,672	2,675
<u>Transactions with related companies</u>				
Dividend received	8,339	-	-	-
Administrative expenses	8,275	8,261	2,029	3,191

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(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	2006	2005	2006	2005
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Service income	-	-	46,947	45,914
Dividend received	-	-	1,061,363	2,739,777
Administrative expenses	-	-	5,347	5,338
<u>Transactions with related companies</u>				
Dividend received	8,339	-	-	-
Administrative expenses	14,060	14,629	2,992	4,441

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 June
	2005	Increase	Decrease	2006
<u>Receivable from and advances to subsidiaries</u>				
Precious Stones Shipping Limited	83,181	148,963	93,728	138,416
Precious Minerals Limited	58,663	175,693	143,488	90,868
Precious Rivers Limited	90,460	204,210	189,898	104,772
Precious Lakes Limited	-	64,070	60,396	3,674
Precious Seas Limited	23,941	-	23,941	-
Precious Stars Limited	105,670	34,395	77,980	62,085
Precious Planets Limited	3,656	160,935	161,812	2,779
Precious Diamonds Limited	198	450,502	361,684	89,016
Precious Sapphires Limited	74,027	67,920	74,929	67,018
Precious Emeralds Limited	493,661	143,034	172,474	464,221
Precious Garnets Limited	506,545	109,028	195,780	419,793
Precious Pearls Limited	-	225,106	173,618	51,488
Precious Flowers Limited	-	216,366	215,033	1,333

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	31 December 2005	Increase	Decrease	30 June 2006
Precious Forests Limited	-	191,183	187,910	3,273
Precious Trees Limited	486	155,091	130,354	25,223
Precious Ponds Limited	8,043	121,117	125,358	3,802
Precious Capitals Limited	1,238	144,108	139,862	5,484
Precious Jasmines Limited	945	167,185	162,113	6,017
Precious Orchids Limited	283,345	82,377	219,447	146,275
Precious Lagoons Limited	925	55,569	55,873	621
Precious Cliffs Limited	108,652	41,757	85,027	65,382
Precious Hills Limited	3,584	86,702	87,907	2,379
Precious Mountains Limited	16,838	47,639	63,865	612
Precious Resorts Limited	83,072	41,902	68,244	56,730
Precious Cities Limited	30,806	102,707	114,020	19,493
Precious Comets Limited	-	216,588	199,500	17,088
Precious Ornaments Limited	-	147,358	145,662	1,696
Precious Storage Terminals Limited	13	10	7	16
Precious Shipping (Panama) S.A.	70,789	196,285	263,806	3,268
Precious Shipping (Mauritius) Limited	113,943	753	1,269	113,427
Precious Shipping (UK) Limited	26,145	212,562	136,805	101,902
Great Circle Shipping Agency Limited	100,437	6,387	10,519	96,305
Total	<u>2,289,263</u>	<u>4,017,502</u>	<u>4,142,309</u>	<u>2,164,456</u>
<i>Payable to and advances from subsidiaries</i>				
Precious Metals Limited	119,652	216,469	255,124	80,997
Precious Wishes Limited	119,958	141,609	201,617	59,950
Precious Lands Limited	31,769	64,841	93,970	2,640
Precious Lakes Limited	2,306	-	2,306	-
Precious Seas Limited	-	73,556	69,509	4,047
Precious Oceans Limited	96,289	96,177	125,505	66,961
Precious Rubies Limited	10,005	60,314	69,545	774
Precious Opals Limited	39,738	78,871	105,776	12,833
Precious Pearls Limited	15,400	-	15,400	-
Precious Flowers Limited	50,694	-	50,694	-

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	31 December 2005	Increase	Decrease	30 June 2006
Precious Forests Limited	8,344	-	8,344	-
Precious Ventures Limited	44,523	123,143	153,112	14,554
Precious Comets Limited	95,557	-	95,557	-
Precious Ornaments Limited	33,414	-	33,414	-
Nedtex Limited	4,753	7	12	4,748
Thebes Pte. Limited	12	37	35	14
Precious Shipping (Singapore) Pte. Limited	421,301	494,472	351,654	564,119
Total	<u>1,093,715</u>	<u>1,349,496</u>	<u>1,631,574</u>	<u>811,637</u>

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

Details of subordinated interest-free loans from subsidiaries, which are repayable after the subsidiaries repay the long-term loans referred to in Note 6, are as follows: -

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	30 June 2006	31 December 2005
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	<u>662,818</u>	<u>662,818</u>

(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 six-month		
June	December	June	December	June	December	periods ended 30 June		
2006	2005	2006	2005	2006	2005	2006	2005	
<i>Investments accounted for under equity method</i>								
<i>Subsidiaries</i>								
Precious Metals Limited	99.99	99.99	250,000	250,000	305,798	332,353	106,250	65,750
Precious Wishes Limited	99.99	99.99	229,999	229,999	282,859	291,541	64,400	138,920
Precious Stones Shipping Limited	99.99	99.99	260,000	260,000	408,739	332,517	-	95,420
Precious Minerals Limited	99.99	99.99	230,000	230,000	400,134	332,812	-	164,679
Precious Lands Limited	99.99	99.99	84,000	84,000	107,963	106,764	22,680	57,708
Precious Rivers Limited	99.99	99.99	234,000	234,000	456,413	375,493	-	76,050
Precious Lakes Limited	99.99	99.99	99,000	99,000	155,182	142,680	14,850	56,034
Precious Seas Limited	99.99	99.99	100,000	100,000	323,929	289,334	16,000	89,999
Precious Stars Limited	99.99	99.99	105,000	105,000	242,878	195,848	-	26,250
Precious Oceans Limited	99.99	99.99	175,000	175,000	215,280	246,729	97,999	39,375
Precious Planets Limited	99.99	99.99	100,000	100,000	205,678	164,858	30,000	124,299
Precious Diamonds Limited	99.99	99.99	205,000	205,000	386,823	370,233	71,750	145,754
Precious Sapphires Limited	99.99	99.99	143,999	143,999	264,938	210,327	-	27,360
Precious Emeralds Limited	99.99	99.99	366,000	366,000	690,876	613,926	-	107,155
Precious Rubies Limited	99.99	99.99	84,000	84,000	103,208	105,326	12,600	58,631
Precious Opals Limited	99.99	99.99	74,000	74,000	83,023	118,600	53,649	15,540
Precious Garnets Limited	99.99	99.99	378,999	378,999	612,686	538,416	-	103,805
Precious Pearls Limited	99.99	99.99	72,999	72,999	84,577	109,942	18,250	116,653
Precious Flowers Limited	99.99	99.99	75,999	75,999	149,290	163,220	83,219	130,567
Precious Forests Limited	99.99	99.99	95,999	95,999	166,472	174,841	62,399	139,103
Precious Trees Limited	99.99	99.99	79,999	79,999	178,580	153,528	-	111,439
Precious Ponds Limited	99.99	99.99	83,999	83,999	256,594	234,580	25,200	24,696
Precious Ventures Limited	99.99	99.99	79,999	79,999	100,495	124,332	59,999	107,279
Precious Capitals Limited	99.99	99.99	199,999	199,999	367,841	370,712	100,000	149,999
Precious Jasmines Limited	99.99	99.99	97,999	97,999	221,195	204,542	31,360	93,099
Precious Orchids Limited	99.99	99.99	216,999	216,999	574,190	479,687	-	130,200
Precious Lagoons Limited	99.99	99.99	139,999	139,999	223,040	218,203	21,000	11,200

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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 six-month		
June	December	June	December	June	December	periods ended 30 June		
2006	2005	2006	2005	2006	2005	2006	2005	
Precious Cliffs Limited	99.99	99.99	139,999	139,999	311,864	266,262	-	63,000
Precious Hills Limited	99.99	99.99	139,999	139,999	266,073	262,614	49,000	35,000
Precious Mountains Limited	99.99	99.99	139,999	139,999	282,463	256,569	14,000	56,000
Precious Resorts Limited	99.99	99.99	139,999	139,999	280,080	260,139	-	63,000
Precious Cities Limited	99.99	99.99	169,999	169,999	334,108	288,832	27,200	34,000
Precious Comets Limited	99.99	99.99	71,099	71,099	105,729	132,141	53,680	40,953
Precious Ornaments Limited	99.99	99.99	68,099	68,099	77,441	101,160	25,878	40,860
Nedtex Limited	69.99	69.99	648	648	(4,824)	(4,817)	-	-
Precious Storage Terminals Limited	69.99	69.99	4,199	4,199	(16)	(9)	-	-
Thebes Pte. Limited	100.00	100.00	0.0365	0.0365	(832)	(795)	-	-
Precious Shipping (Panama) S.A.	99.99	99.99	250	250	39,208	44,138	-	-
Precious Shipping (Mauritius) Limited	100.00	100.00	250	250	(30,020)	(28,750)	-	-
Precious Shipping (Singapore) Pte. Limited	100.00	100.00	363,338	363,338	745,343	729,590	-	-
Precious Shipping (UK) Limited	99.99	99.99	250	250	4,830	5,004	-	-
Great Circle Shipping Agency Limited	99.99	99.99	121,995	121,995	(101,607)	(93,303)	-	-
Total net investments in subsidiaries			<u>5,623,110</u>	<u>5,623,110</u>	<u>9,878,521</u>	<u>9,220,119</u>	<u>1,061,363</u>	<u>2,739,777</u>
Investments accounted for under equity method					10,015,820	9,347,793		
Share of losses over investments					(137,299)	(127,674)		
Total net investments in subsidiaries					<u>9,878,521</u>	<u>9,220,119</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 amount receivable from/payable to subsidiaries in the balance sheets.

As at 30 June 2006, the Company has pledged the shares of 35 subsidiaries amounting to Baht 9,124.8 million (31 December 2005: 35 subsidiaries amounting to Baht 8,475.8 million), stated under the 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		Dividend received	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	For the six-month periods ended 30 June	
								2006	2005
<i>Associate held by a subsidiary</i>									
International Seaports (Haldia)									
Private Limited									
		22.40	22.40	87,701	87,701	104,500	113,306	8,339	-

Share of profit/loss from investment in associate held by a subsidiary was recorded based on the audited financial statements for the year ended 31 March 2006.

(Unit: Thousand Baht)

		CONSOLIDATED					
		Percentage of ownership		Cost method		Equity method	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
<i>Current investment</i>							
		50.00	50.00	31,716	31,716	19,365	19,365
Less: Allowance for loss on investment						(19,365)	(19,365)
Net current investment						-	-

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

5. VESSELS, CONDOMINIUM AND EQUIPMENT

Movements of the vessels, condominium and equipment account during the six-month period ended 30 June 2006 are summarised below.

(Unit: Thousand Baht)

	CONSOLIDATED	THE COMPANY ONLY
Net book value as at 1 January 2006	12,496,748	53,979
Acquisitions of fixed assets and payment of dry- dock and special survey expenses during period - at cost	309,093	4,384
Disposals during period - net book value at disposal date	(17)	(17)
Depreciation for period	(1,039,088)	(2,923)
Net book value as at 30 June 2006	11,766,736	55,423

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As at 30 June 2006, the subsidiaries have mortgaged 50 vessels with net book value of Baht 9,135.1 million (31 December 2005: 50 vessels amounting to Baht 9,761.4 million) and condominium units with net book value of Baht 78.9 million (31 December 2005: Baht 83.7 million) with a bank to secure long-term loans as referred to in Note 6.

6. LONG-TERM LOANS

Movements of the long-term loans account during the six-month period ended 30 June 2006 are summarised below.

	(Unit: Thousand Baht)
	<u>CONSOLIDATED</u>
Balance as at 1 January 2006	3,293,968
Less: Repayment	(1,646,984)
Less: Unrealised gain on exchange	(113,804)
Balance as at 30 June 2006	<u><u>1,533,180</u></u>

As at 30 June 2006, the 34 subsidiaries (31 December 2005: 34 companies) have outstanding loan balance of USD 40.0 million (31 December 2005: USD 80.0 million) from Krung Thai Bank Public Company Limited, under the credit facilities agreement dated 16 June 2003 and the amendment and restatement agreement dated 18 March 2004. During the current period, the subsidiaries made early repayment of the current portion of the loans.

7. EXCHANGE GAINS (LOSSES)

Exchange gains (losses) for the three-month and six-month periods ended 30 June 2006 and 2005 were summarised below.

	(Unit: Thousand Baht)			
	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	For the three-month periods ended 30 June			
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Realised exchange gains (losses)	(8,605)	86,707	(61)	23,675
Unrealised exchange gains (losses)	23,328	(278,582)	-	(329)
Exchange gains (losses) - net	<u><u>14,723</u></u>	<u><u>(191,875)</u></u>	<u><u>(61)</u></u>	<u><u>23,346</u></u>

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	For the six-month periods ended 30 June			
	2006	2005	2006	2005
Realised exchange gains (losses)	32,763	98,622	(11,372)	20,831
Unrealised exchange gains (losses)	106,106	(285,041)	(7)	(348)
Exchange gains (losses) - net	<u>138,869</u>	<u>(186,419)</u>	<u>(11,379)</u>	<u>20,483</u>

8. DIVIDENDS

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

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends on 2005 earnings	Annual General Meeting of the shareholders on 20 April 2006	<u>785.3</u>	<u>1.55</u>

However, on the closing date of the shareholders registration, 506,131,700 of the Company's ordinary shares were held by parties other than the Company itself and are entitled to receive dividend. The total dividend paid was thus Baht 784.5 million.

9. CONTINGENT LIABILITIES

As at 30 June 2006, the Company and subsidiaries have contingent liabilities as a result of being sued for damages in maritime claims totalling USD 1.2 million (31 December 2005: USD 0.8 million). The ultimate outcome of these claims cannot be determined at this time, but management anticipates that no material liability will arise. Accordingly, no provision has been provided in the accounts.

10. 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.

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11. RECLASSIFICATION

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

12. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's authorised directors on 8 August 2006.