

Precious Shipping Public Company Limited and subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2009 and 2008

1. General information

1.1 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.

1.2 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2007) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, the statements of income, 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.

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

1.3 Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

(Unaudited but reviewed)

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

a) 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), Accounting Treatment Guidance for leasehold right 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) and TAS 36 (revised 2007) will not have any significant impact on the financial statements for the current period.

b) 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 allows early adoption by the entity before the effective date.

The management of the Company is still evaluating the effect of these three accounting standards and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

1.4 Basis of consolidation

These interim 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 2008. There have been no changes in the composition of the Group during the current period.

1.5 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 2008.

2. Current investment

(Unit: Thousand Baht)

Consolidated financial statements								
Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method		
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
2009	2008	2009	2008	2009	2008	2009	2008	
Thousand	Thousand	%	%					
INR	INR							
<u>Investment in associate held by a subsidiary</u>								
Southern LPG Limited	64,592	64,592	50.00	50.00	<u>31,716</u>	<u>31,716</u>	19,365	19,365
Less: Allowance for loss on investment							<u>(19,365)</u>	<u>(19,365)</u>
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 provision for loss on investment in full has been set up.

(Unaudited but reviewed)

3. Trade accounts receivable

The outstanding balances of trade accounts receivable are aged, based on invoice date, as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	30 September	31 December
	2009	2008
<u>Age of receivables</u>		
Not over 3 months	33,842	61,271
3 - 6 months	4,203	3,203
6 - 12 months	16,557	190
Over 12 months	7,648	8,000
Total	62,250	72,664
Less: Allowance for doubtful accounts	(13,336)	(25,898)
Trade accounts receivable - net	48,914	46,766

4. Related party transactions

During the periods, 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		
	For the three-month periods ended 30 September				
	2009	2008	2009	2008	Pricing policy
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	15,384	23,736	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	16,499	-	3% of vessels' selling price
Dividend received	-	-	1,075,998	1,133,122	As declared
Interest income	-	-	2,631	-	At interest rates of 0.00% - 0.50% per annum
Condominium rental expenses	-	-	2,333	2,310	Market price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 September				
	2009	2008	2009	2008	Pricing policy
<u>Transactions with related companies</u>					
Air ticket expenses	3,350	4,182	700	883	Market price
Rental and service expenses	651	1,410	463	696	Market price

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the nine-month periods ended 30 September				
	2009	2008	2009	2008	Pricing policy
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	56,292	70,692	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	58,575	-	3% of vessels' selling price
Service income - commission from compensation from cancellation of vessel hire contracts	-	-	9,365	-	5% of the compensation from cancellation of vessel hire contracts
Dividend received	-	-	3,594,404	3,447,315	As declared
Interest income	-	-	2,631	-	At interest rates of 0.00% - 0.50% per annum
Condominium rental expenses	-	-	6,964	6,934	Market price
<u>Transactions with related companies</u>					
Dividend received	-	3,682	-	-	As declared
Air ticket expenses	12,002	11,929	1,862	3,062	Market price
Rental and service expenses	4,751	6,742	3,876	3,854	Market price

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2009 and 31 December 2008 between the Company and those subsidiaries are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	31			30
	December			September
	2008	Increase	Decrease	2009
<u>Receivable from and advances to subsidiaries</u>				
Precious Stones Shipping Limited	21,445	-	21,445	-
Precious Minerals Limited	-	561,686	538,949	22,737
Precious Rivers Limited	-	145,280	133,842	11,438
Precious Sapphires Limited	33,590	-	33,590	-
Precious Emeralds Limited	12,468	172,621	177,198	7,891
Nedtex Limited	160	22	-	182
Precious Storage Terminals Limited	86	22	-	108
Thebes Pte. Limited	990	53	-	1,043
Precious Shipping (Panama) S.A.	300,134	48,243	341,121	7,256
Precious Shipping (Mauritius) Limited	119,400	1,200	-	120,600
Precious Shipping (Singapore) Pte. Limited	438,366	-	438,366	-
Precious Shipping (UK) Limited	13,653	9,087	6,829	15,911
Great Circle Shipping Agency Limited	162,362	360,504	390,902	131,964
Precious Projects Pte. Limited	291	38	-	329
Total	1,102,945	1,298,756	2,082,242	319,459
<u>Payable to and advances from subsidiaries</u>				
Precious Metals Limited	139,634	365,870	240,243	265,261
Precious Wishes Limited	193,566	260,843	298,568	155,841
Precious Stones Shipping Limited	-	119,460	96,883	22,577
Precious Minerals Limited	81,311	-	81,311	-
Precious Lands Limited	83,262	198,441	186,132	95,571
Precious Rivers Limited	4,047	-	4,047	-
Precious Lakes Limited	71,922	207,722	228,015	51,629
Precious Seas Limited	41,140	121,192	144,753	17,579
Precious Stars Limited	28,167	90,543	92,551	26,159
Precious Oceans Limited	49,552	119,943	90,426	79,069

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	31			30
	December			September
	2008	Increase	Decrease	2009
Precious Planets Limited	15,450	258,142	158,985	114,607
Precious Diamonds Limited	51,237	232,863	274,906	9,194
Precious Sapphires Limited	-	104,396	66,130	38,266
Precious Rubies Limited	8,257	184,407	99,769	92,895
Precious Opals Limited	90,395	234,538	235,892	89,041
Precious Garnets Limited	3,114	202,416	164,359	41,171
Precious Pearls Limited	87,273	230,231	229,157	88,347
Precious Flowers Limited	60,609	173,968	141,481	93,096
Precious Forests Limited	8,168	234,451	105,104	137,515
Precious Trees Limited	20,699	136,353	78,048	79,004
Precious Ponds Limited	36,120	186,232	155,344	67,008
Precious Ventures Limited	49,706	147,820	108,918	88,608
Precious Capitals Limited	74,743	136,979	117,310	94,412
Precious Jasmines Limited	109,676	335,388	356,586	88,478
Precious Orchids Limited	72,051	263,114	320,085	15,080
Precious Lagoons Limited	27,777	73,490	53,908	47,359
Precious Cliffs Limited	5,454	107,092	56,210	56,336
Precious Hills Limited	25,228	89,655	84,432	30,451
Precious Mountains Limited	18,211	88,661	37,874	68,998
Precious Resorts Limited	21,267	86,725	41,884	66,108
Precious Cities Limited	42,850	112,693	96,183	59,360
Precious Comets Limited	48,216	118,121	84,933	81,404
Precious Ornaments Limited	49,730	292,821	126,457	216,094
Precious Shipping (Singapore) Pte. Limited	-	2,043,120	2,033,424	9,696
Total	1,618,832	7,557,690	6,690,308	2,486,214

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.

5. Short-term loans to subsidiary

Short-term loans to subsidiary are in the form of promissory notes, which carry interest at the rates of 0.00% - 0.50% per annum, and are due at call. Movement in the balance of the loans during the period was as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	31 December		30 September	
	2008	Increase	Decrease	2009
<u>Short-term loans to subsidiary</u>				
Precious Shipping (Singapore)				
Pte. Limited	176,287	2,029,594	-	2,205,881

6. Investments in subsidiaries

These represent investments in ordinary shares of the following subsidiaries:

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements							
	Shareholding				Cost		Dividend received	
	Paid-up capital		percentage					
	30	31	30	31	30	31	For the nine-month periods	
	September	December	September	December	September	December	ended 30 September	
	2009	2008	2009	2008	2009	2008	2009	2008
			%	%				
Precious Metals Limited	250,000	250,000	99.99	99.99	250,000	250,000	155,000	150,000
Precious Wishes Limited	230,000	230,000	99.99	99.99	230,000	229,999	209,300	167,899
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	260,000	260,000	39,000	-
Precious Minerals Limited	230,000	230,000	99.99	99.99	230,000	230,000	482,999	172,500
Precious Lands Limited	84,000	84,000	99.99	99.99	84,000	84,000	142,799	83,159
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	197,999	21,780
Precious Seas Limited	100,000	100,000	99.99	99.99	100,000	100,000	120,000	201,999
Precious Stars Limited	105,000	105,000	99.99	99.99	105,000	105,000	10,500	124,949
Precious Oceans Limited	175,000	175,000	99.99	99.99	175,000	175,000	52,500	68,250
Precious Planets Limited	100,000	100,000	99.99	99.99	100,000	100,000	115,000	381,998
Precious Diamonds Limited	205,000	205,000	99.99	99.99	205,000	205,000	153,750	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	91,500	73,200
Precious Rubies Limited	84,000	84,000	99.99	99.99	84,000	84,000	50,400	122,639

(Unaudited but reviewed)

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements							
	Shareholding				Cost		Dividend received	
	Paid-up capital		percentage					
	30	31	30	31	30	31	For the nine-month periods	
	September	December	September	December	September	December	ended 30 September	
	2009	2008	2009	2008	2009	2008	2009	2008
			%	%				
Precious Opals Limited	74,000	74,000	99.99	99.99	74,000	74,000	210,899	134,679
Precious Garnets Limited	379,000	379,000	99.99	99.99	379,000	378,999	18,950	37,900
Precious Pearls Limited	73,000	73,000	99.99	99.99	73,000	72,999	197,099	89,789
Precious Flowers Limited	76,000	76,000	99.99	99.99	76,000	75,999	110,200	195,318
Precious Forests Limited	96,000	96,000	99.99	99.99	96,000	95,999	52,800	4,800
Precious Trees Limited	80,000	80,000	99.99	99.99	80,000	79,999	68,000	121,599
Precious Ponds Limited	84,000	84,000	99.99	99.99	84,000	83,999	126,000	8,400
Precious Ventures Limited	80,000	80,000	99.99	99.99	80,000	79,999	76,000	139,999
Precious Capitals Limited	200,000	200,000	99.99	99.99	200,000	199,999	60,000	97,000
Precious Jasmines Limited	98,000	98,000	99.99	99.99	98,000	97,999	274,399	226,379
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	14,000	56,000
Precious Cliffs Limited	140,000	140,000	99.99	99.99	139,999	139,999	14,000	25,200
Precious Hills Limited	140,000	140,000	99.99	99.99	139,999	139,999	49,000	9,800
Precious Mountains Limited	140,000	140,000	99.99	99.99	139,999	139,999	7,000	25,200
Precious Resorts Limited	140,000	140,000	99.99	99.99	139,999	139,999	7,000	7,000
Precious Cities Limited	170,000	170,000	99.99	99.99	170,000	169,999	51,000	68,000
Precious Comets Limited	71,100	71,100	99.99	99.99	71,100	71,099	28,440	27,018
Precious Ornaments Limited	68,100	68,100	99.99	99.99	68,099	68,099	47,670	44,264
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	-	-
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	363,338	363,338	-	-
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	3,594,404	3,447,315
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 offset the dividend income against amounts receivable from/payable to subsidiaries in the balance sheets.

(Unaudited but reviewed)

During the current period, 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.

7. Investment in associate held by a subsidiary

7.1 Details of associate held by a subsidiary:

(Unit: Thousand Baht)

Consolidated financial statements										
Associate's name	Nature of business	Country of incorporation	Shareholding		Carrying amount based on				Dividend received	
			percentage		Cost		equity method		For the nine-month	
			30	31	30	31	30	31	periods ended	
			September	December	September	December	September	December	30 September	
			2009	2008	2009	2008	2009	2008	2009	2008
			%	%						
International Seaports (Haldia) Private Limited	Design, construction, development and operation of a berth	India	22.40	22.40	87,701	87,701	129,759	122,566	-	3,682

(Unit: Thousand Baht)

Consolidated financial statements				
Associate's name	Share of income from investment in associate held by a subsidiary			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2009	2008	2009	2008
International Seaports (Haldia) Private Limited	6,896	17,692	12,808	5,897

Shares of income from investment in associate held by a subsidiary for the three-month and nine-month periods ended 30 September 2009 and 2008, included in the consolidated income statements, were recorded based on the financial statements as at 30 June 2009 and 2008 prepared by the management of that company and not reviewed by its auditor.

(Unaudited but reviewed)

7.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for		Net income	
	30 June		30 June		30 June		the nine-month		for the nine-month	
	periods ended		periods ended		periods ended		30 June		30 June	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Thousand	Thousand								
	INR	INR								
International Seaports										
(Haldia) Private Limited	440,580	440,580	801,556	811,239	334,444	360,110	319,181	338,165	57,179	26,327

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 will 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. However, during the current period, 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. Such amount was recorded as advance for share acquisition in associate held by a subsidiary, under other non-current assets in the balance sheet. The Company expects the transaction to be completed by 2010 and such additional investment will raise the Company's stake in this company to 33.55%.

8. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2009	9,080,505	26,282
Acquisitions of equipment and payment of dry-dock and special survey expenses during period - at cost	216,396	268
Disposals during period - net book value as at disposal date	(1,247,467)	(237)
Depreciation for period	(740,695)	(7,092)
Net book value as at 30 September 2009	<u>7,308,739</u>	<u>19,221</u>

9. Computer software

Movements of the computer software account during the nine-month period ended 30 September 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Net book value as at 1 January 2009	54,825
Acquisitions during period - at cost	2,656
Adjustment	(199)
Amortisation for period	(7,852)
Net book value as at 30 September 2009	49,430

10. Advances for vessel constructions

Movements of the advances for vessel constructions account during the nine-month period ended 30 September 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2009	4,720,520
Additions	3,007,335
Interest costs	48,724
Transfer from deferred financial fees	5,734
Other costs	6,594
Balance as at 30 September 2009	7,788,907

During the current period, the Company made payment of installments to a shipbuilder, amounting to USD 86.00 million or approximately Baht 3,007.34 million. All of this has been financed by overseas and local commercial banks and the amount of borrowing costs capitalised during the nine-month period ended 30 September 2009 is Baht 48.72 million. The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 1.45% - 2.24%.

11. Deferred financial fees

Movements of the deferred financial fees account during the nine-month period ended 30 September 2009 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2009	330,740
Additions	2,948
Transfer to advances for vessel constructions	(5,734)
Present as a deduction from long-term loans	(13,234)
Balance as at 30 September 2009	<u>314,720</u>

During the current period, deferred financial fees amounting to Baht 13.23 million were presented as a deduction against long-term loans in liabilities, in proportion to the drawdown amount, as discussed in Note 13.

12. Advances received from vessel sales

During the current period, 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 30 September 2009, cash and cash equivalents included advances received amounting to USD 2.64 million or approximately Baht 88.96 million which were deposited in nominated joint bank accounts of the buyers and sellers. Such advances received along with the balance of the sale price (80% of the selling price of each of the vessels) will be subsequently transferred to the bank accounts of the subsidiaries in the forth quarter of 2009 as and when respective vessels are delivered to the buyers, in accordance with the respective Memorandum of Agreements.

13. Long-term loan facilities**13.1 Loan facility for financing the construction and acquisition of new vessels.**

As at 30 September 2009 and 31 December 2008, long-term loans presented below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	30 September 2009	31 December 2008
Long-term loans	3,612,339	743,747
Less: Deferred financial fees	(17,485)	(4,251)
Long-term loans - net	<u>3,594,854</u>	<u>739,496</u>

Movements in the long-term loans account during the nine-month period ended 30 September 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2009	739,496
Add: Additional borrowings	3,007,335
Less: Unrealised exchange losses	(138,743)
Deferred financial fees	<u>(13,234)</u>
Balance as at 30 September 2009	<u>3,594,854</u>

As at 30 September 2009, the long-term loan facility which has not yet been drawn down amounted to USD 291.20 million (31 December 2008: USD 377.20 million).

13.2 Loan facilities for purchasing of vessels

During the current period, the Company and local subsidiaries entered into amended and restated agreements with banks. 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 to obtain credit facility of USD 100.00 million carrying interest at the rate of LIBOR plus margin of 2.50% per annum. Details are as follows:

- A Revolving Acquisition Facility (RAF) is to be used for purchasing of vessels. Such facility is to be drawn down within 31 December 2009 and will be automatically converted to a Revolving Reducing Credit Facility (RRCF) as at 31 December 2009, or earlier if mutually agreed between the borrowers and the lenders.
- The Revolving Reducing Credit Facility (RRCF) is to be repaid in 32 quarterly installments, per the proportions stipulated in the agreement, from March 2010 or three months after conversion of the RAF to RRCF if earlier.

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

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

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

The Company and subsidiaries have not drawn any amount against the above facility as on 30 September 2009.

Facility 2

On 23 February 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% per annum. The loan is to be used for purchase of vessels and to be drawdown within 18 January 2010 (availability period), and is 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.

The credit facilities have to be 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 when the facility is drawdown.

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

- a) Maintenance of a total debt-to-total shareholders' equity ratio not exceeding 2:1.
- b) Maintenance of a total debt to EBITDA ratio not exceeding 5:1.
- c) Maintenance of minimum free liquidity of USD 100,000 per vessel.
- d) Maintenance of a debt service coverage ratio of at least 1.1:1.

The covenants a), c) and d) above were applicable from 18 January 2007 whereas covenant b) is applicable from the first drawdown date.

In addition, the credit facility agreement also contains significant non-financial covenants, such as that the Company and subsidiaries have to enter into agreements that will appropriately hedge the foreign exchange risk of outstanding loans throughout the loan term, within the first loan repayment date.

The Company and subsidiaries have not drawn any amount against the above facility as on 30 September 2009.

14. 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 30 September 2009, the debentures have yet to be issued by either the Company or the subsidiary.

15. 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.

(Unaudited but reviewed)

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) for the three-month and nine-month periods ended 30 September 2009 and 2008 derived from Time charter and Voyage charter presented as “Hire income” and “Freight income” respectively, as under:

(Unit: Thousand Baht)

	Consolidated financial statements									
	For the three-month periods ended 30 September									
	Time charter		Voyage charter		Total		Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Hire income	1,093,401	2,281,979	-	-	1,093,401	2,281,979	(11,076)	-	1,082,325	2,281,979
Freight income	-	-	83,607	40,993	83,607	40,993	(7,489)	(20,157)	76,118	20,836
Total vessel operating income	1,093,401	2,281,979	83,607	40,993	1,177,008	2,322,972	(18,565)	(20,157)	1,158,443	2,302,815
Voyage disbursements	-	-	(31,517)	(35,280)	(31,517)	(35,280)	18,565	20,157	(12,952)	(15,123)
Bunker consumption	-	-	(9,369)	(6,451)	(9,369)	(6,451)	-	-	(9,369)	(6,451)
Total voyage expenses	-	-	(40,886)	(41,731)	(40,886)	(41,731)	18,565	20,157	(22,321)	(21,574)
Net vessel operating income/time charter equivalent income	1,093,401	2,281,979	42,721	(738)	1,136,122	2,281,241	-	-	1,136,122	2,281,241

(Unit: Thousand Baht)

	Consolidated financial statements									
	For the nine-month periods ended 30 September									
	Time charter		Voyage charter		Total		Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Hire income	4,242,190	6,179,991	-	-	4,242,190	6,179,991	(33,526)	-	4,208,664	6,179,991
Freight income	-	-	503,131	156,418	503,131	156,418	(89,250)	(20,157)	413,881	136,261
Total vessel operating income	4,242,190	6,179,991	503,131	156,418	4,745,321	6,336,409	(122,776)	(20,157)	4,622,545	6,316,252
Voyage disbursements	-	-	(217,711)	(72,578)	(217,711)	(72,578)	122,776	20,157	(94,935)	(52,421)
Bunker consumption	-	-	(99,300)	(16,725)	(99,300)	(16,725)	-	-	(99,300)	(16,725)
Total voyage expenses	-	-	(317,011)	(89,303)	(317,011)	(89,303)	122,776	20,157	(194,235)	(69,146)
Net vessel operating income/time charter equivalent income	4,242,190	6,179,991	186,120	67,115	4,428,310	6,247,106	-	-	4,428,310	6,247,106

During the nine-month period ended 30 September 2009, compensation from cancellation of vessel hire contracts amounting to approximately Baht 184.53 million has been recorded in “Hire income” account in the income statement.

16. Dividend paid

Dividend declared during the current period consist of the following:

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

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 159,980 shares disqualified to receive this dividend held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors both Thai and Foreign shareholders) from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 415.74 million. The Company paid dividend on 2 September 2009.

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

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 142,300 shares disqualified to receive this dividend held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors both Thai and Foreign shareholders) from the total number of shares outstanding (1,039,520,600 shares). The total dividend paid was thus Baht 415.75 million. The Company paid dividend on 8 June 2009.

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

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 140,300 shares disqualified to receive this final dividend held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors both Thai and Foreign shareholders) from the total number of shares outstanding (1,039,520,600 shares). The total final dividend was thus Baht 831.50 million. The Company paid dividend on 27 March 2009.

17. Commitments and contingent liabilities

17.1 Vessel building contracts commitments

As at 30 September 2009, the Company's future minimum payment commitments under vessel building contracts amounting to USD 363.20 million or approximately Baht 12,238.82 million (31 December 2008: USD 449.20 million or approximately Baht 15,759.01 million).

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

As at 30 September 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 30 September 2009	Term of payment	Drawdown period ending
Loan facility for financing the construction and acquisition of new vessels						
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
Loan facilities for purchasing of vessels						
Facility 1	1% per annum of undrawn loan balance	million USD	100.00	100.00	Every three months starting from 1 February 2009 until the end of the drawdown period	31 December 2009
Facility 2	1% per annum of undrawn loan balance	million Baht	8,750.00	8,750.00	Quarterly starting from 19 January 2009 until the end of the drawdown period	18 January 2010

17.3 Uncalled portion of other long-term investment

As at 30 September 2009, the Company has a commitment of Baht 10.13 million in respect of the uncalled portion of other long-term investment (31 December 2008: Baht 10.13 million).

17.4 Vessel sale contract commitments

On 23 July 2009, 27 August 2009, and 10 September 2009, three local subsidiaries entered into Memorandum of Agreements with three overseas companies to sell the subsidiary's second-hand vessels for USD 4.95 million, USD 3.90 million, and USD 4.35 million, respectively, which are to be delivered in the forth quarter of 2009.

18. Subsequent events

On 6 October 2009 and 15 October 2009, two local subsidiaries received the remaining balances of prices of vessels they had sold to two overseas companies under Memorandum of Agreements (80% of the selling price of each vessel), amounting to USD 3.48 million and USD 3.12 million, respectively. The subsidiaries have delivered the respective vessels to the buyers.

19. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current period'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
Receivable from and advances to subsidiaries	1,279,232	(176,287)	1,102,945
Short-term loans to subsidiary	-	176,287	176,287

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 27 October 2009.