

## PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

|   |      | CONSOLIDATED  |               | THE COMPANY ONLY |               |
|---|------|---------------|---------------|------------------|---------------|
|   | Note | 2003          | 2002          | 2003             | 2002          |
| ASSETS  |      |               |               |                  |               |
| Current assets                                  |      |               |               |                  |               |
| Cash and cash equivalents                       |      | 897,269,959   | 329,715,200   | 282,671,551      | 6,538,138     |
| Trade accounts receivable - net                 | 4    | 70,185,983    | 142,019,006   | -                | -             |
| Receivable from and advances to related parties |      |               |               |                  |               |
| Subsidiaries                                    | 5    | -             | -             | 598,349,626      | 950,160,075   |
| Other related companies                         | 5    | 2,299,440     | 25,983,399    | 439,741          | 439,741       |
| Bunker oil                                      |      | 20,612,060    | 47,066,795    | -                | -             |
| Advances to vessel masters                      |      | 41,952,688    | 39,524,421    | -                | -             |
| Other current assets                            |      | 41,215,594    | 44,986,219    | 7,298,984        | 8,951,837     |
| Total current assets                            |      | 1,073,535,724 | 629,295,040   | 888,759,902      | 966,089,791   |
| Non-current assets                              |      |               |               |                  |               |
| Investments accounted for under equity method   | 6    | -             | -             | 4,567,338,616    | 5,297,114,582 |
| Other long-term investments - net               | 6    | 87,700,531    | 35,555,856    | -                | -             |
| Vessels, condominium and equipment - net        | 7    | 4,617,999,254 | 4,427,064,530 | 2,720,955        | 4,197,008     |
| Prepayment for vessel purchases                 |      | 77,585,550    | -             | -                | -             |
| Goodwill - net                                  |      | 8,136,920     | 8,815,000     | -                | -             |
| Other non-current assets                        |      | 2,962,436     | 3,106,073     | 423,248          | 471,166       |
| Total non-current assets                        |      | 4,794,384,691 | 4,474,541,459 | 4,570,482,819    | 5,301,782,756 |
| Total assets                                    |      | 5,867,920,415 | 5,103,836,499 | 5,459,242,721    | 6,267,872,547 |

The accompanying notes are an integral part of the financial statements.

## PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

|   |      | CONSOLIDATED  |               | THE COMPANY ONLY |               |
|---|------|---------------|---------------|------------------|---------------|
|   | Note | 2003          | 2002          | 2003             | 2002          |
| LIABILITIES AND SHAREHOLDERS' EQUITY      |      |               |               |                  |               |
| Current liabilities                       |      |               |               |                  |               |
| Trade accounts payable                    |      | 52,290,655    | 100,232,355   | 3,596,851        | 10,024,159    |
| Payable to and advances from subsidiaries | 5    | -             | -             | 2,532,517,944    | 2,430,759,380 |
| Current portion of long-term loans        | 8    | 938,579,124   | 393,385,757   | 242,582,284      | -             |
| Advances received from charterers         |      | 108,893,669   | 74,038,616    | 1,311,834        | 1,429,559     |
| Accrued crew accounts                     |      | 69,601,789    | 79,681,091    | -                | -             |
| Accrued guarantee obligation              | 5    | -             | 21,060,600    | -                | 21,060,600    |
| Withholding tax payable                   |      | 34,577,673    | 2,092,737     | 33,763,593       | 1,253,664     |
| Advance receipt for sale of investments   | 9    | 70,161,560    | -             | 70,161,560       | -             |
| Other current liabilities                 |      | 152,178,339   | 125,626,789   | 11,539,947       | 1,848,784     |
| Total current liabilities                 |      | 1,426,282,809 | 796,117,945   | 2,895,474,013    | 2,466,376,146 |
| Non-current liabilities                   |      |               |               |                  |               |
| Redeemable convertible debentures         | 10   | -             | 886,736,531   | -                | 886,736,531   |
| Subordinated loans from subsidiaries      | 5    | -             | -             | 662,818,000      | 662,818,000   |
| Long-term loans                           | 8    | 2,483,771,798 | 2,744,396,287 | -                | 1,618,368,101 |
| Total non-current liabilities             |      | 2,483,771,798 | 3,631,132,818 | 662,818,000      | 3,167,922,632 |
| Total liabilities                         |      | 3,910,054,607 | 4,427,250,763 | 3,558,292,013    | 5,634,298,778 |

The accompanying notes are an integral part of the financial statements.

## PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

|   | Note   | CONSOLIDATED  |                 | THE COMPANY ONLY |                 |
|---|--------|---------------|-----------------|------------------|-----------------|
|   |        | 2003          | 2002            | 2003             | 2002            |
| Shareholders' equity                                |        |               |                 |                  |                 |
| Share capital                                       |        |               |                 |                  |                 |
| Authorised share capital                            |        |               |                 |                  |                 |
| 520,000,000 ordinary shares of Baht 1 each          |        |               |                 |                  |                 |
| (2002: 197,300,000 ordinary shares                  |        |               |                 |                  |                 |
| of Baht 10 each)                                    | 11     | 520,000,000   | 1,973,000,000   | 520,000,000      | 1,973,000,000   |
| Issued and paid-up share capital                    |        |               |                 |                  |                 |
| 520,000,000 ordinary shares of Baht 1 each          |        |               |                 |                  |                 |
| (2002: 52,000,000 ordinary shares of Baht 10 each)  |        | 520,000,000   | 520,000,000     | 520,000,000      | 520,000,000     |
| Premium on ordinary shares                          | 11     | 411,429,745   | 926,054,829     | 411,429,745      | 926,054,829     |
| Translation adjustment                              |        | 159,706,393   | 168,888,751     | 159,706,393      | 168,888,751     |
| Retained earnings                                   |        |               |                 |                  |                 |
| Appropriated  |        |               |                 |                  |                 |
| Statutory reserve - the Company                     | 11, 12 | 52,000,000    | 60,500,000      | 52,000,000       | 60,500,000      |
| - subsidiaries                                      | 12     | 169,995,000   | 77,466,000      | -                | -               |
| General reserve in subsidiaries                     |        | 24,181,905    | 24,181,905      | -                | -               |
| Unappropriated (Deficit)                            |        | 563,637,665   | (1,143,517,716) | 757,814,570      | (1,041,869,811) |
| Total equity attributable to Company's shareholders |        | 1,900,950,708 | 633,573,769     | 1,900,950,708    | 633,573,769     |
| Minority interest - Equity attributable to          |        |               |                 |                  |                 |
| minority shareholders of subsidiaries               |        | 56,915,100    | 43,011,967      | -                | -               |
| Total shareholders' equity                          |        | 1,957,865,808 | 676,585,736     | 1,900,950,708    | 633,573,769     |
| Total liabilities and shareholders' equity          |        | 5,867,920,415 | 5,103,836,499   | 5,459,242,721    | 6,267,872,547   |
|   |        | 0             | 0               | 0                | 0               |

The accompanying notes are an integral part of the financial statements.

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DIRECTORS

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PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF EARNINGS  
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

|  | Note | CONSOLIDATED                |                           | THE COMPANY ONLY            |                           |
|--|------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|  |      | 2003                        | 2002                      | 2003                        | 2002                      |
| Revenues   |      |                             |                           |                             |                           |
| Vessel operating income  |      | 3,796,875,589               | 3,290,904,183             | -                           | -                         |
| Service income   |      | 6,259,661                   | 7,580,380                 | -                           | -                         |
| Interest income  |      | 1,261,148                   | 3,255,056                 | 286,996                     | 770,405                   |
| Gains on disposals of fixed assets                                 | 7    | 177,035                     | 23,662,343                | -                           | 237,296                   |
| Exchange gains   | 13   | 184,190,660                 | 73,120,913                | 22,259,875                  | 17,099,206                |
| Other income   |      | 1,760,637                   | 3,865,964                 | 61,187                      | 1,611,425                 |
| Share of profit from investments accounted for under equity method |      | -                           | -                         | 1,688,819,220               | 706,643,900               |
| Total revenues   |      | <u>3,990,524,730</u>        | <u>3,402,388,839</u>      | <u>1,711,427,278</u>        | <u>726,362,232</u>        |
| Expenses   |      |                             |                           |                             |                           |
| Vessel operating costs   |      |                             |                           |                             |                           |
| Vessel running expenses  |      | 957,395,362                 | 1,030,909,341             | -                           | -                         |
| Voyage disbursements   |      | 306,807,237                 | 382,177,575               | -                           | -                         |
| Bunker consumption   |      | 266,620,343                 | 345,037,438               | -                           | -                         |
| Total vessel operating costs                                       |      | 1,530,822,942               | 1,758,124,354             | -                           | -                         |
| Cost of services   |      | 13,243,470                  | 11,422,526                | -                           | -                         |
| Administrative expenses  |      | 177,572,647                 | 156,940,127               | 164,814,134                 | 136,836,743               |
| Bad debt and allowance for doubtful accounts                       |      | 6,705,262                   | 33,552,025                | 32,970,383                  | 4,044,813                 |
| Depreciation   | 7    | 601,964,978                 | 634,970,791               | 1,614,542                   | 2,181,882                 |
| Guarantee obligation   | 5    | -                           | 31,589,725                | -                           | 31,589,725                |
| Allowance for possible loss on other investments                   | 6    | -                           | 161,353,402               | -                           | 22,955,307                |
| Directors' remuneration  | 14   | 2,442,500                   | 1,252,500                 | 2,442,500                   | 1,252,500                 |
| Share of loss from investments accounted for under equity method   |      | -                           | 433,572                   | -                           | -                         |
| Loss on sales of investments                                       |      | -                           | 379,725                   | -                           | -                         |
| Total expenses   |      | <u>2,332,751,799</u>        | <u>2,790,018,747</u>      | <u>201,841,559</u>          | <u>198,860,970</u>        |
| Earnings before interest and financial costs and income tax        |      | <u>1,657,772,931</u>        | <u>612,370,092</u>        | <u>1,509,585,719</u>        | <u>527,501,262</u>        |
| Interest and financial costs                                       |      | (254,923,424)               | (201,132,020)             | (120,639,345)               | (115,829,843)             |
| Corporate income tax   | 15   | -                           | -                         | -                           | -                         |
| Earnings before minority interest and extraordinary item           |      | <u>1,402,849,507</u>        | <u>411,238,072</u>        | <u>1,388,946,374</u>        | <u>411,671,419</u>        |
| Net loss (earnings) of minority interest                           |      | (13,903,133)                | 433,347                   | -                           | -                         |
| Earnings from normal items   |      | <u>1,388,946,374</u>        | <u>411,671,419</u>        | <u>1,388,946,374</u>        | <u>411,671,419</u>        |
| Extraordinary items  |      |                             |                           |                             |                           |
| Gain on redemption of bonds and redeemable convertible debentures  | 10   | 147,612,923                 | 90,762,259                | 147,612,923                 | 90,762,259                |
| Net earnings for the year  |      | <u><u>1,536,559,297</u></u> | <u><u>502,433,678</u></u> | <u><u>1,536,559,297</u></u> | <u><u>502,433,678</u></u> |

The accompanying notes are an integral part of the financial statements.

## PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF EARNINGS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

|   | <b>CONSOLIDATED</b> |                    | <b>THE COMPANY ONLY</b> |                    |
|---|---------------------|--------------------|-------------------------|--------------------|
|   | <u>2003</u>         | <u>2002</u>        | <u>2003</u>             | <u>2002</u>        |
| Basic earnings per share                            |                     |                    |                         |                    |
| Earnings from normal items                          | 2.67                | 0.79               | 2.67                    | 0.79               |
| Extraordinary item                                  | 0.28                | 0.18               | 0.28                    | 0.18               |
| Net earnings  | <u>2.95</u>         | <u>0.97</u>        | <u>2.95</u>             | <u>0.97</u>        |
| Weighted average number of ordinary shares (shares) | <u>520,000,000</u>  | <u>520,000,000</u> | <u>520,000,000</u>      | <u>520,000,000</u> |

The accompanying notes are an integral part of the financial statements.

## PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

|  | <b>CONSOLIDATED</b>  |                      | <b>THE COMPANY ONLY</b> |                      |
|--|----------------------|----------------------|-------------------------|----------------------|
|  | <u>2003</u>          | <u>2002</u>          | <u>2003</u>             | <u>2002</u>          |
| <b>Cash flows from (used in) operating activities</b>  |                      |                      |                         |                      |
| Net earnings   | 1,536,559,297        | 502,433,678          | 1,536,559,297           | 502,433,678          |
| Adjustments to reconcile net earnings to net cash provided by<br>(used in) operating activities: |                      |                      |                         |                      |
| Depreciation and amortisation  | 602,643,058          | 635,648,871          | 1,614,542               | 2,181,882            |
| Bad debt and allowance for doubtful accounts   | 6,705,262            | 33,552,025           | 32,970,383              | 4,044,813            |
| Unrealised exchange gains  | (161,037,212)        | (40,396,838)         | (7,495,859)             | (14,030,386)         |
| Share of (profit) loss from investments accounted<br>for under equity method                     | -                    | 433,572              | (1,688,819,220)         | (706,643,900)        |
| Gain on disposals of fixed assets  | (177,035)            | (23,662,343)         | -                       | (237,296)            |
| Loss on sales of investments   | -                    | 379,725              | -                       | -                    |
| Allowance for possible loss on other investments   | -                    | 161,353,402          | -                       | 22,955,307           |
| Increase in minority interest  | 13,903,133           | 3,504,723            | -                       | -                    |
|  | <u>1,998,596,503</u> | <u>1,273,246,815</u> | <u>(125,170,857)</u>    | <u>(189,295,902)</u> |
| Operating assets (increase) decrease   |                      |                      |                         |                      |
| Trade accounts receivable  | 60,590,103           | (34,093,958)         | -                       | -                    |
| Receivable from and advances to related parties  | 23,683,960           | (16,636,010)         | 2,953,252,895           | 60,097,620           |
| Bunker oil   | 26,454,735           | 14,561,952           | -                       | -                    |
| Other current assets   | 1,342,358            | 77,601,017           | 1,652,853               | 1,182,346            |
| Other non-current assets   | 143,637              | 1,770,387            | 47,918                  | (140,808)            |
| Operating liabilities increase (decrease)  |                      |                      |                         |                      |
| Trade accounts payable   | (48,103,858)         | (20,552,747)         | (6,167,716)             | 6,431,926            |
| Payable to and advances from subsidiaries  | -                    | -                    | 101,758,564             | 470,472,342          |
| Advances received from charterers  | 35,585,195           | (878,789)            | -                       | -                    |
| Withholding tax payable  | 32,484,936           | (4,793,871)          | 32,509,929              | (3,900,239)          |
| Advance receipt for sale of investments  | 70,161,560           | -                    | 70,161,560              | -                    |
| Other current liabilities  | (4,588,352)          | (4,825,102)          | (11,369,438)            | 17,458,315           |
| Net cash from operating activities   | <u>2,196,350,777</u> | <u>1,285,399,694</u> | <u>3,016,675,708</u>    | <u>362,305,600</u>   |

The accompanying notes are an integral part of the financial statements.

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS (Continued)  
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

|   | <b>CONSOLIDATED</b>  |                        | <b>THE COMPANY ONLY</b> |                      |
|---|----------------------|------------------------|-------------------------|----------------------|
|   | <u>2003</u>          | <u>2002</u>            | <u>2003</u>             | <u>2002</u>          |
| <b>Cash flows from (used in) investing activities</b>   |                      |                        |                         |                      |
| Decrease in deposits at banks with maturity of more than 3 months and amount pledged  | -                    | 14,964,636             | -                       | 13,744,636           |
| Sales of other investments  | -                    | 708,312                | -                       | -                    |
| Increase in investments accounted for under equity method   | -                    | -                      | (225,000,000)           | -                    |
| Increase in long-term investments   | (52,144,675)         | (49,071,977)           | -                       | -                    |
| Acquisitions of fixed assets  | (792,898,845)        | (183,265,650)          | (138,489)               | (1,602,565)          |
| Disposals of fixed assets   | 176,177              | 131,164,634            | -                       | 237,300              |
| Prepayment for vessel purchases   | (77,585,550)         | -                      | -                       | -                    |
| Net cash from (used in) investing activities  | <u>(922,452,893)</u> | <u>(85,500,045)</u>    | <u>(225,138,489)</u>    | <u>12,379,371</u>    |
| <b>Cash flows from (used in) financing activities</b>   |                      |                        |                         |                      |
| Cash received from new loans  | 3,552,990,822        | -                      | 249,700,826             | -                    |
| Cash paid for long-term loans   | (3,103,415,058)      | (929,657,885)          | (1,618,368,101)         | (144,039,140)        |
| Cash paid on redemption of bonds and redeemable convertible debentures  | (739,123,608)        | (137,167,460)          | (739,123,608)           | (137,167,460)        |
| Dividend paid   | <u>(260,000,000)</u> | <u>-</u>               | <u>(260,000,000)</u>    | <u>-</u>             |
| Net cash used in financing activities before extraordinary items  | (549,547,844)        | (1,066,825,345)        | (2,367,790,883)         | (281,206,600)        |
| Extraordinary item - gains on redemption of bonds and redeemable convertible debentures   | <u>(147,612,923)</u> | <u>(90,762,259)</u>    | <u>(147,612,923)</u>    | <u>(90,762,259)</u>  |
| Net cash used in financing activities   | <u>(697,160,767)</u> | <u>(1,157,587,604)</u> | <u>(2,515,403,806)</u>  | <u>(371,968,859)</u> |
| Increase (decrease) in translation adjustment   | <u>(9,182,358)</u>   | <u>25,812,634</u>      | <u>-</u>                | <u>-</u>             |
| Net increase in cash and cash equivalents   | 567,554,759          | 68,124,679             | 276,133,413             | 2,716,112            |
| Cash and cash equivalents at beginning of year  | 329,715,200          | 261,590,521            | 6,538,138               | 3,822,026            |
| Cash and cash equivalents at end of year  | <u>897,269,959</u>   | <u>329,715,200</u>     | <u>282,671,551</u>      | <u>6,538,138</u>     |
| <b>Supplemental cash flow information</b>   |                      |                        |                         |                      |
| Cash paid during the year for   |                      |                        |                         |                      |
| Interest expenses   | 164,740,081          | 200,909,307            | 96,778,203              | 116,123,964          |
| Corporate income tax  | -                    | 369,951                | -                       | -                    |
| Non-cash transactions   |                      |                        |                         |                      |
| Decrease in redeemable convertible debentures due to redemption at discount   | -                    | (227,929,718)          | -                       | (227,929,718)        |
| Increase in redeemable convertible debentures from the change in proportion of liabilities element as at the balance sheet date               | -                    | 329,203,639            | -                       | 329,203,639          |
| Decrease in unrealised gain on redeemable convertible debentures from the change in proportion of equity element as at the balance sheet date | -                    | (329,203,639)          | -                       | (329,203,639)        |
| Dividend income from subsidiaries offset against payable to and advances from subsidiaries  | -                    | -                      | 2,637,762,695           | -                    |

The accompanying notes are an integral part of the financial statements.