

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

1. GENERAL 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.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements included the financial statements of Precious Shipping Public Company Limited (hereinafter referred to as “the Company”), and the financial statements of its subsidiary companies (“the subsidiaries”) for the years ended 31 December 2005 and 2004. The percentage of subsidiaries owned by the Company, assets and revenues of the subsidiaries included in the consolidated financial statements are as follows: -

Subsidiaries	Country of incorporation	Percentage directly and indirectly owned		Nature of business	Percentage of total assets included in the consolidated		Percentage of total revenues included in the consolidated	
		by the Company			total assets		total revenues	
<u>Subsidiaries held by the Company</u>		<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
1. Precious Metals Limited	Thailand	99.99	99.99	Marine transportation	2.67	3.77	3.78	3.11
2. Precious Wishes Limited	Thailand	99.99	99.99	Marine transportation	2.34	3.64	3.90	5.07
3. Precious Stones Shipping Limited	Thailand	99.99	99.99	Marine transportation	5.05	6.43	2.25	2.35
4. Precious Minerals Limited	Thailand	99.99	99.99	Marine transportation	4.99	5.75	3.97	3.61
5. Precious Lands Limited	Thailand	99.99	99.99	Marine transportation	1.23	1.78	1.96	1.82
6. Precious Rivers Limited	Thailand	99.99	99.99	Marine transportation	5.43	6.04	3.73	4.57
7. Precious Lakes Limited	Thailand	99.99	99.99	Marine transportation	1.54	1.79	2.07	2.25
8. Precious Seas Limited	Thailand	99.99	99.99	Marine transportation	1.86	1.98	2.08	2.58
9. Precious Stars Limited	Thailand	99.99	99.99	Marine transportation	1.76	1.89	1.32	1.20
10. Precious Oceans Limited	Thailand	99.99	99.99	Marine transportation	1.38	1.39	2.16	1.30
11. Precious Planets Limited	Thailand	99.99	99.99	Marine transportation	2.29	2.28	3.57	4.65
12. Precious Diamonds Limited	Thailand	99.99	99.99	Marine transportation	4.63	6.04	5.19	3.74
13. Precious Sapphires Limited	Thailand	99.99	99.99	Marine transportation	2.92	3.08	1.26	1.73
14. Precious Emeralds Limited	Thailand	99.99	99.99	Marine transportation	8.93	1.92	4.71	3.77
15. Precious Rubies Limited	Thailand	99.99	99.99	Marine transportation	1.38	1.58	1.95	1.82
16. Precious Opals Limited	Thailand	99.99	99.99	Marine transportation	1.19	1.53	2.45	0.85
17. Precious Garnets Limited	Thailand	99.99	99.99	Marine transportation	8.60	2.05	4.32	3.26
18. Precious Pearls Limited	Thailand	99.99	99.99	Marine transportation	1.57	2.00	3.18	4.40

Subsidiaries	Country of incorporation	Percentage directly and indirectly owned by the Company		Nature of business	Percentage of total assets included in the consolidated total assets		Percentage of total revenues included in the consolidated total revenues	
		2005	2004		2005	2004	2005	2004
19. Precious Flowers Limited	Thailand	99.99	99.99	Marine transportation	1.61	2.08	4.41	3.26
20. Precious Forests Limited	Thailand	99.99	99.99	Marine transportation	2.11	2.53	4.43	3.69
21. Precious Trees Limited	Thailand	99.99	99.99	Marine transportation	2.13	2.04	3.43	3.86
22. Precious Ponds Limited	Thailand	99.99	99.99	Marine transportation	2.61	2.51	3.13	3.55
23. Precious Ventures Limited	Thailand	99.99	99.99	Marine transportation	1.06	1.22	3.46	4.18
24. Precious Capitals Limited	Thailand	99.99	99.99	Marine transportation	2.08	2.43	4.03	4.46
25. Precious Jasmines Limited	Thailand	99.99	99.99	Marine transportation	1.03	1.09	3.70	4.38
26. Precious Orchids Limited	Thailand	99.99	99.99	Marine transportation	5.32	5.66	3.57	3.28
27. Precious Lagoons Limited	Thailand	99.99	99.99	Marine transportation	1.90	2.03	1.55	1.99
28. Precious Cliffs Limited	Thailand	99.99	99.99	Marine transportation	1.98	2.19	1.59	1.93
29. Precious Hills Limited	Thailand	99.99	99.99	Marine transportation	2.22	2.32	1.57	1.41
30. Precious Mountains Limited	Thailand	99.99	99.99	Marine transportation	2.28	2.41	1.49	1.91
31. Precious Resorts Limited	Thailand	99.99	99.99	Marine transportation	2.80	2.83	1.56	2.02
32. Precious Cities Limited	Thailand	99.99	99.99	Marine transportation	3.31	3.58	1.96	1.99
33. Precious Comets Limited	Thailand	99.99	99.99	Marine transportation	0.94	1.38	2.69	0.86
34. Precious Ornaments Limited	Thailand	99.99	99.99	Marine transportation	1.13	1.34	1.72	1.48
35. Nedtex Limited	Thailand	69.99	69.99	Bulk storage barges*	-	-	-	-
36. Precious Storage Terminals Limited	Thailand	69.99	69.99	Bulk storage barges*	-	-	-	-
37. Thebes Pte. Limited	Singapore	100.00	100.00	Holding company*	-	-	-	-
38. Precious Shipping (Panama) S.A.	Panama	99.99	99.99	Chartering	0.84	0.24	0.01	0.52
39. Precious Shipping (Mauritius) Limited	Mauritius	100.00	100.00	Holding company*	-	-	-	-
40. Precious Shipping (Singapore) Pte. Limited	Singapore	100.00	100.00	Marine transportation	2.11	4.41	0.13	0.04
41. Precious Shipping (UK) Limited	England	99.99	99.99	Chartering	0.23	0.10	-	-
42. Great Circle Shipping Agency Limited	Thailand	99.99	99.99	Ship technical management	0.78	0.87	0.24	0.22
<u>Subsidiaries held by subsidiaries</u>								
43. Rapid Port Leasing Pte. Limited	Singapore	100.00	100.00	Holding company*	-	-	-	-
44. PSL Bulk Terminal Company Limited	Mauritius	100.00	100.00	Holding company*	-	-	-	-
45. PSL Investments Limited	Mauritius	100.00	100.00	Holding company*	-	-	-	-
46. International Lighterage Limited	Mauritius	100.00	100.00	Holding company	0.82	0.71	0.16	0.08
47. PSL Thun Shipping Pte. Limited	Singapore	64.06	64.06	Marine transportation	0.33	0.65	1.24	1.57
48. Regidor Pte. Limited	Singapore	100.00	100.00	Holding company*	-	-	-	-

*Currently suspended their businesses

- 2.2 There has been the following change in the structure of the group company during the year 2004: -

In June 2004, the Company disposed the whole of its investment in the ordinary shares of Geepee Corporation Limited and its subsidiaries (Cargo Systems International Limited, Geepee Bulk Handlers Private Limited and Multi Cargo Systems (India) Private Limited) to another party, as discussed in Note 6. The Company has therefore stopped using the equity method to account for its investment in these former subsidiaries and has not included their balance sheets in the consolidated balance sheet as at 31 December 2004. However, the consolidated earnings statement for the year ended 31 December 2004 included the revenues and expenses of the former subsidiaries for the period as from 1 January 2004 to 30 June 2004 (the termination date of the Company's control over these former subsidiaries).

The net asset value of Geepee Corporation Limited and its subsidiaries as at 30 June 2004, the date of the disposal of the investment, was as follows: -

(Unit: Thousand Baht)

Assets	
Cash and deposits at financial institutions	182
Other current assets	86
Equipment - net	26,953
Other non-current assets	26
Total assets	<u>27,247</u>
Liabilities	
Payable to and advances from other company	18,032
Other current liabilities	17,285
Total liabilities	<u>35,317</u>
Minority interest - Equity attributable to minority shareholders of subsidiaries	<u>4,301</u>
Negative net assets	<u>(12,371)</u>

- 2.3 The financial statements of the subsidiaries and associated incorporated overseas are translated into Thai Baht at the average closing exchange rate at the balance sheet date as to assets and liabilities, and at the average exchange rate during the year as to revenues and expenses. The resultant difference has been shown under the caption of "Translation adjustment" in the shareholders' equity.

2.4 Material balances and transactions between the Company and its subsidiaries, investments in the subsidiaries in the Company's accounts and shareholders' equity of the subsidiaries have been eliminated from the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and on the basis of historical cost, with certain items, such as condominium units, adjusted to reflect their appraised values.

Significant accounting policies adopted by the Company and subsidiaries are summarised below: -

3.1 Revenue and expense recognition

Vessel operating income (consist of time charters and voyage charters) and related expenses are recognised on an accrual basis.

Service income is recognised when service has been rendered.

Interest is recognised as income on a time proportion basis taking into accounts the effective yield rate of assets, except for the uncertainty in the collection.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of three months or less and not subject to restriction.

3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided to cover the estimated losses that may be incurred in the collection. The allowance is based on collection experience and current status of receivables outstanding at the balance sheet date. Bad debts will be written off for the accounts considered uncollectible.

3.4 Bunker Oil

Bunker oil is valued at cost (first-in, first-out method).

3.5 Investments

Investments in associated companies in the consolidated financial statements, investments in subsidiaries and associated companies in the Company's financial statements are valued under equity method. Under this method, the investment is recorded at cost and for each subsequent year the investment is adjusted to incorporate the Company's proportionate share of the operating results in the subsidiaries and associated companies.

Investments in non-marketable equity securities, which the Company holds as other investments, are valued at cost. Allowance for loss on other investments is included in determining earnings when the carrying amount exceeds its recoverable amount.

3.6 Vessels, condominium and equipment

Vessels and equipment are valued at cost less accumulated depreciation.

Condominium, acquired before 1996, are valued at appraisal value less accumulated depreciation. The condominium acquired subsequent to the appraisal dates are valued at cost less accumulated depreciation. The surplus resulted from the revaluation is belong to a subsidiary, which has been presented by netting off investments accounted for under equity method.

3.7 Depreciation

Depreciation of vessels and equipment is calculated by reference to their costs (after deducting residual value), depreciation of condominium and other equipment is calculated by reference to their costs or appraised value, using the straight-line method over the estimated useful lives as follows: -

Vessels and equipment	3 - 20	years
Dry-dock and special survey expenses	2 years and 4 years	
Condominium	20	years
Leasehold improvement	lease periods (3 years and 20 years)	
Others	5	years

No depreciation is provided for work in progress.

As at 31 December 2005, 17 subsidiaries (2004: 15 subsidiaries) have vessels at cost of approximately Baht 3,799.4 million (USD 148.5 million) (2004: Baht 3,302.3 million (USD 128.5 million)), with residual value of approximately Baht 1,221.7 million (USD 45.8 million) (2004: Baht 1,106.0 million (USD 41.2 million)). The subsidiaries depreciated their vessels since their acquisition by the straight-line method on cost net of residual value. The vessels of the subsidiaries have been fully depreciated; however, the subsidiaries made a survey of the estimated useful life and residual value of their vessels and expected that the useful life should be extended for another five years with the residual value of USD 0.7 million per vessel. Those subsidiaries, therefore, depreciate their vessels by the straight-line method for another period of five years on their net book value (after deducting new residual value) since the date first fully depreciated. Additional depreciation expenses for the year 2005 are Baht 139.1 million (2004: Baht 136.1 million).

3.8 Allowance for assets impairment

Allowance for assets impairment has been set up when there are indications that the carrying value of the assets may be higher than their net realisable value or fair value. The impairment losses will be recognised in the earnings statement, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognised as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

3.9 Foreign currencies

Foreign currency transactions during the year are translated into Baht at the average rates ruling on the previous transaction month. Monetary assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Thai Baht at the rates ruling on the balance sheet date. Exchange gains and losses are included in determining earnings.

3.10 Employees' benefits

The Company and subsidiaries and their employees have jointly registered provident fund scheme under Provident Fund Act B.E. 2530. The funds are contributed at the rate of 5 percent of their basic salaries by both the Company/the subsidiaries and the employees and managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon retirement, resignation and termination in accordance with the rules of staff provident fund. During the years 2005 and 2004, Baht 1.3 million and Baht 1.1 million, respectively, have been contributed to the fund by the Company and subsidiaries (The Company only: Baht 0.8 million and Baht 0.7 million, respectively).

3.11 Financial instruments

The Company and subsidiaries have no policy to hold or issue derivative instruments for speculative or trading purposes.

Financial instruments carried in the balance sheet include cash and cash equivalents, trade accounts receivable, trade accounts payable and loans from financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.12 Treasury stock

Treasury stock is stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented in premium on treasury stock and retained earnings, consecutively.

3.13 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting the amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

3.14 Basic earnings per share

Basic earnings per share is determined by dividing net earnings for the year by the weighted average number of ordinary shares held by outsiders outstanding during the year.

4. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Less than 3 months	149,571	15,224	-	-
3 - 6 months	23,773	12,182	-	-
6 - 12 months	2,916	3,303	-	-
More than 12 months	23,554	69,498	-	1,825
Total	199,814	100,207	-	1,825
Less: Allowance for doubtful accounts	(23,411)	(68,738)	-	(1,825)
Trade accounts receivable - net	176,403	31,469	-	-

5. RELATED PARTY TRANSACTIONS

During the years, 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	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Transactions with subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Service income	-	-	94,931	-
Dividend received	-	-	4,651,524	3,610,364
Administrative expenses	-	-	10,673	9,918
<u>Transactions with related companies</u>				
Administrative expenses	30,170	23,768	6,943	4,640

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			
	2004	Increase	Decrease	2005
<u>Receivable from and advances to subsidiaries</u>				
Precious Stones Shipping Limited	-	557,208	474,027	83,181
Precious Minerals Limited	-	770,967	712,304	58,663
Precious Rivers Limited	-	707,153	616,693	90,460
Precious Seas Limited	69,214	178,103	223,376	23,941
Precious Stars Limited	124,080	103,606	122,016	105,670
Precious Planets Limited	-	530,355	526,699	3,656
Precious Diamonds Limited	-	719,792	719,594	198
Precious Sapphires Limited	-	220,084	146,057	74,027
Precious Emeralds Limited	-	1,270,700	777,039	493,661
Precious Garnets Limited	-	1,267,173	760,628	506,545
Precious Trees Limited	-	480,549	480,063	486
Precious Ponds Limited	-	385,624	377,581	8,043
Precious Capitals Limited	11,505	421,494	431,761	1,238
Precious Jasmines Limited	8,333	387,673	395,061	945
Precious Orchids Limited	376,815	263,712	357,182	283,345
Precious Lagoons Limited	29,294	516,333	544,702	925
Precious Cliffs Limited	124,128	147,146	162,622	108,652
Precious Hills Limited	33,865	129,342	159,623	3,584
Precious Mountains Limited	23,559	146,412	153,133	16,838
Precious Resorts Limited	75,846	153,101	145,875	83,072
Precious Cities Limited	-	261,027	230,221	30,806
Precious Storage Terminals Limited	-	13	-	13
Precious Shipping (Panama) S.A.	-	221,240	150,451	70,789
Precious Shipping (Mauritius) Limited	94,951	145,330	126,338	113,943
Pecious Shipping (UK) Limited	7,785	133,481	115,121	26,145
Great Circle Shipping Agency Limited	111,339	4,001	14,903	100,437
Total	<u>1,090,714</u>	<u>10,121,619</u>	<u>8,923,070</u>	<u>2,289,263</u>

(Unit: Thousand Baht)

	THE COMPANY ONLY			
	2004	Increase	Decrease	2005
<i><u>Payable to and advances from subsidiaries</u></i>				
Precious Metals Limited	142,399	770,745	793,492	119,652
Precious Wishes Limited	152,726	834,216	866,984	119,958
Precious Stones Shipping Limited	106,521	-	106,521	-
Precious Minerals Limited	170,078	-	170,078	-
Precious Lands Limited	91,247	329,458	388,936	31,769
Precious Rivers Limited	140,725	-	140,725	-
Precious Lakes Limited	44,289	221,153	263,136	2,306
Precious Oceans Limited	89,329	325,654	318,694	96,289
Precious Planets Limited	136,915	-	136,915	-
Precious Diamonds Limited	101,277	-	101,277	-
Precious Sapphires Limited	20,135	-	20,135	-
Precious Emeralds Limited	121,910	-	121,910	-
Precious Rubies Limited	110,595	247,601	348,191	10,005
Precious Opals Limited	68,122	238,209	266,593	39,738
Precious Garnets Limited	112,705	-	112,705	-
Precious Pearls Limited	105,228	292,537	382,365	15,400
Precious Flowers Limited	103,527	447,332	500,165	50,694
Precious Forests Limited	96,313	480,823	568,792	8,344
Precious Trees Limited	106,713	-	106,713	-
Precious Ponds Limited	45,539	-	45,539	-
Precious Ventures Limited	18,185	424,073	397,735	44,523
Precious Cities Limited	19,193	-	19,193	-
Precious Comets Limited	80,152	344,821	329,416	95,557
Precious Ornaments Limited	95,764	261,337	323,687	33,414
Nedtex Limited	4,762	-	9	4,753
Thebes Pte. Limited	9	3	-	12
Precious Shipping (Panama) S.A.	11,503	-	11,503	-
Precious Shipping (Singapore) Pte. Limited	34,053	490,716	103,468	421,301
Total	<u>2,329,914</u>	<u>5,708,678</u>	<u>6,944,877</u>	<u>1,093,715</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 within July 2006, are as follows: -

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	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

6. INVESTMENTS

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

(Unit: Thousand Baht)

	THE COMPANY ONLY							
	Percentage of ownership		Cost method		Equity method		Dividend received	
	2005	2004	2005	2004	2005	2004	2005	2004
<i>Investments accounted for under equity method</i>								
<i>Subsidiaries</i>								
Precious Metals Limited	99.99	99.99	250,000	250,000	332,353	296,296	198,249	105,000
Precious Wishes Limited	99.99	99.99	229,999	229,999	291,541	301,279	260,819	183,999
Precious Stones Shipping Limited	99.99	99.99	260,000	260,000	332,517	320,294	121,420	36,400
Precious Minerals Limited	99.99	99.99	230,000	230,000	332,812	323,854	229,079	108,800
Precious Lands Limited	99.99	99.99	84,000	84,000	106,764	115,806	103,067	29,400
Precious Rivers Limited	99.99	99.99	234,000	234,000	375,493	315,537	125,190	180,939
Precious Lakes Limited	99.99	99.99	99,000	99,000	142,680	128,052	119,393	52,470
Precious Seas Limited	99.99	99.99	100,000	100,000	289,334	209,690	89,999	77,999
Precious Stars Limited	99.99	99.99	105,000	105,000	195,848	147,901	26,250	29,400
Precious Oceans Limited	99.99	99.99	175,000	175,000	246,729	203,039	130,375	49,000

(Unit: Thousand Baht)

THE COMPANY ONLY								
	Percentage of ownership		Cost method		Equity method		Dividend received	
	2005	2004	2005	2004	2005	2004	2005	2004
Precious Planets Limited	99.99	99.99	100,000	100,000	164,858	155,343	209,299	231,999
Precious Diamonds Limited	99.99	99.99	205,000	205,000	370,233	280,970	270,804	148,349
Precious Sapphires Limited	99.99	99.99	143,999	143,999	210,327	177,493	27,360	24,480
Precious Emeralds Limited	99.99	99.99	366,000	86,000	613,926	138,149	107,155	161,249
Precious Rubies Limited	99.99	99.99	84,000	84,000	105,326	115,029	64,511	42,840
Precious Opals Limited	99.99	99.99	74,000	74,000	118,600	63,527	83,619	-
Precious Garnets Limited	99.99	99.99	378,999	78,999	538,416	128,335	103,805	101,909
Precious Pearls Limited	99.99	99.99	72,999	72,999	109,942	122,529	150,233	202,938
Precious Flowers Limited	99.99	99.99	75,999	75,999	163,220	122,258	278,006	138,699
Precious Forests Limited	99.99	99.99	95,999	95,999	174,841	154,002	253,342	149,279
Precious Trees Limited	99.99	99.99	79,999	79,999	153,528	130,717	193,039	184,799
Precious Ponds Limited	99.99	99.99	83,999	83,999	234,580	118,998	53,256	165,479
Precious Ventures Limited	99.99	99.99	79,999	79,999	124,332	120,130	256,078	283,998
Precious Capitals Limited	99.99	99.99	199,999	199,999	370,712	345,234	297,999	181,999
Precious Jasmines Limited	99.99	99.99	97,999	97,999	204,542	152,699	232,259	283,218
Precious Orchids Limited	99.99	99.99	216,999	216,999	479,687	372,261	130,200	76,459
Precious Lagoons Limited	99.99	99.99	139,999	139,999	218,203	164,348	50,400	111,999
Precious Cliffs Limited	99.99	99.99	139,999	139,999	266,262	222,747	63,000	28,000
Precious Hills Limited	99.99	99.99	139,999	139,999	262,614	191,787	35,000	32,200
Precious Mountains Limited	99.99	99.99	139,999	139,999	256,569	214,226	56,000	58,800
Precious Resorts Limited	99.99	99.99	139,999	139,999	260,139	219,614	63,000	58,800
Precious Cities Limited	99.99	99.99	169,999	169,999	288,832	210,161	49,300	59,500
Precious Comets Limited	99.99	99.99	71,099	71,099	132,141	73,545	136,937	-
Precious Ornaments Limited	99.99	99.99	68,099	68,099	101,160	90,492	83,081	29,964
Nedtex Limited	69.99	69.99	648	648	(4,817)	(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	(795)	(651)	-	-
Precious Shipping (Panama) S.A.	99.99	99.99	250	250	44,138	42,579	-	-
Precious Shipping (Mauritius) Limited	100.00	100.00	250	250	(28,750)	(171,765)	-	-
Precious Shipping (Singapore) Pte. Limited	100.00	100.00	363,338	363,338	729,590	650,232	-	-
Precious Shipping (UK) Limited	99.99	99.99	250	250	5,004	4,992	-	-
Great Circle Shipping Agency Limited	99.99	99.99	121,995	121,995	(93,303)	(82,982)	-	-
Total net investments in subsidiaries			<u>5,623,110</u>	<u>5,043,110</u>	<u>9,220,119</u>	<u>6,883,968</u>	<u>4,651,524</u>	<u>3,610,364</u>
Investments accounted for under equity method					9,347,793	7,144,160		
Share of losses over investments					(127,674)	(260,192)		
Total net investments in subsidiaries					<u>9,220,119</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 amount receivable from/payable to subsidiaries in the balance sheets.

As at 31 December 2005, the Company has pledged the shares of 35 subsidiaries amounting to Baht 8,475.8 million (2004: 35 subsidiaries amounting to Baht 6,363.4 million), stated under the equity method, with banks to secure the long-term loans as referred to in Note 8.

During the year 2005, there have been the following changes in the investments in subsidiaries: -

- a) 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).
- b) The 2 local subsidiaries issued new ordinary shares, which the Company purchased in proportion to its shareholding at the acquisition date, at par value, or a total of Baht 580 million, as follows: -

	<u>Amount</u> (Million Baht)
Precious Emeralds Limited	280
Precious Garnets Limited	<u>300</u>
Total	<u>580</u>

During the year 2004, there have been the following changes in the investments in subsidiaries: -

- a) An overseas subsidiary (Precious Shipping (Singapore) Pte. Limited) received dividend amounting to SGD 3.4 million from an overseas subsidiary (PSL Thun Shipping Pte. Limited).
- b) The Company disposed of the whole of the Company's investment in the ordinary shares of Geepee Corporation Limited and its subsidiaries (Cargo Systems International Limited, Geepee Bulk Handlers Private Limited and Multi Cargo Systems (India) Private Limited), to another party at a price of Baht 14.2 million. The Company offset the cash received from the sale of the investment in these subsidiaries against "advance receipt for sale of investments" and recorded a gain of Baht 33.5 million in the earnings statement of the year 2004. General reserve of subsidiaries amounting to Baht 24.2 million has been written-off from the consolidated financial statements.

In addition, the remaining balance of advance receipt for sale of investments, amounting to Baht 56.0 million, was paid to the Company on behalf of an account receivable arising from the sale of an investment in an overseas associated company, which the Company wrote off as bad debt in the year 2002. The Company therefore recorded the amount as “bad debt recovery” in the earnings statement of the year 2004.

- c) The Company acquired 1 additional ordinary share in an overseas subsidiary (Precious Shipping (Mauritius) Limited) at par value, a total of USD 1. As a result, the Company holds 100.0 percent of the registered share capital of that subsidiary.
- d) The Company transferred all ordinary shares of Regidor Pte. Limited to Precious Shipping (Singapore) Pte. Limited. However, based on its indirect holding, the Company still holds 100.0 percent of the registered capital of that company.
- e) The 17 local subsidiaries issued new ordinary shares, which the Company purchased in proportion to its shareholding at the acquisition dates, at par value, or a total of Baht 1,345 million, as follows: -

	Amount (Million Baht)
Precious Garnets Limited	48
Precious Lands Limited	60
Precious Pearls Limited	34
Precious Forests Limited	56
Precious Rubies Limited	60
Precious Ponds Limited	52
Precious Opals Limited	50
Precious Comets Limited	71
Precious Emeralds Limited	54
Precious Ornaments Limited	68
Precious Trees Limited	40
Precious Flowers Limited	37
Precious Rivers Limited	190
Precious Diamonds Limited	150
Precious Orchids Limited	165
Precious Stones Shipping Limited	120
Precious Minerals Limited	90
Total	<u>1,345</u>

(Unit: Thousand Baht)

	CONSOLIDATED					
	Percentage of ownership		Cost method		Equity method	
	2005	2004	2005	2004	2005	2004
<u>Associate held by a subsidiary</u>						
International Seaports (Haldia) Private Limited	22.40	22.40	<u>87,701</u>	<u>87,701</u>	<u>113,306</u>	<u>95,045</u>

Shares of profit from investment in associate held by a subsidiary for the year 2005 amounting to Baht 18.3 million included in the consolidated statement of earnings was recorded based on financial statements as at 30 September 2005 prepared by the management of that company and not reviewed by its auditor.

During the year 2004, Precious Shipping (Mauritius) Limited acquired an additional 2,000 ordinary shares of International Lighterage Limited, meaning that Precious Shipping (Mauritius) Limited now holds 100.0 percent of the registered share capital of that company. As a result of this transaction, the shareholding of the Company in International Seaports (Haldia) Private Limited has increased from 17.92 percent to 22.40 percent of registered share capital.

(Unit: Thousand Baht)

	Percentage of ownership		Cost method		CONSOLIDATED Equity method		THE COMPANY ONLY Equity method	
	2005	2004	2005	2004	2005	2004	2005	2004
<u>Current investments</u>								
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>	-	<u>(25,231)</u>
Current investments - net					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company and subsidiaries recorded investment in an overseas associated company (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. The investments have therefore been reclassified as current investments, under current assets. As at 31 December 2005, the Company and subsidiaries have set up provision for loss on investments of Baht 19.4 million (2004: Baht 165.5 million) (The Company only, 2004: Baht 25.2 million).

During the year 2005, 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 year 2005.
- 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 year 2005.
- 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 year 2005.

During the year 2004, Precious Shipping (Mauritius) Limited acquired the additional share capital of International Lighterage Limited, meaning that the proportion of shareholding of the Company in Southern LPG Limited increased from 47.99 percent to 50.00 percent.

7. VESSELS, CONDOMINIUM AND EQUIPMENT

(Unit: Thousand Baht)

CONSOLIDATED										
	Assets at appraisal	Assets at cost								
		Vessels and equipment				Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Work in progress	Total
	Condominium	Condominium	Vessels and equipment	Dry-dock and special survey expenses	Total					
<u>Cost / Appraised value</u>										
31 December 2004	175,063	8,863	16,062,557	695,912	16,758,469	32,299	17,100	750	25,871	17,018,415
Acquisitions	-	-	2,012,725	813,987	2,826,712	1,990	3,330	-	21,929	2,853,961
Disposals	-	(208)	-	(179,843)	(179,843)	(1,204)	(2,738)	-	-	(183,993)
31 December 2005	175,063	8,655	18,075,282	1,330,056	19,405,338	33,085	17,692	750	47,800	19,688,383
<u>Accumulated depreciation</u>										
31 December 2004	84,565	4,862	5,091,372	280,411	5,371,783	27,942	11,005	669	-	5,500,826
Depreciation for the year	4,708	433	1,489,131	372,008	1,861,139	1,386	2,170	70	-	1,869,906
Depreciation on revaluation surplus	4,688	-	-	-	-	-	-	-	-	4,688
Depreciation on disposals	-	-	-	(179,843)	(179,843)	(1,204)	(2,738)	-	-	(183,785)
31 December 2005	93,961	5,295	6,580,503	472,576	7,053,079	28,124	10,437	739	-	7,191,635
<u>Net book value</u>										
31 December 2004	90,498	4,001	10,971,185	415,501	11,386,686	4,357	6,095	81	25,871	11,517,589
31 December 2005	81,102	3,360	11,494,779	857,480	12,352,259	4,961	7,255	11	47,800	12,496,748
<u>Depreciation for the year</u>										
2004										1,383,295
2005										1,874,594
<u>Net book value as presented at historical cost</u>										
31 December 2004	59,492									
31 December 2005	53,840									

(Unit: Thousand Baht)

THE COMPANY ONLY					
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Work in progress	Total
<u>Cost</u>					
31 December 2004	9,190	13,987	750	25,721	49,648
Acquisitions	1,887	3,330	-	16,813	22,030
Disposals	(698)	(1,299)	-	-	(1,997)
31 December 2005	10,379	16,018	750	42,534	69,681
<u>Accumulated depreciation</u>					
31 December 2004	5,249	8,597	669	-	14,515
Depreciation for the year	1,179	1,935	70	-	3,184
Depreciation on disposals	(698)	(1,299)	-	-	(1,997)
31 December 2005	5,730	9,233	739	-	15,702
<u>Net book value</u>					
31 December 2004	3,941	5,390	81	25,721	35,133
31 December 2005	4,649	6,785	11	42,534	53,979
<u>Depreciation for the year</u>					
2004					2,076
2005					3,184

During the year 2005, the subsidiaries purchased 2 second-hand vessels for a total of USD 49.5 million (2004: 22 second-hand vessels for USD 199.2 million)

As at 31 December 2005, the subsidiaries have mortgaged 50 vessels with net book value of Baht 8,929.4 million (2004: 51 vessels amounting to Baht 10,332.7 million) and condominium units with net book value of Baht 84.5 million (2004: Baht 94.5 million) with banks to secure long-term loans as referred to in Note 8.

As at 31 December 2005 and 2004, the Company and subsidiaries have fully depreciated equipment which are still in use, the costs of such assets amounted to Baht 34.2 million and Baht 37.0 million, respectively (The Company only: Baht 10.9 million and Baht 12.1 million, respectively).

8. LONG-TERM LOANS

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

(Unit: Thousand Baht)

	CONSOLIDATED	
	2005	2004
New loans	3,293,968	7,543,592
Other loan	-	17,580
Total	3,293,968	7,561,172
Less: Current portion	-	(1,127,542)
Long-term portion	<u>3,293,968</u>	<u>6,433,630</u>

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) A facility of USD 65 million 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) A facility of USD 35 million 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) A facility of USD 170 million to be used to pay for purchases of vessels. Such facility was to be drawn down by 31 December 2004.
- 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 31 December 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 31 December 2005, the 34 subsidiaries (2004: 34 companies) have outstanding loan balance by USD 80.0 million (2004: USD 192.4 million).

As at 31 December 2005, these loans are secured by the following: -

- a) The mortgage of 50 vessels (2004: 50 vessels) and condominium units belonging to subsidiaries (Note 7).
- b) The pledge of the shares of 35 subsidiaries (2004: 35 subsidiaries) (Note 6).
- 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.

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

- a) Maintenance of a debt service coverage ratio of at least 1 : 1.
 - b) Maintenance of a debt to equity ratio 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 of each quarter. 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

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: -

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

As at 31 December 2005, no draw down has been made from this facility.

Other loan

Other loan represented loan of an overseas subsidiary which charged interest at the rate of LIBOR plus a margin per annum and was payable in semi-annual installments until 2005.

As at 31 December 2005, the subsidiary has no other outstanding loan (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 7).

9. STATUTORY RESERVE

Under the Public Limited Companies Act B.E. 2535, the Company is required to set aside a reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. This reserve is not available for dividend distribution.

In accordance with Section 1202 of the Civil and Commercial Code, each time the subsidiaries (incorporated under Thai laws) declares a dividend payment, it must allocate not less than 5 percent of its earnings to its statutory reserve, until this statutory reserve reaches not less than 10 percent of registered share capital. This reserve is not available for dividend distribution.

10. TREASURY STOCK RESERVE

Under the notification of Office of Securities and Exchange Commission no. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2548 and the notification of the Federation of Accounting Professions no. Sor. Sor. Wor. Bor. Chor. 016/2548 public companies buying back their own shares (treasury shares) must have retained earnings in an amount not less than the outstanding balance of the treasury shares, and if retained earnings are appropriated for dividend payment the balance of retained earnings remaining after such payment must likewise be no less than the balance of the treasury shares. The Company proceeded in accordance with these guidelines and appropriated an amount of retained earnings to the treasury stock reserve equal to the amount paid to acquire the shares.

11. TREASURY STOCK

Details of treasury stock are as follows: -

	CONSOLIDATED/ THE COMPANY ONLY	
	2005	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.

12. EXCHANGE GAINS (LOSSES)

Exchange gains (losses) for the years ended 31 December 2005 and 2004 were summarised below: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Realised exchange gains (losses)	(3,475)	(29,482)	16,962	15,376
Unrealised exchange gains (losses)	(158,212)	85,621	(201)	67
Exchange gains (losses) - net	<u>(161,687)</u>	<u>56,139</u>	<u>16,761</u>	<u>15,443</u>

13. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

14. CORPORATE INCOME TAX

The Company does not have corporate income tax liabilities on its net earnings for the years 2005 and 2004 because tax losses brought forward exceed the net earnings of these years.

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

15. DIVIDEND PAID

Dividends declared in the year 2005 consist of the following: -

	Approved by	Total dividends	Dividend per share
		(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.

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
b) Interim dividends on operating results for the period ended 30 June 2005	Board of Directors' meeting on 18 August 2005	759.9	1.50

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.

Dividends declared in the year 2004 consist of the following: -

c) Final dividends on 2003 earnings	Annual General Meeting of the shareholders on 30 April 2004	390.0	0.75
-------------------------------------	---	-------	------

As at the closing date of the share register 517,665,600 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 388.2 million.

d) Interim dividends on operating results for the period ended 30 June 2004	Board of Directors' meeting on 20 August 2004	520.0	1.00
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As at the closing date of the share register 506,713,700 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 506.7 million.

16. EMPLOYEES AND RELATED COSTS

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Number of employees at end of year	1,524	1,435	79	78
Employee costs for the year (Thousand Baht)	1,401,337	1,095,038	197,727	153,726

17. PROMOTIONAL PRIVILEGES

Under the provisions of the Investment Promotion Act B.E. 2520, the subsidiaries were granted certain promotional privileges for their marine transportation. The promotional privileges include, among other things, exemption from the payment of income tax for a period of 5 - 8 years commencing as from the date of first earning operating income on the condition that the vessels owned by the subsidiaries are registered in Thailand. As at 31 December 2005, the 34 subsidiaries have registered their 53 vessels under the Thai flag (2004: 34 subsidiaries have registered their 51 vessels under the Thai flag).

Revenues and expenses for 2005 and 2004 (before eliminating related transactions), classified between promoted and non-promoted business can be summarised below: -

(Unit: Thousand Baht)

	Promoted Business		Non-Promoted Business		Total	
	2005	2004	2005	2004	2005	2004
Revenues	6,461,058	5,445,471	5,009,365	3,599,227	11,470,423	9,044,698
Costs and expenses	3,106,156	2,604,364	1,940,500	1,542,418	5,046,656	4,146,782
Net earnings	<u>3,354,902</u>	<u>2,841,107</u>	<u>3,068,865</u>	<u>2,056,809</u>	<u>6,423,767</u>	<u>4,897,916</u>

18. CONTINGENT LIABILITIES

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

19. FINANCIAL INSTRUMENTS

19.1 Foreign Currency Risk

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

Exchange rate applied for translation of foreign currency assets and liabilities as at 31 December 2005 was USD 1: Baht 40.9826 and Baht 41.1746, respectively (2004: Baht 38.9198 and Baht 39.2025, respectively).

19.2 Interest Rate Risk

As at 31 December 2005, the Company and subsidiaries have the following financial assets and financial liabilities exposed to interest rate risk: -

(Unit: Thousand Baht)

	Amounts of assets/liabilities				Average interest rate (% p.a.)	
	Floating interest	Fixed interest maturing in	Non-interest bearing	Total	Floating	Fixed
	rate	1 year or less	bearing		USD	USD
					currency	currency
Financial assets:						
Cash and cash equivalents	517,284	208,400	12,939	738,623	2.70	3.746
Financial liabilities:						
Long-term loans	3,293,968	-	-	3,293,968	6.405	-

19.3 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.

19.4 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.

20. 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.

21. PRESENTATION

The presentation of the financial statements has been made in compliance with the Notification of the Business Development Department dated 14 September 2001, issued under the Accounting Act B.E. 2543.

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 16 February 2006.