

Precious Shipping Public Company Limited and subsidiaries

Notes to interim financial statements

For the three-month periods ended 31 March 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 and its registered address is Cathay House, 7th Floor, 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the basis of facts currently known to the Company and subsidiaries, and on estimates and assumptions currently considered appropriate. However, these could be adversely affected by an array of future events.

1.3 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 41 (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.

(Unaudited but reviewed)

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.

1.4 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards become 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 they will not have any significant impact on the financial statements for the year in which they are initially applied.

1.5 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.

1.6 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.

(Unaudited but reviewed)

2. Current investment

(Unit: Thousand Baht)

Consolidated financial statements								
Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method		
31	31	31	31	31	31	31	31	
March	December	March	December	March	December	March	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	31,716	31,716	19,365	19,365
Less: Allowance for loss on investment							(19,365)	(19,365)
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.

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		
	31 March	31 December
	2009	2008
<u>Age of receivables</u>		
Not over 3 months	48,931	61,271
3 - 6 months	4,682	3,203
6 - 12 months	2,423	190
Over 12 months	8,034	8,000
Total	64,070	72,664
Less: Allowance for doubtful accounts	(17,436)	(25,898)
Trade accounts receivable - net	46,634	46,766

(Unaudited but reviewed)

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 financial statements		Separate financial statements		Transfer pricing policy
	For the three-month periods ended 31 March				
	2009	2008	2009	2008	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	22,374	23,478	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	15,757	-	3% of vessels' selling price
Service income - commission from compensation from cancellation of vessel hire contracts	-	-	7,878	-	5% of the compensation from cancellation of vessel hire contracts
Dividend received	-	-	1,268,308	1,204,084	As declared
Condominium rental expenses	-	-	2,315	2,327	Market price
<u>Transactions with related companies</u>					
Air ticket expenses	4,748	3,966	379	510	Market price
Rental and service expenses	1,424	1,656	1,283	854	Market price

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

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2008	Increase	Decrease	31 March 2009
<u>Receivable from and advances to subsidiaries</u>				
Precious Stones Shipping Limited	21,445	31,106	21,938	30,613
Precious Sapphires Limited	33,590	34,887	59,388	9,089
Precious Emeralds Limited	12,468	-	12,468	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	31			31
	December			March
	2008	Increase	Decrease	2009
Precious Garnets Limited	-	139,801	88,412	51,389
Precious Lagoons Limited	-	35,527	33,194	2,333
Nedtex Limited	160	-	-	160
Precious Storage Terminals Limited	86	-	-	86
Thebes Pte. Limited	990	21	-	1,011
Precious Shipping (Panama) S.A.	300,134	-	300,134	-
Precious Shipping (Mauritius) Limited	119,400	1,784	1,074	120,110
Precious Shipping (Singapore) Pte. Limited	614,653	1,352,468	413,970	1,553,151
Precious Shipping (UK) Limited	13,653	13,408	8,886	18,175
Great Circle Shipping Agency Limited	162,362	85,556	118,159	129,759
Precious Projects Pte. Ltd.	291	21	-	312
Total	1,279,232	1,694,579	1,057,623	1,916,188
<u>Payable to and advances from subsidiaries</u>				
Precious Metals Limited	139,634	285,851	276,876	148,609
Precious Wishes Limited	193,566	79,009	127,735	144,840
Precious Minerals Limited	81,311	92,751	126,596	47,466
Precious Lands Limited	83,262	204,533	78,710	209,085
Precious Rivers Limited	4,047	77,632	56,800	24,879
Precious Lakes Limited	71,922	66,144	105,576	32,490
Precious Seas Limited	41,140	70,243	83,365	28,018
Precious Stars Limited	28,167	23,129	49,496	1,800
Precious Oceans Limited	49,552	71,638	52,239	68,951
Precious Planets Limited	15,450	189,654	82,828	122,276
Precious Diamonds Limited	51,237	100,167	91,040	60,364
Precious Emeralds Limited	-	87,324	86,946	378
Precious Rubies Limited	8,257	53,786	39,997	22,046
Precious Opals Limited	90,395	86,527	94,017	82,905
Precious Garnets Limited	3,114	-	3,114	-
Precious Pearls Limited	87,273	48,459	80,119	55,613
Precious Flowers Limited	60,609	94,631	105,541	49,699

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	31			31
	December			March
	2008	Increase	Decrease	2009
Precious Forests Limited	8,168	50,852	34,568	24,452
Precious Trees Limited	20,699	144,785	85,928	79,556
Precious Ponds Limited	36,120	79,352	37,529	77,943
Precious Ventures Limited	49,706	53,913	70,361	33,258
Precious Capitals Limited	74,743	64,392	83,155	55,980
Precious Jasmines Limited	109,676	236,621	165,026	181,271
Precious Orchids Limited	72,051	107,200	123,122	56,129
Precious Lagoons Limited	27,777	-	27,777	-
Precious Cliffs Limited	5,454	35,247	29,264	11,437
Precious Hills Limited	25,228	32,297	30,689	26,836
Precious Mountains Limited	18,211	27,117	25,240	20,088
Precious Resorts Limited	21,267	39,663	25,133	35,797
Precious Cities Limited	42,850	31,934	69,023	5,761
Precious Comets Limited	48,216	228,301	230,068	46,449
Precious Ornaments Limited	49,730	57,767	68,450	39,047
Precious Shipping (Panama) S.A.	-	655,944	635,296	20,648
Total	<u>1,618,832</u>	<u>3,476,863</u>	<u>3,281,624</u>	<u>1,814,071</u>

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.

(Unaudited but reviewed)

5. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries:

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received	
	31	31	31	31	31	31	For the three-month periods	
	March	December	March	December	March	December	ended 31 March	
	2009	2008	2009	2008	2009	2008	2009	2008
			%	%				
Precious Metals Limited	250,000	250,000	99.99	99.99	250,000	250,000	65,000	55,000
Precious Wishes Limited	230,000	230,000	99.99	99.99	230,000	229,999	87,400	52,900
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	260,000	260,000	13,000	-
Precious Minerals Limited	230,000	230,000	99.99	99.99	230,000	230,000	92,000	92,000
Precious Lands Limited	84,000	84,000	99.99	99.99	84,000	84,000	58,800	24,360
Precious Rivers Limited	234,000	234,000	99.99	99.99	234,000	234,000	23,400	-
Precious Lakes Limited	99,000	99,000	99.99	99.99	99,000	99,000	89,099	21,780
Precious Seas Limited	100,000	100,000	99.99	99.99	100,000	100,000	60,000	124,999
Precious Stars Limited	105,000	105,000	99.99	99.99	105,000	105,000	10,500	72,449
Precious Oceans Limited	175,000	175,000	99.99	99.99	175,000	175,000	17,500	22,750
Precious Planets Limited	100,000	100,000	99.99	99.99	100,000	100,000	10,000	126,999
Precious Diamonds Limited	205,000	205,000	99.99	99.99	205,000	205,000	20,500	92,250
Precious Sapphires Limited	144,000	144,000	99.99	99.99	144,000	143,999	7,200	72,000
Precious Emeralds Limited	366,000	366,000	99.99	99.99	366,000	366,000	36,600	-
Precious Rubies Limited	84,000	84,000	99.99	99.99	84,000	84,000	4,200	40,320
Precious Opals Limited	74,000	74,000	99.99	99.99	74,000	74,000	70,299	37,000
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	58,400	5,840
Precious Flowers Limited	76,000	76,000	99.99	99.99	76,000	75,999	60,800	44,839
Precious Forests Limited	96,000	96,000	99.99	99.99	96,000	95,999	9,600	4,800
Precious Trees Limited	80,000	80,000	99.99	99.99	80,000	79,999	68,000	7,200
Precious Ponds Limited	84,000	84,000	99.99	99.99	84,000	83,999	16,800	8,400
Precious Ventures Limited	80,000	80,000	99.99	99.99	80,000	79,999	16,000	43,999
Precious Capitals Limited	200,000	200,000	99.99	99.99	200,000	199,999	40,000	15,000
Precious Jasmines Limited	98,000	98,000	99.99	99.99	98,000	97,999	78,400	57,819
Precious Orchids Limited	217,000	217,000	99.99	99.99	217,000	216,999	86,800	10,850
Precious Lagoons Limited	140,000	140,000	99.99	99.99	139,999	139,999	14,000	28,000
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	14,000	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	17,000
Precious Comets Limited	71,100	71,100	99.99	99.99	71,100	71,099	28,440	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received	
	31	31	31	31	31	31	For the three-month periods	
	March	December	March	December	March	December	ended 31 March	
	2009	2008	2009	2008	2009	2008	2009	2008
			%	%				
Precious Ornaments Limited	68,100	68,100	99.99	99.99	68,099	68,099	13,620	20,430
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	1,268,308	1,204,084
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.

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, in order to comply with the Act Amending the Civil and Commercial Code (No. 18) B.E. 2551. 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.

(Unaudited but reviewed)

6. Investment in associate held by a subsidiary**6.1 Details of associate held by a subsidiary:**

(Unit: Thousand Baht)

Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March	31 December	31 March	31 December	31 March	31 December
			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	116,951	122,566

(Unit: Thousand Baht)

Consolidated financial statements		
Share of income (loss) from investment in associate held by a subsidiary for the three-month periods ended 31 March		
Company's name	2009	2008
International Seaports (Haldia) Private Limited	6,671	(957)

Shares of income (loss) from investment in associate held by a subsidiary for the three-month periods ended 31 March 2009 and 2008, included in the consolidated income statements, were recorded based on the financial statements for the three-month periods ended 31 December 2008 and 2007, respectively, prepared by the management of that company and not reviewed by auditor.

6.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the three-month periods ended 31 December		Net income (loss) for the three-month periods ended 31 December	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Thousand INR	Thousand INR								
International Seaports (Haldia) Private Limited	440,580	440,580	737,828	889,535	301,491	425,926	112,414	96,530	29,779	(4,275)

(Unaudited but reviewed)

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 in 2009 and such additional investment will raise the Company's stake in this company to 33.55%.

7. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate 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	77,623	130
Disposals during period - net book value at disposal date	(483,748)	-
Depreciation for period	(285,414)	(2,453)
Net book value as at 31 March 2009	<u>8,388,966</u>	<u>23,959</u>

(Unaudited but reviewed)

8. Computer software

Movements of the computer software account during the three-month period ended 31 March 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Net book value as at 1 January 2009	54,825
Adjustment	(199)
Amortisation for period	(2,553)
Net book value as at 31 March 2009	<u>52,073</u>

9. Advances for vessel construction

Movements of the advances for vessel construction account during the three-month period ended 31 March 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2009	4,720,520
Additions	1,963,509
Interest costs	13,258
Transfer from deferred financial fees	1,141
Other costs	2,353
Balance as at 31 March 2009	<u>6,700,781</u>

During the current period, the Company made payment of installments to a shipbuilder, amounting to USD 56.00 million or approximately Baht 1,963.51 million. All of this has been financed by overseas and local commercial banks and the amount of borrowing costs capitalised during the three-month period ended 31 March 2009 is Baht 13.26 million. The weighted average rate or the effective rate used to determine the amount of borrowing costs eligible for capitalisation is 1.73% - 3.01%

(Unaudited but reviewed)

10. Deferred financial fees

Movements of the deferred financial fees account during the three-month period ended 31 March 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2009	330,740
Additions	2,949
Transfer to advances for vessel construction	(1,141)
Present as a deduction from long-term loans	(11,224)
Balance as at 31 March 2009	321,324

During the current period, deferred financial fee amounting to Baht 11.22 million was presented as a deduction against long-term loans in liabilities, in proportion to the drawdown amount, as discussed in Note 12.

11. Advances received from vessel sales

During the current period, 3 local subsidiaries entered into Sale Agreements termed as Memorandum of Agreement with overseas companies to sell the subsidiaries' 3 second-hand vessels for a total of USD 9.45 million. The buyers paid deposits totaling USD 1.89 million or approximately Baht 67.40 million (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 31 March 2009, cash and cash equivalents included advances received amounting to USD 1.89 million or approximately Baht 66.89 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 second quarter of 2009 as and when respective vessels are delivered to the buyers, in accordance with the respective Memorandum of Agreements.

(Unaudited but reviewed)

12. Long-term loan facilities

12.1 Loan facility for financing the construction and acquisition of new vessels.

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

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	31 March 2009	31 December 2008
Long-term loans	2,753,175	743,747
Less: Deferred financial fees	(15,475)	(4,251)
Long-term loans - net	<u>2,737,700</u>	<u>739,496</u>

Movements in the long-term loans account during the three-month period ended 31 March 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2009	739,496
Add: Additional borrowings	1,963,509
Unrealised exchange losses	45,919
Less: Deferred financial fees	(11,224)
Balance as at 31 March 2009	<u>2,737,700</u>

As at 31 March 2009, the long-term loan facility which has not yet been drawn down amounted to USD 321.20 million (31 December 2008: USD 377.20 million).

12.2 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 facilities of USD 100.00 million carrying interest at the rate of LIBOR plus margin of 2.50% per annum. Details are as follows:

(Unaudited but reviewed)

- A Revolving Acquisition Facility (RAF) is to be used for purchasing of vessels. Such facility is to be drawn down by 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 31 March 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.

(Unaudited but reviewed)

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 31 March 2009.

13. 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 31 March 2009, the debentures have yet to be issued by either the Company or the subsidiary.

(Unaudited but reviewed)

14. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March			
	2009	2008	2009	2008
Salary and wages and other				
benefits of employees and crews	343,990	517,107	51,923	125,313
Rental expenses	1,613	674	941	639

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 periods ended 31 March 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 31 March									
	Time charter		Voyage charter		Total		Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Hire income	1,794,884	1,915,031	-	-	1,794,884	1,915,031	(11,121)	-	1,783,763	1,915,031
Freight income	-	-	211,211	83,270	211,211	83,270	(33,263)	-	177,948	83,270
Total vessel operating income	1,794,884	1,915,031	211,211	83,270	2,006,095	1,998,301	(44,384)	-	1,961,711	1,998,301
Voyage disbursements	-	-	(101,044)	(23,938)	(101,044)	(23,938)	44,384	-	(56,660)	(23,938)
Bunker consumption	-	-	(53,235)	(10,274)	(53,235)	(10,274)	-	-	(53,235)	(10,274)
Total voyage expenses	-	-	(154,279)	(34,212)	(154,279)	(34,212)	44,384	-	(109,895)	(34,212)
Net vessel operating income/time charter equivalent income	1,794,884	1,915,031	56,932	49,058	1,851,816	1,964,089	-	-	1,851,816	1,964,089

During the current period, compensation from cancellation of vessel hire contracts amounting to approximately Baht 153.58 million has been recorded in “Hire income” account in the income statement.

16. Dividend

Dividend declared during the current period consist of the following:

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

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.

(Unaudited but reviewed)

17. Commitments and contingent liabilities

17.1 Vessel building contracts commitments

As at 31 March 2009, the Company's future minimum payment commitments under vessel building contracts amounting to USD 393.20 million or approximately Baht 14,022.65 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 31 March 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 31 March 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	321.20	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 31 March 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).

18. Subsequent events

- a) On 8 April 2009 and 11 April 2009, 2 local subsidiaries separately entered into Memorandum of Agreements with 2 overseas companies to sell the 2 subsidiaries' respective second-hand vessels for USD 2.80 million and USD 3.10 million respectively, both of which are to be delivered in the second quarter of 2009.
- b) On 22 April 2009, the Company has drawn down USD 12.00 million from long-term loan facility for financing the construction and acquisition of new vessels, as discussed in Note 12.1, to use in the payment of the second and third installments to the shipbuilder for the construction of 2 new vessels.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 30 April 2009.