

TONGKAH HARBOUR  
Report on progress of the Company's performance  
03 May 2005 07:16:01

Translation  
28 April 2005

Re: Report on progress of the Company's performance

To: Director General  
The Stock Exchange of Thailand

Dear Sir,

According to the above mentioned SET's letter, the Company in REHABCO Sector is required to report the progress of its performance every 6 month as of 31 March and 30 September of each year.

The Company, therefore, would like to report the financial and operational performances as of 31 March 2005 as follows:

1) Operation of Andesite, Gold and Tin Mining

1.1 Andesite Quarry

Andesite performance during the year 2004 ended December 2004 is as follows:-

Unit: million Baht

Year	2003	2004
Sales	14.59	17.39
% increase/decrease	-	19.19%
Production cost	20.40	16.33
% increase/decrease	-	(19.95%)
Gross Margin	-	6.10%

Andesite sales increased from Baht 14.59 million in 2003 to Baht 17.39 million in 2004, an increase of 19.19%. Operational costs also decreased from Baht 20.40 million in 2003 to Baht 16.33 million in 2004, a decrease of 19.95%. The improvement was due mainly to the increase in aggregate sales as the Company diversified its aggregate product to a new market, the highway construction

sector. The Company also spent sometime overhauling its crushing plant to improve production capacity and efficiency. The gross margin was improved to 6.10%.

#### 1.2 Gold mining (Tungkum Limited (TKL))

Currently, TKL has already obtained USD 13.3 million loan for plant construction and equipment. Presently the Company has commenced the construction of infrastructure and in preparation for the plant foundation construction and expected to be completed and commence its commercial operation in the last quarter of 2005.

#### 1.3 Tin Mining

Tin performance during the year 2004 is as follows:-

Unit: million Baht

Year	2003	2004
Sales	20.83	39.77
% increase/decrease	-	90.93%
Production cost	19.02	37.06
% increase/decrease	-	94.85%
Gross Margin	8.69%	6.81%

The Company uses contractors, operating their own dredges, to conduct its offshore mining operations, but under the technical supervision of THL's staff and consultants. Income from tin and tantalum is based on production and price levels at the international metals market.

Tin ore sales increased from Baht 20.83 million in 2003 to Baht 39.77 million in 2004, representing an increase of 90.93%. Likewise, operational costs charged by the contractor increased Baht 19.02 million in 2003 to Baht 37.06 million in 2004, an increase of 94.85%. The Company's gross margin from tin slightly decreased from 8.69% to 6.81% in 2004 due to the increase of the royalty fee and the tin dressing cost.

However, in April 2005, the Company's tin mining operation has been discontinued as the contractor sold its dredge to a tin operator in Indonesia. This is due to the high cost of operation, especially the tin royalty which the Royal Thai Government currently collects at the rate of approximately 24 percent of income. The Royalty in Indonesia is collected at the rate of only 3% of revenue. The Company is in the process of negotiation for a review of the royalty rate with the Department of Primary Industry and Mining to be more competitive. The Company is also negotiating with an operator whose dredge is under major maintenance. The progress will be reported accordingly.

In connection with mining prospects further offshore, the Company has raised its share holdings in Sea Minerals Ltd. (SML) to 83.70%. SML has control of extensive offshore tin resources estimated to exceed over 50,000 tons of tin which far exceeds the world's current stockpile of around 5,000 tons. At this juncture, the Company has embarked on the technical and financial feasibility of mining this deposit.

## 2) Property development

As previously informed that the Company is developing its Ratchadapisek land to be a 29-storey condominium. The Company has now completed the construction of the sales office, mock-up rooms and piling works.

Due to the price of construction materials dramatically escalated following the sharp increase in the price of crude oil and given that our development is a luxury class development employing very high quality specifications, the increase in construction material prices dramatically impacted our ability to move forward with the project while allowing us to still make a profit. As such, Management determined that it was in the best interest of the Company to keep this project in temporary abeyance, pending oil price stabilization which in turn would allow construction material to settle at more reasonable prices which would in turn increase the project's profit margin. At this current time, the Company is negotiating with an institutional fund to double the equity base and lessen the Company's dependency on bank borrowings.

## 3) The Company's debt restructuring

In Debt Restructuring, THL has completed restructuring by converting its short-term liabilities into long term liabilities since July 2001. The Company has started to repay the principal and outstanding interest according to the restructuring agreements since March 2003. The debt balance as at the end of March 2005 are as follows:

Banks	Principal/ Balance (Baht)	Outstanding Interest/ Balance (Baht)	Total/ Balance (Baht)	Terms (years)	Grace Period (years)	Payment Condition
Financial Institution1	31,281,736/ 22,291,680	3,998,107/ 2,465,500	35,279,843/ 24,757,180	7	2	Monthly, Baht 0.60 million each. Starting April 2003
*Financial Institution2	6,832,633/ 4,441,211	1,121,537/ 728,999	7,954,170/ 5,170,210	7	2	Monthly, Baht 0.13 Million each. Starting June 2003
Financial Institution3	15,502,687/ 14,574,961	1,384,520/ 0	16,887,207/ 14,574,961	10	2	Monthly, Baht 0.25 Million each in Year 3-7, and Baht 0.28 million each in year 8-10 Starting July 2003
Financial Institution4	10,000,000/ 7,109,127	-	10,000,000/ 7,109,127	10	2	Quarterly, Baht 0.25 Million each in Year 3-5, and Baht 0.35 million each in Year 6-10, Starting

March 2003

Total	63,617,056/	6,504,164/	70,121,220/
	48,416,979	3,194,499	51,611,478

Note:       \* Under Cholsin Limited, THL's subsidiary.

As of December 2004, the Company has a loss of Baht 57.21 million or Baht 0.11 per share.

At the Shareholders Annual General Meetings (AGM) Nos. 11/2005 held on 4th March 2005 approval was given to increase the Company's capital from Baht 605,551,570 (Baht six hundred five million, five hundred fifty one thousand, five hundred and seventy) to Baht 756,939,463 (Baht seven hundred fifty six million nine hundred thirty nine thousand four hundred sixty three) through a rights issue to existing shareholders at the rate of 4 old shares for 1 new share amounting to 151,387,893 new shares at Baht 1.71 per share. Total capital subscription accepted amounted to Baht 258,873,297. As at 31 March, 2005 total cash on hand and at Banks for the Company amounted to over Baht 395.53 million. Banking facilities from the EX-IM Bank and Bank Thai for the Tungsum Gold project at Loei, have yet to be drawn down. The Company has adequate cash and bank facilities to bring the gold project to production status.

The Company, therefore, reports the progress in the Company's financial and operational performances in accordance with its Rehabilitation Plan (or Operational Plan) as of March 2005 for your consideration.

Sincerely yours,  
Ronald Ng Wai Choi  
Managing Director