

Precious Shipping Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and six-month periods ended
30 June 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Precious Shipping Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Precious Shipping Public Company Limited and its subsidiaries as at 30 June 2018, the related consolidated statements of income, and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Precious Shipping Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Emphasis of matter

Without expressing a modified conclusion on the aforementioned interim financial information, I draw attention to note 9 to the financial statements regarding the cancellation of the Shipbuilding Contracts and the uncertainty regarding the outcome of arbitration proceedings.

Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 26 July 2018

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	
Assets					
Current assets					
	Cash and cash equivalents	2,104,479	1,853,618	1,038,564	1,240,080
3, 4	Trade and other receivables	171,582	193,408	4,067,337	4,249,398
	Bunker oil	69,124	56,023	-	-
	Other current assets				
	Advances to vessel masters	96,288	84,983	-	-
	Claim recoverables	9,867	20,131	-	-
	Others	54,693	42,429	17,561	12,721
	Total other current assets	160,848	147,543	17,561	12,721
	Total current assets	2,506,033	2,250,592	5,123,462	5,502,199
Non-current assets					
5	Long-term loans to subsidiaries	-	-	5,131,032	5,055,801
6	Investments in subsidiaries	-	-	6,749,867	6,650,900
7	Investment in associate held by a subsidiary	66,799	75,502	-	-
	Other long-term investment	18,824	18,548	18,824	18,548
	Receivables from cross currency swap contracts	441,456	527,083	445,958	523,133
8	Property, plant and equipment	23,392,401	23,474,670	9,635	10,650
	Intangible assets	84	341	84	341
	Other non-current assets				
	Claim recoverables - maritime claims	52,844	51,712	-	-
9	Advances for vessel constructions	2,252,067	2,219,047	2,243,578	2,210,682
10	Deferred contract costs	206,689	212,697	-	-
	Others	3,048	3,048	2,396	2,396
	Total other non-current assets	2,514,648	2,486,504	2,245,974	2,213,078
	Total non-current assets	26,434,212	26,582,648	14,601,374	14,472,451
	Total assets	28,940,245	28,833,240	19,724,836	19,974,650

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements			
	30 June 2018	31 December 2017	30 June 2018	31 December 2017		
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)		
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables						
	Trade and other payables	4	76,803	70,336	12,188	2,582
	Advances received from related parties	4	-	-	1,757,453	1,919,833
	Accrued crew accounts		89,795	87,156	-	-
	Accrued expenses		291,096	280,486	154,722	153,632
	Accrued employee bonus		18,085	36,197	12,609	25,922
	Total trade and other payables		475,779	474,175	1,936,972	2,101,969
	Advances received from charterers		57,608	36,673	-	-
	Current portion of long-term loans	11	3,452,294	802,485	-	-
	Income tax payable		-	188	-	-
	Other current liabilities		29,676	20,388	14,731	12,743
	Total current liabilities		4,015,357	1,333,909	1,951,703	2,114,712
Non-current liabilities						
	Long-term loans - net of current portion	11	6,532,435	9,483,366	-	-
	Debentures	12	5,508,727	5,504,550	5,508,727	5,504,550
	Provision for maritime claims	13	61,934	83,139	-	-
	Provision for long-term employee benefits		93,757	92,789	73,742	74,180
	Total non-current liabilities		12,196,853	15,163,844	5,582,469	5,578,730
	Total liabilities		16,212,210	16,497,753	7,534,172	7,693,442

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Shareholders' equity					
Share capital	14				
Registered share capital					
1,611,256,930 ordinary shares of Baht 1 each		1,611,257	1,611,257	1,611,257	1,611,257
Issued and paid-up share capital					
1,559,291,862 ordinary shares of Baht 1 each (31 December 2017: 1,559,280,897 ordinary shares of Baht 1 each)		1,559,292	1,559,281	1,559,292	1,559,281
Paid-in capital					
Premium on ordinary shares	14	1,967,897	1,967,716	1,967,897	1,967,716
Premium on treasury stock		172,446	172,446	172,446	172,446
Retained earnings					
Appropriated					
Statutory reserve - the Company		103,952	103,952	103,952	103,952
- subsidiaries		523,320	523,320	-	-
Corporate social responsibility reserve		16,745	16,443	16,745	16,443
Unappropriated		8,881,082	8,681,785	7,594,091	7,856,617
Other components of shareholders' equity		(496,735)	(689,491)	776,241	604,753
Equity attributable to owners of the Company		12,727,999	12,335,452	12,190,664	12,281,208
Non-controlling interests of the subsidiaries		36	35	-	-
Total shareholders' equity		12,728,035	12,335,487	12,190,664	12,281,208
Total liabilities and shareholders' equity		28,940,245	28,833,240	19,724,836	19,974,650
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 June 2018**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Vessel operating income					
Hire income		1,023,911	917,589	-	-
Freight income		160,099	162,326	-	-
Total vessel operating income		1,184,010	1,079,915	-	-
Service income	4	886	976	22,697	22,935
Gains on sales of vessel and equipment		-	30,154	-	-
Interest income		13,756	5,926	9,796	4,516
Other income		1	-	1	1
Total revenues		1,198,653	1,116,971	32,494	27,452
Expenses					
Vessel operating costs					
Vessel running expenses		395,491	421,307	-	-
Voyage disbursements		43,024	41,720	-	-
Bunker consumption		55,195	50,799	-	-
Total vessel operating costs		493,710	513,826	-	-
Depreciation	8	291,624	297,248	720	1,078
Cost of services		1,059	892	-	-
Loss on impairment of investment in a subsidiary		-	-	-	95,134
Administrative expenses	4	92,261	70,652	62,381	59,842
Management remuneration including perquisites	4	22,379	20,638	20,790	20,300
Bad debts and doubtful accounts		-	611	-	207
Exchange losses		2,407	1,936	4,239	929
Total expenses		903,440	905,803	88,130	177,490
Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax revenue		295,213	211,168	(55,636)	(150,038)
Share of profit (loss) from investment in associate held by a subsidiary	7.1	3,207	(1,089)	-	-
Profit (loss) before finance cost and income tax revenue		298,420	210,079	(55,636)	(150,038)
Finance cost		(206,541)	(215,282)	(79,454)	(81,776)
Profit (loss) before income tax revenue		91,879	(5,203)	(135,090)	(231,814)
Income tax revenue		46	-	-	-
Profit (loss) for the period		91,925	(5,203)	(135,090)	(231,814)

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Income statement (continued)

For the three-month period ended 30 June 2018

(Unit: Thousand Baht, except earnings per share expressed in Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) attributable to:				
Equity holders of the Company	91,925	(5,200)	(135,090)	(231,814)
Non-controlling interests of the subsidiaries	-	(3)	-	-
Profit (loss) for the period	91,925	(5,203)	(135,090)	(231,814)
Basic earnings per share				
16				
Profit (loss) attributable to equity holders of the Company	0.06	(0.00)	(0.09)	(0.15)
Weighted average number of ordinary shares (Thousand shares)	1,559,281	1,559,281	1,559,281	1,559,281

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) for the period	<u>91,925</u>	<u>(5,203)</u>	<u>(135,090)</u>	<u>(231,814)</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(11,748)</u>	<u>(8,501)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(11,748)</u>	<u>(8,501)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of functional currency to presentation currency financial statements	<u>743,727</u>	<u>(178,804)</u>	<u>715,541</u>	<u>(183,330)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>743,727</u>	<u>(178,804)</u>	<u>715,541</u>	<u>(183,330)</u>
Other comprehensive income for the period	<u>731,979</u>	<u>(187,305)</u>	<u>715,541</u>	<u>(183,330)</u>
Total comprehensive income for the period	<u><u>823,904</u></u>	<u><u>(192,508)</u></u>	<u><u>580,451</u></u>	<u><u>(415,144)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>823,901</u>	<u>(192,505)</u>	<u>580,451</u>	<u>(415,144)</u>
Non-controlling interests of the subsidiaries	<u>3</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
	<u><u>823,904</u></u>	<u><u>(192,508)</u></u>	<u><u>580,451</u></u>	<u><u>(415,144)</u></u>

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Vessel operating income					
Hire income		2,038,639	1,725,879	-	-
Freight income		233,707	399,383	-	-
Total vessel operating income		2,272,346	2,125,262	-	-
Service income	4	1,804	1,931	44,734	43,624
Gains on sales of vessel and equipment		-	32,153	-	1,999
Gains on cancellation of shipbuilding contracts		-	6,252	-	6,252
Interest income		16,320	8,257	11,669	6,150
Other income		4	128	3	1
Total revenues		2,290,474	2,173,983	56,406	58,026
Expenses					
Vessel operating costs					
Vessel running expenses		774,874	836,281	-	-
Voyage disbursements		49,538	97,675	-	-
Bunker consumption		71,928	115,372	-	-
Total vessel operating costs		896,340	1,049,328	-	-
Depreciation	8	569,317	583,565	1,465	1,760
Cost of services		2,994	2,860	-	-
Loss on impairment of investment in a subsidiary		-	-	-	95,134
Administrative expenses	4	185,177	137,447	121,833	115,827
Management remuneration including perquisites	4	44,328	39,695	41,589	39,099
Bad debts and doubtful accounts (reversal)		(1,957)	(10,229)	-	2,804
Exchange losses		2,223	8,830	1,487	5,646
Total expenses		1,698,422	1,811,496	166,374	260,270
Profit (loss) before share of profit from investment in associate, finance cost and income tax revenue		592,052	362,487	(109,968)	(202,244)
Share of profit from investment in associate held by a subsidiary	7.1	6,842	1,761	-	-
Profit (loss) before finance cost and income tax revenue		598,894	364,248	(109,968)	(202,244)
Finance cost		(399,341)	(428,729)	(152,256)	(161,132)
Profit (loss) before income tax revenue		199,553	(64,481)	(262,224)	(363,376)
Income tax revenue		46	-	-	-
Profit (loss) for the period		199,599	(64,481)	(262,224)	(363,376)

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Income statement (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht, except earnings per share expressed in Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) attributable to:				
Equity holders of the Company	199,599	(64,487)	(262,224)	(363,376)
Non-controlling interests of the subsidiaries	-	6	-	-
Profit (loss) for the period	199,599	(64,481)	(262,224)	(363,376)
Basic earnings per share				
16				
Profit (loss) attributable to equity holders of the Company	0.13	(0.04)	(0.17)	(0.23)
Weighted average number of ordinary shares (Thousand shares)	1,559,281	1,559,281	1,559,281	1,559,281

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) for the period	<u>199,599</u>	<u>(64,481)</u>	<u>(262,224)</u>	<u>(363,376)</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements				
in foreign currency	<u>(669)</u>	<u>6,204</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods	<u>(669)</u>	<u>6,204</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Exchange differences on translation of functional				
currency to presentation currency financial statements	<u>193,426</u>	<u>(707,286)</u>	<u>171,488</u>	<u>(732,143)</u>
Other comprehensive income not to be reclassified				
to profit or loss in subsequent periods	<u>193,426</u>	<u>(707,286)</u>	<u>171,488</u>	<u>(732,143)</u>
Other comprehensive income for the period	<u>192,757</u>	<u>(701,082)</u>	<u>171,488</u>	<u>(732,143)</u>
Total comprehensive income for the period	<u><u>392,356</u></u>	<u><u>(765,563)</u></u>	<u><u>(90,736)</u></u>	<u><u>(1,095,519)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>392,355</u>	<u>(765,568)</u>	<u>(90,736)</u>	<u>(1,095,519)</u>
Non-controlling interests of the subsidiaries	<u>1</u>	<u>5</u>	<u>-</u>	<u>-</u>
	<u><u>392,356</u></u>	<u><u>(765,563)</u></u>	<u><u>(90,736)</u></u>	<u><u>(1,095,519)</u></u>

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Unappropriated	Exchange differences on translation of financial statements	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Corporate social responsibility reserve					
				Statutory reserve							
				The Company	Subsidiaries						
Balance as at 1 January 2017	1,559,281	1,967,716	172,446	103,952	523,320	16,119	8,813,492	502,693	13,659,019	31	13,659,050
Loss for the period	-	-	-	-	-	-	(64,487)	-	(64,487)	6	(64,481)
Other comprehensive income for the period	-	-	-	-	-	-	-	(701,081)	(701,081)	(1)	(701,082)
Total comprehensive income for the period	-	-	-	-	-	-	(64,487)	(701,081)	(765,568)	5	(765,563)
Appropriated to corporate social responsibility reserve	-	-	-	-	-	124	(124)	-	-	-	-
Balance as at 30 June 2017	1,559,281	1,967,716	172,446	103,952	523,320	16,243	8,748,881	(198,388)	12,893,451	36	12,893,487
Balance as at 1 January 2018	1,559,281	1,967,716	172,446	103,952	523,320	16,443	8,681,785	(689,491)	12,335,452	35	12,335,487
Profit for the period	-	-	-	-	-	-	199,599	-	199,599	-	199,599
Other comprehensive income for the period	-	-	-	-	-	-	-	192,756	192,756	1	192,757
Total comprehensive income for the period	-	-	-	-	-	-	199,599	192,756	392,355	1	392,356
Issuance of ordinary shares as a result of warrants exercised (Note 14)	11	181	-	-	-	-	-	-	192	-	192
Appropriated to corporate social responsibility reserve	-	-	-	-	-	302	(302)	-	-	-	-
Balance as at 30 June 2018	1,559,292	1,967,897	172,446	103,952	523,320	16,745	8,881,082	(496,735)	12,727,999	36	12,728,035
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Separate financial statements						Other components of shareholders' equity - other comprehensive income	Total shareholders' equity	
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings		Unappropriated			Exchange differences on translation of financial statements
				Appropriated					
				Statutory reserve	Corporate social responsibility reserve				
Balance as at 1 January 2017	1,559,281	1,967,716	172,446	103,952	16,119	8,626,378	1,835,754	14,281,646	
Loss for the period	-	-	-	-	-	(363,376)	-	(363,376)	
Other comprehensive income for the period	-	-	-	-	-	-	(732,143)	(732,143)	
Total comprehensive income for the period	-	-	-	-	-	(363,376)	(732,143)	(1,095,519)	
Appropriated to corporate social responsibility reserve	-	-	-	-	124	(124)	-	-	
Balance as at 30 June 2017	1,559,281	1,967,716	172,446	103,952	16,243	8,262,878	1,103,611	13,186,127	
Balance as at 1 January 2018	1,559,281	1,967,716	172,446	103,952	16,443	7,856,617	604,753	12,281,208	
Loss for the period	-	-	-	-	-	(262,224)	-	(262,224)	
Other comprehensive income for the period	-	-	-	-	-	-	171,488	171,488	
Total comprehensive income for the period	-	-	-	-	-	(262,224)	171,488	(90,736)	
Issuance of ordinary shares as a result of warrants exercised (Note 14)	11	181	-	-	-	-	-	192	
Appropriated to corporate social responsibility reserve	-	-	-	-	302	(302)	-	-	
Balance as at 30 June 2018	1,559,292	1,967,897	172,446	103,952	16,745	7,594,091	776,241	12,190,664	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Cash flow statement****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	199,553	(64,481)	(262,224)	(363,376)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	569,568	583,950	1,715	2,144
Bad debts and doubtful accounts (reversal)	(1,957)	(10,229)	-	2,804
Gains on sales of vessel and equipment	-	(32,153)	-	(1,999)
Loss on impairment of investment in a subsidiary	-	-	-	95,134
Gains on cancellation of shipbuilding contracts	-	(6,252)	-	(6,252)
Amortisation of deferred contract costs	8,792	9,688	-	-
Share of profit from investment in associate held by a subsidiary	(6,842)	(1,761)	-	-
Reversal of provisions for maritime claims	(7,671)	(9,644)	-	-
Provision for long-term employee benefits	4,325	4,344	2,915	3,831
Unrealised exchange losses (gains)	(1,368)	798	(934)	107
Amortised financial fees to interest expense	14,063	36,521	-	-
Interest expense	374,706	383,524	148,402	157,055
Amortisation of deferred debentures issuing cost	2,953	3,208	2,953	3,208
Write-off withholding tax deducted at source	115	-	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	1,156,237	897,513	(107,173)	(107,344)
Operating assets (increase) decrease				
Trade and other receivables	25,891	(55,542)	239,278	279,580
Bunker oil	(12,185)	(25,552)	-	-
Other current assets	(24,211)	(22,247)	(3,859)	6,628
Other non-current assets	-	3	-	-
Operating liabilities increase (decrease)				
Trade and other payables	201	58,651	(183,977)	129,596
Advances received from charterers	20,130	12,450	-	-
Other current liabilities	9,324	636	2,203	4,783
Non-current liabilities	(3,374)	-	(3,374)	-
Cash flows from (used in) operating activities	1,172,013	865,912	(56,902)	313,243
Cash paid for corporate income tax and withholding tax deducted at source	(1,608)	(1,237)	(860)	(850)
Net cash flows from (used in) operating activities	1,170,405	864,675	(57,762)	312,393

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Acquisitions of vessel and equipment and payment of dry-dock and special survey expenses	(156,113)	(145,986)	(344)	(9,614)
Cash received from sales of vessel and equipment	-	76,851	-	1,999
Cash paid for advances for vessel constructions and other direct costs	-	(640,634)	-	(639,121)
Cash received from amendment/cancellation of shipbuilding contracts	-	6,179	-	6,179
Cash received from unsecured corporate loans	-	329,659	-	329,659
Dividend received from associate held by a subsidiary	16,523	7,869	-	-
Net cash flows used in investing activities	(139,590)	(366,062)	(344)	(310,898)
Cash flows from financing activities				
Decrease in restricted bank deposits	-	361,155	-	-
Cash paid for interest expense	(373,051)	(384,924)	(146,747)	(158,455)
Cash paid for deferred financial fees	-	(7,388)	-	-
Cash received from long-term loans	-	500,688	-	-
Repayment of long-term loans	(230,661)	(251,975)	-	-
Prepayment of long-term loans	(208,783)	(245,169)	-	-
Cash received from share subscription as a result of warrant exercised	192	-	192	-
Net cash flows used in financing activities	(812,303)	(27,613)	(146,555)	(158,455)
Increase (decrease) in translation adjustments	32,349	(139,939)	3,145	(108,170)
Net increase (decrease) in cash and cash equivalents	250,861	331,061	(201,516)	(265,130)
Cash and cash equivalents at beginning of period	1,853,618	2,676,310	1,240,080	2,145,249
Cash and cash equivalents at end of period	2,104,479	3,007,371	1,038,564	1,880,119
	-	-	-	-
Supplemental cash flows information				
Non-cash transaction				
Transfer of advances for vessel constructions to vessel and equipment of a subsidiary	-	907,567	-	904,058

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

Precious Shipping Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2018

1. General information

1.1 Corporate information

Precious Shipping Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged as a holding company for investment in the marine transportation business. The registered office of the Company is at Cathay House, 7th Floor, 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

1.2 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are presented in Thai Baht which is different from the functional currency of the Company, which is US Dollar. The presentation is in Thai Baht in accordance with the regulatory requirements in Thailand.

The USD functional currency interim financial statements are translated into the Thai Baht presentation currency financial statements at the rate of exchange prevailing at the end of reporting period in respect of assets and liabilities, and at a rate that approximates the actual rate at the date of the transaction in respect of revenues and expenses, differences being recorded as “Exchange differences on translation of financial statements” in other comprehensive income, other component of shareholders' equity.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Precious Shipping Public Company Limited, subsidiaries and associate (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been no changes in the composition of the Group during the current period.

1.4 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

(Unaudited but reviewed)

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2. 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 2017.

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	165,084	192,588	-	-
3 - 6 months	5,171	541	-	-
6 - 12 months	1,327	279	-	-
Over 12 months	2,355	5,589	-	-
Total	173,937	198,997	-	-
Less: Allowance for doubtful debts	(2,355)	(5,589)	-	-
Total trade receivables - unrelated parties, net	171,582	193,408	-	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 4)	-	-	4,067,337	4,249,398
Total other receivables	-	-	4,067,337	4,249,398
Total trade and other receivables - net	171,582	193,408	4,067,337	4,249,398

4. Related party transactions

During the periods, the Group 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 agreed upon between the Company and those related parties.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	22,697	20,778	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	-	2,157	3% of vessels' selling price
Condominium rental expenses	-	-	1,742	1,721	Market price
Sales of newbuilding vessel (as part of advances for vessel constructions and other direct costs)	-	-	-	904,058	At cost
Transaction with associate					
Dividend received	6,993	-	-	-	As declared
Transactions with related companies					
Air ticket expenses	2,075	1,444	998	736	Market price
Rental and service expenses	2,337	1,916	2,021	1,826	Market price

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	44,734	41,467	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	-	2,157	3% of vessels' selling price
Condominium rental expenses	-	-	3,446	3,432	Market price
Sales of newbuilding vessel (as part of advances for vessel constructions and other direct costs)	-	-	-	904,058	At cost
Transaction with associate					
Dividend received	16,523	7,869	-	-	As declared
Transactions with related companies					
Air ticket expenses	5,072	3,206	1,984	1,114	Market price
Rental and service expenses	7,373	6,044	5,972	5,232	Market price

(Unaudited but reviewed)

The balances of the accounts between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Other receivables - related parties (Note 3)				
Subsidiaries	-	-	4,067,337	4,249,398
Total other receivables - related parties	-	-	4,067,337	4,249,398
Trade and other payables - related parties				
Subsidiaries	-	-	1,757,453	1,919,833
Related companies	1,017	372	309	143
Total trade and other payables - related parties	1,017	372	1,757,762	1,919,976

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.

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	21,884	20,130	20,295	19,793
Post-employment benefits	495	508	495	507
Total	22,379	20,638	20,790	20,300

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	43,343	38,679	40,605	38,084
Post-employment benefits	985	1,016	984	1,015
Total	44,328	39,695	41,589	39,099

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries in relation to the loans from banks. There was no guarantee fee charged.

5. Long-term loans to subsidiaries

Long-term loans to subsidiaries consisted of the following.

- 1) As at 30 June 2018, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited ("ABC Company"), are in the form of promissory notes amounting to USD 9.70 million (31 December 2017: USD 9.70 million), bearing no interest and are due at call. The Company does not intend to call for the loans repayment in the foreseeable future; therefore, the loans are classified as long-term loans.
- 2) On 30 December 2016, the Company has executed an agreement to extend the period of repayment of advance receivables and short-term loan to Precious Shipping (Singapore) Pte. Limited ("PSSP") amounting to USD 145 million to 3 years. As at 30 June 2018 and 31 December 2017, the Company had an advance receivables and short-term loan to PSSP amounting to USD 145 million.

Movements in the balance of the loans during the period were as follows.

(Unit: Thousand Baht)

	Separate
	financial statements
Balance as at 1 January 2018	5,055,801
Translation adjustment	75,231
Balance as at 30 June 2018	5,131,032

6. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30	31	30	31	30	31
	June	December	June	December	June	December
2018	2017	2018	2017	2018	2017	
		%	%			
Precious Metals Limited	275,000	275,000	99.99	99.99	351,428	346,276
Precious Wishes Limited	230,000	230,000	99.99	99.99	299,155	294,769
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	279,447	275,350
Precious Minerals Limited	230,000	230,000	99.99	99.99	254,110	250,384
Precious Lands Limited	306,000	306,000	99.99	99.99	321,595	316,880
Precious Rivers Limited	234,000	234,000	99.99	99.99	211,372	208,273
Precious Lakes Limited	184,000	184,000	99.99	99.99	185,484	182,764
Precious Seas Limited	100,000	100,000	99.99	99.99	130,067	128,160
Precious Stars Limited	105,000	105,000	99.99	99.99	136,570	134,568
Precious Oceans Limited	175,000	175,000	99.99	99.99	227,618	224,280
Precious Planets Limited	270,000	270,000	99.99	99.99	308,637	304,111
Precious Diamonds Limited	205,000	205,000	99.99	99.99	193,228	190,396
Precious Sapphires Limited	144,000	144,000	99.99	99.99	131,096	129,174
Precious Emeralds Limited	366,000	366,000	99.99	99.99	314,350	309,741
Precious Rubies Limited	259,360	259,360	99.99	99.99	262,463	258,615
Precious Opals Limited	249,360	249,360	99.99	99.99	254,045	250,320
Precious Garnets Limited	379,000	379,000	99.99	99.99	324,232	319,478
Precious Pearls Limited	173,000	173,000	99.99	99.99	185,187	182,472
Precious Flowers Limited	336,000	336,000	99.99	99.99	357,056	351,820
Precious Forests Limited	286,000	286,000	99.99	99.99	277,590	273,520
Precious Trees Limited	202,000	202,000	99.99	99.99	216,700	213,523
Precious Ponds Limited	124,000	124,000	99.99	99.99	130,342	128,431
Precious Ventures Limited	202,000	202,000	99.99	99.99	235,054	231,608
Precious Capitals Limited	200,000	200,000	99.99	99.99	260,134	256,321
Precious Jasmines Limited	147,000	147,000	99.99	99.99	176,733	174,142
Precious Orchids Limited	217,000	217,000	99.99	99.99	199,715	196,787
Precious Lagoons Limited	140,000	140,000	99.99	99.99	182,094	179,424
Precious Cliffs Limited	140,000	140,000	99.99	99.99	182,094	179,424
Precious Hills Limited	140,000	140,000	99.99	99.99	182,094	179,424
Precious Mountains Limited	140,000	140,000	99.99	99.99	182,094	179,424
Precious Resorts Limited	140,000	140,000	99.99	99.99	182,094	179,424
Precious Cities Limited	170,000	170,000	99.99	99.99	207,064	204,028
Precious Comets Limited	141,000	141,000	99.99	99.99	138,443	136,413
Precious Ornaments Limited	156,000	156,000	99.99	99.99	151,943	149,715
Precious Moons Limited	1,000	1,000	99.98	99.98	1,013	998
Precious Venus Limited	298,800	298,800	99.99	99.99	281,239	277,115

(Unaudited but reviewed)

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30	31	30	31	30	31
	June	December	June	December	June	December
	2018	2017	2018	2017	2018	2017
Precious Neptune Limited	298,800	298,800	99.99	99.99	281,239	277,115
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	332	327
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	347,942	342,840
Precious Shipping (UK) Limited	250	250	100.00	100.00	332	327
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	359,671	354,398
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					8,903,096	8,772,559
Less: Allowance for loss on investments in subsidiaries					(2,153,229)	(2,121,659)
Total investments in subsidiaries - net					6,749,867	6,650,900

As at 30 June 2018, the Company has pledged the shares of 31 subsidiaries amounting to Baht 5,785.31 million (net of allowance for loss on investments) (31 December 2017: 31 subsidiaries amounting to Baht 5,700.48 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 11 to the financial statements.

The change in cost of investments in subsidiaries is from the exchange differences on translation of financial statements from functional currency to presentation currency.

The allowance for loss on investments in subsidiaries in the separate financial statements applied for the subsidiaries which sold their vessels and have no recent plan for the replacements was USD 64.92 million or approximately Baht 2,153.23 million.

7. Investment in associate held by a subsidiary

7.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

		Consolidated financial statements						Carrying amounts based on equity method	
		Shareholding Percentage		Cost					
		30	31	30	31	30	31		
Associate's name	Nature of business	June	December	June	December	June	December		
	Country of incorporation	2018	2017	2018	2017	2018	2017		
		%	%						
International Seaports (Haldia) Private Limited	Port development								
	India	22.40	22.40	67,583	66,592	66,799	75,502		

(Unaudited but reviewed)

The change in cost of investment in associate held by a subsidiary is from the exchange differences on translation of financial statements from functional currency to presentation currency.

(Unit: Thousand Baht)

Associate's name	Consolidated financial statements			
	For the three-month periods ended 30 June			
	Share of profit (loss)		Dividend received	
	2018	2017	2018	2017
International Seaports (Haldia) Private Limited	3,207	(1,089)	6,993	-

(Unit: Thousand Baht)

Associate's name	Consolidated financial statements			
	For the six-month periods ended 30 June			
	Share of profit		Dividend received	
	2018	2017	2018	2017
International Seaports (Haldia) Private Limited	6,842	1,761	16,523	7,869

Shares of profit from investment in associate held by a subsidiary for the six-month periods ended 30 June 2018 and 2017, included in the consolidated income statements, were recorded based on the financial information for the six-month periods ended 31 March 2018 and 2017, respectively.

7.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the		Profit for the	
	31 March		31 March		31 March		six-month periods ended		six-month periods ended	
	2018	2017	2018	2017	2018	2017	31 March		2018	2017
	Thousand INR	Thousand INR								
International Seaports (Haldia) Private Limited	440,580	440,580	340,858	380,067	42,648	30,960	235,455	200,319	30,546	7,863

(Unaudited but reviewed)

8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2018	23,474,670	10,650
Acquisitions of equipment and payment of dry-dock and special survey expenses during period - at cost	156,113	344
Depreciation for the period	(569,317)	(1,465)
Translation adjustment	330,935	106
Net book value as at 30 June 2018	<u>23,392,401</u>	<u>9,635</u>

As at 30 June 2018, the subsidiaries have mortgaged 35 vessels (31 December 2017: 35 vessels) with net book value of Baht 22,537.66 million (31 December 2017: Baht 22,617.74 million) with banks to secure long-term loans as referred to in Note 11 to the financial statements.

9. Advances for vessel constructions

Movements of the advances for vessel constructions account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2018	2,219,047	2,210,682
Translation adjustment	33,020	32,896
Balance as at 30 June 2018	<u>2,252,067</u>	<u>2,243,578</u>

During the year 2016 and 2015, the Company cancelled twelve Shipbuilding Contracts signed with Sainty Marine Corporation, China ("Shipbuilder") on 24 and 26 February 2014 for twelve 64,000 DWT bulk carrier vessels bearing hull nos. SAM14017B - SAM14028B ("Vessels").

Since the Vessels were delayed and not delivered within the maximum period allowed under the Shipbuilding Contracts ("SBCs"), the Company exercised its contractual right and cancelled the SBCs because of the excessive delay in delivery, and claimed refunds along with interest thereon, in accordance with the SBCs.

(Unaudited but reviewed)

The Company submitted Letters of Demand to the Guarantor Bank, Export-Import Bank of China, Jiangsu Branch (“CEXIM”), against the Irrevocable Letters of Guarantee provided to the Company by CEXIM in accordance with the SBCs to seek full refund of the abovementioned advances, along with interest thereon. The Company received the refunds along with the interest for 3 vessels between 2016 and 2017. For the other 9 vessels for which the Company has received notices of arbitration from the Shipbuilder, as per the terms of the Irrevocable Letters of Guarantee and the SBCs, the Irrevocable Letters of Guarantee related to these vessels are automatically extended until 90 days after the final arbitration award is published. At present, the arbitrations for these 9 Vessels are still on-going. The final arbitration awards will determine whether the Company will receive the refund of the advances which the Company paid to the Shipbuilder along with interest thereon and/or any damages or whether the Company will have to pay any damages to the Shipbuilder.

As of 30 June 2018, details of the cancellations of the SBCs by the Company and by the Shipbuilder (under dispute by the Company) are as follows:

Hull No.	Shipbuilding Contract date	Cancelled by	Date of Cancellation Notice	Date of Notice of Arbitration	Contract Price (Million USD)	Advances Claim (Million USD)
SAM14017B	24 February 2014	The Company	11 September 2015	25 September 2015	27.90	11.16
SAM14018B	24 February 2014	The Company	11 September 2015	25 September 2015	27.90	11.16
SAM14019B	26 February 2014	The Company	16 November 2015	24 November 2015	27.97	11.16
SAM14020B	26 February 2014	The Company	16 November 2015	24 November 2015	27.97	11.16
SAM14021B	26 February 2014	The Company	29 January 2016	3 February 2016	27.97	5.58
SAM14022B	26 February 2014	The Company	29 January 2016	3 February 2016	27.97	5.58
SAM14023B	26 February 2014	The Shipbuilder The Company	15 September 2015 30 March 2016	7 December 2015	27.47	2.74
SAM14027B	26 February 2014	The Shipbuilder The Company	20 November 2015 29 August 2016	6 September 2016	27.97	2.79
SAM14028B	26 February 2014	The Shipbuilder The Company	20 November 2015 29 August 2016	6 September 2016	27.97	2.79
Total					251.09	64.12

10. Deferred contract costs

Movements of the deferred contract costs account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Balance as at 1 January 2018	212,697
Amortisation for the period	(8,792)
Translation adjustment	2,784
Balance as at 30 June 2018	206,689

(Unaudited but reviewed)

11. Long-term loan facilities

As at 30 June 2018 and 31 December 2017, long-term loans accounts are presented below.

(Unit: Thousand Baht)

Consolidated financial statements																								
Loan facilities for financing the construction and acquisition of new vessels																		Loan facilities for purchasing of vessels						
Facility 1		Facility 2		Facility 3		Facility 4		Facility 5		Facility 6		Facility 7		Facility 8		Facility 9		Facility 1		Facility 2		Total		
30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	
June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
Long-term loans	676,611	666,690	1,234,351	1,216,252	947,673	975,744	491,883	505,744	422,205	448,016	1,943,815	2,008,295	819,333	840,001	718,485	734,912	444,648	458,043	1,489,153	1,537,234	831,256	943,687	10,019,413	10,334,618
Add (less): Deferred financial fees	(1,922)	(2,451)	(11,551)	(13,871)	(11,031)	(12,077)	(2,549)	(2,775)	(1,927)	(2,183)	56,728	52,656	(12,494)	(13,823)	(25,345)	(27,610)	(6,898)	(7,450)	(40,666)	(46,004)	22,971	26,821	(34,684)	(48,767)
Total	674,689	664,239	1,222,800	1,202,381	936,642	963,667	489,334	502,969	420,278	445,833	2,000,543	2,060,951	806,839	826,178	693,140	707,302	437,750	450,593	1,448,487	1,491,230	854,227	970,508	9,984,729	10,285,851
Less: Current portion	(674,689)	-	(1,222,800)	-	(84,189)	(82,892)	(42,551)	(41,915)	(64,658)	(63,690)	(145,753)	(143,204)	(806,839)	(64,295)	(52,796)	(51,898)	(39,795)	(39,182)	(123,325)	(123,189)	(194,899)	(192,220)	(3,452,294)	(802,485)
Long-term loans - net of current portion	-	664,239	-	1,202,381	852,453	880,775	446,783	461,054	355,620	382,143	1,854,790	1,917,747	-	761,883	640,344	655,404	397,955	411,411	1,325,162	1,368,041	659,328	778,288	6,532,435	9,483,366

(Unaudited but reviewed)

Movements in the long-term loans accounts during the six-month period ended 30 June 2018 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements												
	Loan facilities for financing the construction and acquisition of new vessels									Loan facilities for purchasing of vessels		Total
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 1	Facility 2	
Balance as at 1 January 2018	664,239	1,202,381	963,667	502,969	445,833	2,060,951	826,178	707,302	450,593	1,491,230	970,508	10,285,851
Add: Amortisation of financial fees	542	2,422	1,175	256	276	3,036	1,471	2,565	636	5,773	(4,089)	14,063
Less: Repayment	-	-	(40,826)	(20,500)	(31,132)	-	(31,794)	(26,230)	(19,374)	(60,805)	-	(230,661)
Prepayment	-	-	-	-	-	(89,213)	-	-	-	-	(119,570)	(208,783)
Unrealised exchange gain	-	-	-	-	-	-	-	-	-	(8,001)	-	(8,001)
Translation adjustment	9,908	17,997	12,626	6,609	5,301	25,769	10,984	9,503	5,895	20,290	7,378	132,260
Balance as at 30 June 2018	<u>674,689</u>	<u>1,222,800</u>	<u>936,642</u>	<u>489,334</u>	<u>420,278</u>	<u>2,000,543</u>	<u>806,839</u>	<u>693,140</u>	<u>437,750</u>	<u>1,448,487</u>	<u>854,227</u>	<u>9,984,729</u>

During the period, the updated transactions of the Group's loan facilities are as follows.

Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)

Facility 6

In relation to this facility and Facility 2 for purchasing of vessels, on 11 April 2018, Export-Import Bank of Thailand approved the waiver of the testing of the financial covenants regarding the Net Funded Debt to EBITDA ratio for the period starting from 1 January 2018 to 31 December 2018.

Facility 8

On 18 April 2018, the Company, Precious Tides Pte. Ltd., and Precious Skies Pte. Ltd., as Joint Borrowers, executed a Supplemental Agreement with BNP Paribas as Lender to amend the Loan Agreement. The Lender agreed to permanently waive the Joint Borrowers' requirement to comply with the Funded Debt to EBITDA ratio on the condition that the Value to Loan coverage be increased from 125% to 135%.

Facility 10

On 3 July 2018, the Company and Precious Forests Ltd., the Company's subsidiary, have executed the Amendment Agreement, with Export-Import Bank of Thailand, mainly to extend the availability period up to 28 December 2018 (from 30 June 2018).

Loan facilities for purchasing of vessels

Facility 1

On 30 March 2018, Thanachart Bank PLC as the facility agent of the USD 50.00 million loan agreement dated 9 March 2012 approved the waiver of the testing of the financial covenants regarding the Debt to EBITDA ratio up to 31 December 2018.

On 25 May 2018, Krung Thai Bank Plc. as the facility agent approved the waiver of the testing of the financial covenants regarding the Debt to EBITDA ratio up to 31 December 2018. During the temporary waiver period from 1 January 2018 to 31 December 2018, the Company has to follow the following conditions:

- a) The Company is not allowed to pay dividends or make any other distributions to its shareholders;
- b) The Company must submit monthly cashflow forecasts for the next three months;
- c) The Company shall not have any other defaults;
- d) The Company shall maintain a ratio of Total Liabilities to Equity not exceeding 1.8;
- e) The Company shall maintain Debt Service Coverage ratio (including cash) not less than 1.0.

(Unaudited but reviewed)

The Group's bank loan facilities are summarised below.

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement	
				30 June 2018	31 December 2017
Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)					
Facility 1	DNB Asia Ltd. and 5 other banks, total 6 banks	The Company and indirect subsidiaries in Singapore	LIBOR + margin	54.50	54.50
Facility 2	ING Bank N.V. (Singapore Branch) and DNB Asia Ltd.	4 indirect subsidiaries in Singapore	LIBOR + margin	84.96	84.96
Facility 3	Bangkok Bank PLC. (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin	38.69	38.69
Facility 4	Bangkok Bank PLC. (Singapore Branch)	ABC Four Pte. Limited	LIBOR + margin	19.34	19.34
Facility 5	TMB Bank PLC.	ABC One Pte. Limited	LIBOR + margin	19.58	19.58
Facility 6	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin	78.24	78.24
Facility 7	DNB Asia Ltd. and Export-Import Bank of China	The Company and indirect subsidiaries in Singapore	LIBOR + margin	30.00	30.00
Facility 8	BNP Paribas	The Company and indirect subsidiaries in Singapore	LIBOR + margin	24.75	24.75
Facility 9	BNP Paribas	The Company and indirect subsidiary in Singapore	LIBOR + margin	14.63	14.63
Facility 10	Export-Import Bank of Thailand	The Company and local subsidiary	LIBOR + margin	18.00	18.00

(Unaudited but reviewed)

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement	
				30 June 2018	31 December 2017
Loan facilities for purchasing of vessels					
Facility 1	Krung Thai Bank PLC. and 2 other banks, total 3 banks	The Company and local subsidiaries	MLR-1 for Thai Baht loan and LIBOR + margin for USD loan	USD 142.00 million and Baht 1,502.35 million	USD 142.00 million and Baht 1,502.35 million
Facility 2	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin	64.82	64.82

As at 30 June 2018 and 31 December 2017, the Group had undrawn loan balance amounting to USD 18 million.

(Unaudited but reviewed)

As at 30 June 2018, the Group had outstanding bank loans amounting to Baht 2,704.33 million on the basis of which the Group is unable to maintain certain financial covenants under the loan agreements. The Group has been in discussions with the Banks for requesting waivers of the testing of certain financial covenants for a certain period. In order to report its financial statements for the six-month period ended 30 June 2018 in accordance with generally accepted accounting standards, the Group has presented the balance of these loans as current liabilities.

12. Debentures

As at 30 June 2018 and 31 December 2017, details of long-term debentures are as follows.

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	(Unit: Thousand Baht) Carrying amount	
						30 June 2018	31 December 2017
1	Entirely redeemed on 22 January 2021 (5 years)	3,590	1,000	5.25	Quarterly	3,572,701	3,571,824
2	Entirely redeemed on 9 June 2020 (3.5 years)	1,960	1,000	5.00	Quarterly	1,950,555	1,950,077
Total						5,523,256	5,521,901
Less: Deferred debenture issuing costs						(14,529)	(17,351)
Long-term debenture - net						<u>5,508,727</u>	<u>5,504,550</u>

Since the functional currency of the Company is US Dollars, with a view to covering the currency risk on the Thai Baht denominated liability of the Company, the entire proceeds of Baht 3,590 million were swapped into US Dollars, amounting to USD 99.72 million on 22 January 2016 vide a Cross Currency Swap entered into by the Company. The Company also swapped THB fixed interest rate of 5.25% per annum to USD fixed interest rate of 5.99% per annum.

Subsequently on 4 January 2017, the entire proceeds of Baht 1,960 million were swapped into US Dollars, amounting to USD 54.90 million vide a Cross Currency Swap entered into by the Company. The Company also swapped THB fixed interest rate of 5.00% per annum to USD fixed interest rate of 5.75% per annum.

The Company is required to maintain Debt to Equity ratio not exceeding 2:1.

13. Provision for maritime claims

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2018	83,139
Increase during the period	12,785
Decrease (including actual claims) during the period	(34,122)
Translation adjustment	132
Balance as at 30 June 2018	<u>61,934</u>

14. Share capital

During the six-month period ended 30 June 2018, the Company registered an increase in its issued and paid-up share capital by Baht 10,965 with the Ministry of Commerce due to the exercise of warrants to purchase 10,965 ordinary shares of the Company of Baht 17.50 each totaling Baht 191,887.50. The premium on ordinary shares increased by Baht 180,922.50 as a result of such share issuance.

15. Warrants

On 16 June 2015, the Company issued and allotted warrants (PSL-W1), which are registered and transferable warrants, to the Company's ordinary shares in an amount of 51,975,666 units. Details of the warrants are summarised below.

Number of warrants issued :	51,975,666 units
Offering price :	Baht 0 per unit
Offering method :	Allocation proportionately to existing shareholders of the Company who subscribe and make subscription payment for the Rights Offering at the offering ratio of 10 newly issued ordinary shares to 1 unit of the warrant
Exercise ratio and price :	1 unit of the warrant per 1 newly issued ordinary share at a price of Baht 17.50 per share
Term of the warrant :	Not exceeding 3 years from the initial issuance date of warrants
Expiry date :	15 June 2018

Period of exercise : On the last day of each calendar quarter after the 2nd anniversary from the issuance date (16 June 2017) until the date of expiration of the Warrants. Accordingly, the first and the last exercise dates shall be 30 June 2017 and 15 June 2018, respectively.

During the three-month and six-month periods ended 30 June 2018, certain PSL-W1 warrant holders exercised their rights to purchase 10,965 ordinary shares of the Company at an exercise price of Baht 17.50 each, amounting to Baht 191,887.50.

16. Basic earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

No calculation of diluted earnings per share from warrants for the three-month and six-month periods ended 30 June 2018 was made because the warrants are excluded from the potential ordinary shares since their exercise price is in excess of the weighted average fair value of the Company's ordinary shares.

17. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group's operations involve the business of owning and internationally operating (chartering) Handysize, Supramax and Ultramax bulk vessels, on a tramp shipping basis without any set routes. This is the only industry segment in which the Group mainly operates 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.

(Unaudited but reviewed)

The business activity in the segment, i.e. the chartering of the vessels, 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 Group bears all the voyage expenses. The voyage expenses are presented in the financial statements as voyage disbursements and bunker consumption. Under Time charter, the vessel 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 Groups' control. As such, reporting by geographical segments would not be practical or meaningful, and could in fact be misleading.

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) derived from Time charter and Voyage charter presented as "Hire income" and "Freight income" respectively.

The following table presents net vessel operating income from Time charter and Voyage charter of the Group for the three-month and six-month periods ended 30 June 2018 and 2017.

(Unit: Thousand Baht)

Consolidated financial statements										
For the three-month periods ended 30 June										
	Time charter		Voyage charter		Total		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Hire income	1,023,911	917,589	-	-	1,023,911	917,589	-	-	1,023,911	917,589
Freight income	-	-	160,099	185,533	160,099	185,533	-	(23,207)	160,099	162,326
Total vessel operating income	1,023,911	917,589	160,099	185,533	1,184,010	1,103,122	-	(23,207)	1,184,010	1,079,915
Voyage disbursements	-	-	(43,024)	(64,927)	(43,024)	(64,927)	-	23,207	(43,024)	(41,720)
Bunker consumption	-	-	(55,195)	(50,799)	(55,195)	(50,799)	-	-	(55,195)	(50,799)
Total voyage expenses	-	-	(98,219)	(115,726)	(98,219)	(115,726)	-	23,207	(98,219)	(92,519)
Net vessel operating income/time charter equivalent income	1,023,911	917,589	61,880	69,807	1,085,791	987,396	-	-	1,085,791	987,396

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements										
For the six-month periods ended 30 June										
	Time charter		Voyage charter		Total		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Hire income	2,038,639	1,725,879	-	-	2,038,639	1,725,879	-	-	2,038,639	1,725,879
Freight income	-	-	233,595	457,336	233,595	457,336	112	(57,953)	233,707	399,383
Total vessel operating income	2,038,639	1,725,879	233,595	457,336	2,272,234	2,183,215	112	(57,953)	2,272,346	2,125,262
Voyage disbursements	-	-	(49,426)	(155,628)	(49,426)	(155,628)	(112)	57,953	(49,538)	(97,675)
Bunker consumption	-	-	(71,928)	(115,372)	(71,928)	(115,372)	-	-	(71,928)	(115,372)
Total voyage expenses	-	-	(121,354)	(271,000)	(121,354)	(271,000)	(112)	57,953	(121,466)	(213,047)
Net vessel operating income/time charter equivalent income	2,038,639	1,725,879	112,241	186,336	2,150,880	1,912,215	-	-	2,150,880	1,912,215

18. Functional currency financial statements

The USD functional currency statements of financial position as at 30 June 2018 and 31 December 2017 and the income statements for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand USD)

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Assets				
Current assets				
Cash and cash equivalents	63,451	56,719	31,313	37,945
Trade and other receivables	5,173	5,918	122,631	130,027
Bunker oil	2,084	1,714	-	-
Other current assets				
Advances to vessel masters	2,903	2,600	-	-
Claim recoverables	298	616	-	-
Others	1,649	1,298	530	389
Total other current assets	4,850	4,514	530	389
Total current assets	75,558	68,865	154,474	168,361

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2018	2017	2018	2017
Non-current assets				
Long-term loans to subsidiaries	-	-	154,702	154,702
Investments in subsidiaries	-	-	203,510	203,510
Investment in associate held by a subsidiary	2,014	2,310	-	-
Other long-term investment	568	568	568	568
Receivables from cross currency swap contracts	13,310	16,128	13,446	16,007
Property, plant and equipment	705,287	718,300	290	326
Intangible assets	3	11	3	11
Other non-current assets				
Claim recoverables - maritime claims	1,593	1,583	-	-
Advances for vessel constructions	67,900	67,900	67,644	67,644
Deferred contract costs	6,232	6,508	-	-
Others	92	93	72	73
Total other non-current assets	75,817	76,084	67,716	67,717
Total non-current assets	796,999	813,401	440,235	442,841
Total assets	872,557	882,266	594,709	611,202
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade and other payables	2,316	2,152	367	79
Advances received from related parties	-	-	52,988	58,745
Accrued crew accounts	2,707	2,667	-	-
Accrued expenses	8,777	8,582	4,665	4,701
Accrued employee bonus	545	1,108	380	793
Total trade and other payables	14,345	14,509	58,400	64,318
Advances received from charterers	1,737	1,122	-	-
Current portion of long-term loans	104,087	24,555	-	-
Income tax payable	-	6	-	-
Other current liabilities	895	624	444	390
Total current liabilities	121,064	40,816	58,844	64,708
Non-current liabilities				
Long-term loans - net of current portion	196,955	290,181	-	-
Debentures	166,090	168,433	166,090	168,433
Provision for maritime claims	1,867	2,544	-	-
Provision for long-term employee benefits	2,827	2,839	2,223	2,270
Total non-current liabilities	367,739	463,997	168,313	170,703
Total liabilities	488,803	504,813	227,157	235,411

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2018	2017	2018	2017
Shareholders' equity				
Share capital				
Registered share capital	52,598	52,598	52,598	52,598
Issued and paid-up share capital	51,055	51,055	51,055	51,055
Paid-in capital				
Premium on ordinary shares	63,290	63,284	63,290	63,284
Premium on treasury stock	4,819	4,819	4,819	4,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	2,802	2,802	2,802	2,802
- subsidiaries	14,460	14,460	-	-
Corporate social responsibility reserve	526	516	526	516
Unappropriated	248,796	242,520	245,060	253,315
Other components of shareholders' equity	(1,995)	(2,004)	-	-
Equity attributable to owner of the Company	383,753	377,452	367,552	375,791
Non-controlling interests of the subsidiaries	1	1	-	-
Total shareholders' equity	383,754	377,453	367,552	375,791
Total liabilities and shareholders' equity	872,557	882,266	594,709	611,202

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 June 2018**

(Unit: Thousand USD, except earnings per share expressed in USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Revenues				
Vessel operating income				
Hire income	31,768	26,803	-	-
Freight income	4,968	4,741	-	-
Total vessel operating income	36,736	31,544	-	-
Service income	28	29	704	670
Gains on sales of vessel and equipment	-	881	-	-
Interest income	427	173	304	132
Total revenues	37,191	32,627	1,008	802
Expenses				
Vessel operating costs				
Vessel running expenses	12,271	12,306	-	-
Voyage disbursements	1,335	1,219	-	-
Bunker consumption	1,713	1,484	-	-
Total vessel operating costs	15,319	15,009	-	-
Depreciation	9,048	8,682	22	31
Cost of services	32	27	-	-
Loss on impairment of investment in a subsidiary	-	-	-	2,779
Administrative expenses	2,863	2,064	1,936	1,748
Management remuneration including perquisites	694	603	645	593
Bad debts and doubtful accounts	-	18	-	7
Exchange losses	75	56	132	27
Total expenses	28,031	26,459	2,735	5,185
Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax revenue	9,160	6,168	(1,727)	(4,383)
Share of profit (loss) from investment in associate held by a subsidiary	99	(31)	-	-
Profit (loss) before finance cost and income tax revenue	9,259	6,137	(1,727)	(4,383)
Finance cost	(6,409)	(6,288)	(2,465)	(2,388)
Profit (loss) before income tax revenue	2,850	(151)	(4,192)	(6,771)
Income tax revenue	2	-	-	-
Profit (loss) for the period	2,852	(151)	(4,192)	(6,771)
Profit (loss) attributable to:				
Equity holders of the Company	2,852	(151)	(4,192)	(6,771)
Non-controlling interests of the subsidiaries	-	-	-	-
Profit (loss) for the period	2,852	(151)	(4,192)	(6,771)
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	0.0018	(0.0001)	(0.0027)	(0.0044)
Weighted average number of ordinary shares (Thousand shares)	1,559,281	1,559,281	1,559,281	1,559,281

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the six-month period ended 30 June 2018**

(Unit: Thousand USD, except earnings per share expressed in USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Revenues				
Vessel operating income				
Hire income	64,129	50,002	-	-
Freight income	7,315	11,545	-	-
Total vessel operating income	71,444	61,547	-	-
Service income	57	56	1,407	1,264
Gains on sales of vessel and equipment	-	938	-	57
Gains on cancellation of shipbuilding contracts	-	180	-	180
Interest income	509	240	364	179
Other income	-	4	-	-
Total revenues	72,010	62,965	1,771	1,680
Expenses				
Vessel operating costs				
Vessel running expenses	24,370	24,217	-	-
Voyage disbursements	1,543	2,825	-	-
Bunker consumption	2,246	3,337	-	-
Total vessel operating costs	28,159	30,379	-	-
Depreciation	17,904	16,900	46	51
Cost of services	94	83	-	-
Loss on impairment of investment in a subsidiary	-	-	-	2,779
Administrative expenses	5,826	3,981	3,832	3,355
Management remuneration including perquisites	1,394	1,150	1,308	1,133
Bad debts and doubtful accounts (reversal)	(62)	(293)	-	81
Exchange losses	69	254	44	162
Total expenses	53,384	52,454	5,230	7,561
Profit (loss) before share of profit from investment in associate, finance cost and income tax revenue	18,626	10,511	(3,459)	(5,881)
Share of profit from investment in associate held by a subsidiary	215	50	-	-
Profit (loss) before finance cost and income tax revenue	18,841	10,561	(3,459)	(5,881)
Finance cost	(12,557)	(12,414)	(4,787)	(4,666)
Profit (loss) before income tax revenue	6,284	(1,853)	(8,246)	(10,547)
Income tax revenue	2	-	-	-
Profit (loss) for the period	6,286	(1,853)	(8,246)	(10,547)
Profit (loss) attributable to:				
Equity holders of the Company	6,286	(1,853)	(8,246)	(10,547)
Non-controlling interests of the subsidiaries	-	-	-	-
Profit (loss) for the period	6,286	(1,853)	(8,246)	(10,547)
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	0.0040	(0.0012)	(0.0053)	(0.0068)
Weighted average number of ordinary shares (Thousand shares)	1,559,281	1,559,281	1,559,281	1,559,281

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 26 July 2018.