

Precious Shipping Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 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 September 2018, the related consolidated statements of income, and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the nine-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: 7 November 2018

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets					
Current assets					
Cash and cash equivalents		1,698,403	1,853,618	475,936	1,240,080
Trade and other receivables	3, 4	216,951	193,408	4,466,265	4,249,398
Bunker oil		75,662	56,023	-	-
Other current assets					
Advances to vessel masters		92,137	84,983	-	-
Claim recoverables		18,760	20,131	-	-
Others		46,919	42,429	15,088	12,721
Total other current assets		157,816	147,543	15,088	12,721
Total current assets		2,148,832	2,250,592	4,957,289	5,502,199
Non-current assets					
Long-term loans to subsidiaries	5	-	-	4,818,926	5,055,801
Investments in subsidiaries	6	-	-	6,595,077	6,650,900
Investment in associate held by a subsidiary	7	59,609	75,502	-	-
Other long-term investment		18,392	18,548	18,392	18,548
Receivables from cross currency swap contracts		574,461	527,083	566,856	523,133
Property, plant and equipment	8	22,591,632	23,474,670	8,661	10,650
Intangible assets		10	341	10	341
Other non-current assets					
Claim recoverables - maritime claims		59,844	51,712	-	-
Advances for vessel constructions	9	2,200,422	2,219,047	2,192,127	2,210,682
Deferred contract costs	10	197,399	212,697	-	-
Others		3,168	3,048	2,397	2,396
Total other non-current assets		2,460,833	2,486,504	2,194,524	2,213,078
Total non-current assets		25,704,937	26,582,648	14,202,446	14,472,451
Total assets		27,853,769	28,833,240	19,159,735	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 September 2018	31 December 2017	30 September 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	68,715	70,336	2,803	2,582
	Advances received from related parties	4	-	-	1,712,531	1,919,833
	Accrued crew accounts		86,460	87,156	-	-
	Accrued expenses		172,483	280,486	46,731	153,632
	Accrued employee bonus		27,367	36,197	19,103	25,922
	Total trade and other payables		355,025	474,175	1,781,168	2,101,969
	Advances received from charterers		35,072	36,673	-	-
	Current portion of long-term loans	11	3,472,040	802,485	-	-
	Income tax payable		-	188	-	-
	Other current liabilities		22,273	20,388	15,588	12,743
	Total current liabilities		3,884,410	1,333,909	1,796,756	2,114,712
Non-current liabilities						
	Long-term loans - net of current portion	11	5,766,368	9,483,366	-	-
	Debentures	12	5,508,354	5,504,550	5,508,354	5,504,550
	Provision for maritime claims	13	69,271	83,139	-	-
	Provision for long-term employee benefits		95,865	92,789	75,159	74,180
	Total non-current liabilities		11,439,858	15,163,844	5,583,513	5,578,730
	Total liabilities		15,324,268	16,497,753	7,380,269	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 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 September 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		16,855	16,443	16,855	16,443
Unappropriated		8,987,543	8,681,785	7,460,654	7,856,617
Other components of shareholders' equity		(801,839)	(689,491)	498,370	604,753
Equity attributable to owners of the Company		12,529,466	12,335,452	11,779,466	12,281,208
Non-controlling interests of the subsidiaries		35	35	-	-
Total shareholders' equity		12,529,501	12,335,487	11,779,466	12,281,208
Total liabilities and shareholders' equity		27,853,769	28,833,240	19,159,735	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 September 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		1,045,041	943,125	-	-
Freight income		268,029	97,354	-	-
Total vessel operating income		1,313,070	1,040,479	-	-
Service income	4	958	908	22,945	20,798
Interest income		11,152	6,063	5,590	4,295
Total revenues		1,325,180	1,047,450	28,535	25,093
Expenses					
Vessel operating costs					
Vessel running expenses		420,763	425,957	-	-
Voyage disbursements		67,875	21,890	-	-
Bunker consumption		76,880	29,146	-	-
Total vessel operating costs		565,518	476,993	-	-
Depreciation	8	306,146	292,743	747	932
Cost of services		1,112	846	-	-
Interest on unsecured corporate loans and other expenses per Settlement Agreements		-	102,556	-	102,556
Administrative expenses	4	100,784	110,136	64,020	96,350
Management remuneration including perquisites	4	22,117	21,667	20,525	19,688
Bad debts and doubtful accounts (reversal)		(1,682)	2,365	-	-
Exchange losses		549	3,402	112	1,713
Total expenses		994,544	1,010,708	85,404	221,239
Profit (loss) before share of profit from investment in associate and finance cost		330,636	36,742	(56,869)	(196,146)
Share of profit from investment in associate held by a subsidiary	7.1	6,293	2,864	-	-
Profit (loss) before finance cost		336,929	39,606	(56,869)	(196,146)
Finance cost		(230,358)	(213,698)	(76,458)	(80,839)
Profit (loss) for the period		106,571	(174,092)	(133,327)	(276,985)

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 September 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		106,571	(174,092)	(133,327)	(276,985)
Non-controlling interests of the subsidiaries		-	-	-	-
Profit (loss) for the period		<u>106,571</u>	<u>(174,092)</u>	<u>(133,327)</u>	<u>(276,985)</u>
Basic earnings per share	16				
Profit (loss) attributable to equity holders of the Company		<u>0.07</u>	<u>(0.11)</u>	<u>(0.08)</u>	<u>(0.18)</u>
Weighted average number of ordinary shares (Thousand shares)		<u>1,559,292</u>	<u>1,559,281</u>	<u>1,559,292</u>	<u>1,559,281</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 comprehensive income

For the three-month period ended 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) for the period	106,571	(174,092)	(133,327)	(276,985)
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	(10,354)	8,165	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(10,354)	8,165	-	-
<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	(294,751)	(234,155)	(277,871)	(238,416)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(294,751)	(234,155)	(277,871)	(238,416)
Other comprehensive income for the period	(305,105)	(225,990)	(277,871)	(238,416)
Total comprehensive income for the period	(198,534)	(400,082)	(411,198)	(515,401)
Total comprehensive income attributable to:				
Equity holders of the Company	(198,533)	(400,081)	(411,198)	(515,401)
Non-controlling interests of the subsidiaries	(1)	(1)	-	-
	(198,534)	(400,082)	(411,198)	(515,401)

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 nine-month period ended 30 September 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		3,083,680	2,669,004	-	-
Freight income		501,736	496,737	-	-
Total vessel operating income		3,585,416	3,165,741	-	-
Service income	4	2,762	2,839	67,679	64,422
Gains on sales of vessel and equipment		-	32,153	-	1,999
Gains on cancellation of shipbuilding contracts		-	6,252	-	6,252
Interest income		27,472	14,320	17,259	10,445
Other income		4	128	3	1
Total revenues		3,615,654	3,221,433	84,941	83,119
Expenses					
Vessel operating costs					
Vessel running expenses		1,195,637	1,262,238	-	-
Voyage disbursements		117,413	119,565	-	-
Bunker consumption		148,808	144,518	-	-
Total vessel operating costs		1,461,858	1,526,321	-	-
Depreciation	8	875,463	876,308	2,212	2,692
Cost of services		4,106	3,706	-	-
Loss on impairment of investment in a subsidiary		-	-	-	95,134
Interest on unsecured corporate loans and other expenses per Settlement Agreements		-	102,556	-	102,556
Administrative expenses	4	285,961	247,583	185,853	212,177
Management remuneration including perquisites	4	66,445	61,362	62,114	58,787
Bad debts and doubtful accounts (reversal)		(3,639)	(7,864)	-	2,804
Exchange losses		2,772	12,232	1,599	7,359
Total expenses		2,692,966	2,822,204	251,778	481,509
Profit (loss) before share of profit from investment in associate, finance cost and income tax revenue		922,688	399,229	(166,837)	(398,390)
Share of profit from investment in associate held by a subsidiary	7.1	13,135	4,625	-	-
Profit (loss) before finance cost and income tax revenue		935,823	403,854	(166,837)	(398,390)
Finance cost		(629,699)	(642,427)	(228,714)	(241,971)
Profit (loss) before income tax revenue		306,124	(238,573)	(395,551)	(640,361)
Income tax revenue		46	-	-	-
Profit (loss) for the period		306,170	(238,573)	(395,551)	(640,361)

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 nine-month period ended 30 September 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		306,170	(238,579)	(395,551)	(640,361)
Non-controlling interests of the subsidiaries		-	6	-	-
Profit (loss) for the period		<u>306,170</u>	<u>(238,573)</u>	<u>(395,551)</u>	<u>(640,361)</u>
Basic earnings per share	16				
Profit (loss) attributable to equity holders of the Company		<u>0.20</u>	<u>(0.15)</u>	<u>(0.25)</u>	<u>(0.41)</u>
Weighted average number of ordinary shares (Thousand shares)		<u>1,559,285</u>	<u>1,559,281</u>	<u>1,559,285</u>	<u>1,559,281</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 comprehensive income

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) for the period	306,170	(238,573)	(395,551)	(640,361)
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	(11,023)	14,368	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(11,023)	14,368	-	-
<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	(101,325)	(941,441)	(106,383)	(970,559)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(101,325)	(941,441)	(106,383)	(970,559)
Other comprehensive income for the period	(112,348)	(927,073)	(106,383)	(970,559)
Total comprehensive income for the period	193,822	(1,165,646)	(501,934)	(1,610,920)
Total comprehensive income attributable to:				
Equity holders of the Company	193,822	(1,165,650)	(501,934)	(1,610,920)
Non-controlling interests of the subsidiaries	-	4	-	-
	193,822	(1,165,646)	(501,934)	(1,610,920)

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 nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company							Other components of shareholders' equity - other comprehensive income	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
				Retained earnings		Corporate social						
				Appropriated		responsibility						
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Statutory reserve The Company	Subsidiaries	reserve	Unappropriated					
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	-	-	-	-	-	-	(238,579)	-	(238,579)	6	(238,573)	
Other comprehensive income for the period	-	-	-	-	-	-	-	(927,071)	(927,071)	(2)	(927,073)	
Total comprehensive income for the period	-	-	-	-	-	-	(238,579)	(927,071)	(1,165,650)	4	(1,165,646)	
Appropriated to corporate social responsibility reserve	-	-	-	-	-	(113)	113	-	-	-	-	
Balance as at 30 September 2017	<u>1,559,281</u>	<u>1,967,716</u>	<u>172,446</u>	<u>103,952</u>	<u>523,320</u>	<u>16,006</u>	<u>8,575,026</u>	<u>(424,378)</u>	<u>12,493,369</u>	<u>35</u>	<u>12,493,404</u>	
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	-	-	-	-	-	-	306,170	-	306,170	-	306,170	
Other comprehensive income for the period	-	-	-	-	-	-	-	(112,348)	(112,348)	-	(112,348)	
Total comprehensive income for the period	-	-	-	-	-	-	306,170	(112,348)	193,822	-	193,822	
Issuance of ordinary shares as a result of warrants exercised (Note 14)	11	181	-	-	-	-	-	-	192	-	192	
Appropriated to corporate social responsibility reserve	-	-	-	-	-	412	(412)	-	-	-	-	
Balance as at 30 September 2018	<u>1,559,292</u>	<u>1,967,897</u>	<u>172,446</u>	<u>103,952</u>	<u>523,320</u>	<u>16,855</u>	<u>8,987,543</u>	<u>(801,839)</u>	<u>12,529,466</u>	<u>35</u>	<u>12,529,501</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 (continued)

For the nine-month period ended 30 September 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					Exchange differences on translation of financial statements
				Statutory reserve	Appropriated				
					Corporate social responsibility reserve	Unappropriated			
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	-	-	-	-	-	(640,361)	-	(640,361)	
Other comprehensive income for the period	-	-	-	-	-	-	(970,559)	(970,559)	
Total comprehensive income for the period	-	-	-	-	-	(640,361)	(970,559)	(1,610,920)	
Appropriated to corporate social responsibility reserve	-	-	-	-	(113)	113	-	-	
Balance as at 30 September 2017	1,559,281	1,967,716	172,446	103,952	16,006	7,986,130	865,195	12,670,726	
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	-	-	-	-	-	(395,551)	-	(395,551)	
Other comprehensive income for the period	-	-	-	-	-	-	(106,383)	(106,383)	
Total comprehensive income for the period	-	-	-	-	-	(395,551)	(106,383)	(501,934)	
Issuance of ordinary shares as a result of warrants exercised (Note 14)	11	181	-	-	-	-	-	192	
Appropriated to corporate social responsibility reserve	-	-	-	-	412	(412)	-	-	
Balance as at 30 September 2018	1,559,292	1,967,897	172,446	103,952	16,855	7,460,654	498,370	11,779,466	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	

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 nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	306,124	(238,573)	(395,551)	(640,361)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	875,786	876,881	2,536	3,265
Bad debts and doubtful accounts (reversal)	(3,639)	(7,864)	-	2,804
Write-off equipment	26	-	26	-
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	13,400	14,437	-	-
Share of profit from investment in associate held by a subsidiary	(13,135)	(4,625)	-	-
Reversal of provisions for maritime claims	(7,106)	(13,501)	-	-
Provision for long-term employee benefits	6,469	6,531	4,360	5,760
Unrealised exchange losses (gains)	242	203	(754)	(219)
Amortised financial fees to interest expense	29,012	54,538	-	-
Interest expense	574,493	575,415	222,162	235,157
Amortisation of deferred debentures issuing cost	4,502	4,779	4,502	4,779
Interest on unsecured corporate loans and other expenses per Settlement Agreements	-	102,556	-	102,556
Write-off withholding tax deducted at source	2,097	3,661	1,981	3,661
Profit (loss) from operating activities before changes in operating assets and liabilities	1,788,271	1,336,033	(160,738)	(195,715)
Operating assets (increase) decrease				
Trade and other receivables	(22,363)	(60,241)	(259,241)	173,127
Bunker oil	(20,413)	4,351	-	-
Other current assets	(25,950)	8,923	(3,224)	7,314
Other non-current assets	(120)	24	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(114,810)	56,289	(299,365)	159,792
Advances received from charterers	(1,358)	13,827	-	-
Other current liabilities	1,849	(322)	2,868	3,530
Non-current liabilities	(3,374)	(1,334)	(3,374)	(1,334)
Cash flows from (used in) operating activities	1,601,732	1,357,550	(723,074)	146,714
Cash paid for corporate income tax and withholding tax deducted at source	(2,345)	(1,956)	(1,301)	(1,252)
Net cash flows from (used in) operating activities	1,599,387	1,355,594	(724,375)	145,462

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 nine-month period ended 30 September 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	(194,563)	(239,264)	(354)	(9,717)
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
Decrease in long-term loans to subsidiaries	-	-	196,935	-
Cash received from unsecured corporate loans	-	329,659	-	329,659
Dividend received from associate held by a subsidiary	16,523	15,481	-	-
Net cash flows from (used in) investing activities	(178,040)	(451,728)	196,581	(311,001)
Cash flows from financing activities				
Decrease in restricted bank deposits	-	373,836	-	-
Cash paid for interest expense	(575,117)	(575,864)	(222,786)	(235,606)
Cash paid for deferred financial fees	-	(8,523)	-	-
Cash received from long-term loans	-	500,688	-	-
Repayment of long-term loans	(349,725)	(466,997)	-	-
Prepayment of long-term loans	(640,592)	(466,907)	-	-
Cash received from share subscription as a result of warrant exercised	192	-	192	-
Net cash flows used in financing activities	(1,565,242)	(643,767)	(222,594)	(235,606)
Decrease in translation adjustments	(11,320)	(194,607)	(13,756)	(142,569)
Net increase (decrease) in cash and cash equivalents	(155,215)	65,492	(764,144)	(543,714)
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	1,698,403	2,741,802	475,936	1,601,535
	-	-	-	-
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 nine-month periods ended 30 September 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 standards 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 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards 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 recognized 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.

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

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are 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.

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	210,417	192,588	-	-
3 - 6 months	771	541	-	-
6 - 12 months	5,763	279	-	-
Over 12 months	-	5,589	-	-
Total	216,951	198,997	-	-
Less: Allowance for doubtful debts	-	(5,589)	-	-
Total trade receivables - unrelated parties, net	216,951	193,408	-	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 4)	-	-	4,466,265	4,249,398
Total other receivables	-	-	4,466,265	4,249,398
Total trade and other receivables - net	216,951	193,408	4,466,265	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.

	(Unit: Thousand Baht)				
	For the three-month periods ended 30 September				
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	22,945	20,798	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Condominium rental expenses	-	-	1,644	1,720	Market price
Transaction with associate					
Dividend received	-	7,612	-	-	As declared

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
Transactions with related companies					
Air ticket expenses	2,247	1,650	143	642	Market price
Rental and service expenses	2,108	1,749	1,754	1,715	Market price

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	67,679	62,265	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	-	-	5,090	5,152	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	15,481	-	-	As declared
Transactions with related companies					
Air ticket expenses	7,319	4,856	2,127	1,756	Market price
Rental and service expenses	9,481	7,793	7,726	6,947	Market price

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 September	31 December	30 September	31 December
	2018	2017	2018	2017
Other receivables - related parties (Note 3)				
Subsidiaries	-	-	4,466,265	4,249,398
Total other receivables - related parties	-	-	4,466,265	4,249,398
Trade and other payables - related parties				
Subsidiaries	-	-	1,712,531	1,919,833
Related companies	636	372	57	143
Total trade and other payables - related parties	636	372	1,712,588	1,919,976

(Unaudited but reviewed)

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 nine-month periods ended 30 September 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 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	21,628	21,155	20,038	19,176
Post-employment benefits	489	512	487	512
Total	<u>22,117</u>	<u>21,667</u>	<u>20,525</u>	<u>19,688</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	64,971	59,834	60,643	57,260
Post-employment benefits	1,474	1,528	1,471	1,527
Total	<u>66,445</u>	<u>61,362</u>	<u>62,114</u>	<u>58,787</u>

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 September 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 September 2018, the Company had an advance receivables and short-term loan to PSSP amounting to USD 139 million (31 December 2017: 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
Decrease	(196,935)
Translation adjustment	(39,940)
Balance as at 30 September 2018	<u>4,818,926</u>

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 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			%	%		
Precious Metals Limited	275,000	275,000	99.99	99.99	343,369	346,276
Precious Wishes Limited	230,000	230,000	99.99	99.99	292,295	294,769
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	273,039	275,350
Precious Minerals Limited	230,000	230,000	99.99	99.99	248,283	250,384
Precious Lands Limited	306,000	306,000	99.99	99.99	314,221	316,880
Precious Rivers Limited	234,000	234,000	99.99	99.99	206,525	208,273

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements

Subsidiaries' name	Shareholding					
	Paid-up capital		percentage		Cost	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2018	2017	2018	2017	2018	2017
Precious Lakes Limited	184,000	184,000	99.99	99.99	181,230	182,764
Precious Seas Limited	100,000	100,000	99.99	99.99	127,084	128,160
Precious Stars Limited	105,000	105,000	99.99	99.99	133,439	134,568
Precious Oceans Limited	175,000	175,000	99.99	99.99	222,398	224,280
Precious Planets Limited	270,000	270,000	99.99	99.99	301,559	304,111
Precious Diamonds Limited	205,000	205,000	99.99	99.99	188,797	190,396
Precious Sapphires Limited	144,000	144,000	99.99	99.99	128,090	129,174
Precious Emeralds Limited	366,000	366,000	99.99	99.99	307,141	309,741
Precious Rubies Limited	259,360	259,360	99.99	99.99	256,444	258,615
Precious Opals Limited	249,360	249,360	99.99	99.99	248,219	250,320
Precious Garnets Limited	379,000	379,000	99.99	99.99	316,797	319,478
Precious Pearls Limited	173,000	173,000	99.99	99.99	180,940	182,472
Precious Flowers Limited	336,000	336,000	99.99	99.99	348,867	351,820
Precious Forests Limited	286,000	286,000	99.99	99.99	271,224	273,520
Precious Trees Limited	202,000	202,000	99.99	99.99	211,731	213,523
Precious Ponds Limited	124,000	124,000	99.99	99.99	127,353	128,431
Precious Ventures Limited	202,000	202,000	99.99	99.99	229,664	231,608
Precious Capitals Limited	200,000	200,000	99.99	99.99	254,169	256,321
Precious Jasmines Limited	147,000	147,000	99.99	99.99	172,680	174,142
Precious Orchids Limited	217,000	217,000	99.99	99.99	195,135	196,787
Precious Lagoons Limited	140,000	140,000	99.99	99.99	177,918	179,424
Precious Cliffs Limited	140,000	140,000	99.99	99.99	177,918	179,424
Precious Hills Limited	140,000	140,000	99.99	99.99	177,918	179,424
Precious Mountains Limited	140,000	140,000	99.99	99.99	177,918	179,424
Precious Resorts Limited	140,000	140,000	99.99	99.99	177,918	179,424
Precious Cities Limited	170,000	170,000	99.99	99.99	202,316	204,028
Precious Comets Limited	141,000	141,000	99.99	99.99	135,268	136,413
Precious Ornaments Limited	156,000	156,000	99.99	99.99	148,458	149,715
Precious Moons Limited	1,000	1,000	99.98	99.98	990	998
Precious Venus Limited	298,800	298,800	99.99	99.99	274,790	277,115
Precious Neptune Limited	298,800	298,800	99.99	99.99	274,790	277,115
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	324	327
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	339,962	342,840
Precious Shipping (UK) Limited	250	250	100.00	100.00	324	327
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	351,423	354,398
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					8,698,928	8,772,559
Less: Allowance for loss on investments in subsidiaries					(2,103,851)	(2,121,659)
Total investments in subsidiaries - net					6,595,077	6,650,900

(Unaudited but reviewed)

As at 30 September 2018, the Company has pledged the shares of 31 subsidiaries amounting to Baht 5,652.64 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 2,103.85 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		
Associate's name	Nature of business	Country of incorporation	Shareholding Percentage		Cost			
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			%	%				
International Seaports (Haldia) Private Limited	Port development	India	22.40	22.40	66,033	66,592	59,609	75,502

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 September			
	Share of profit		Dividend received	
	2018	2017	2018	2017
International Seaports (Haldia) Private Limited	6,293	2,864	-	7,612

(Unit: Thousand Baht)

Associate's name	Consolidated financial statements			
	For the nine-month periods ended 30 September			
	Share of profit		Dividend received	
	2018	2017	2018	2017
International Seaports (Haldia) Private Limited	13,135	4,625	16,523	15,481

(Unaudited but reviewed)

Shares of profit from investment in associate held by a subsidiary for the nine-month periods ended 30 September 2018 and 2017, included in the consolidated income statements, were recorded based on the financial information for the nine-month periods ended 30 June 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	
	30 June		30 June		30 June		nine-month periods		nine-month periods	
	2018	2017	2018	2017	2018	2017	ended	ended	ended	ended
	Thousand INR	Thousand INR					30 June	30 June	2018	2017
International Seaports (Haldia) Private Limited	440,580	440,580	306,601	390,981	40,489	38,411	369,813	316,201	58,638	20,649

8. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 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	194,563	354
Write-off	(26)	(26)
Depreciation for the period	(875,463)	(2,212)
Translation adjustment	(202,112)	(105)
Net book value as at 30 September 2018	22,591,632	8,661

As at 30 September 2018, the subsidiaries have mortgaged 35 vessels (31 December 2017: 35 vessels) with net book value of Baht 21,762.89 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 nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u> </u>	<u> </u>
Balance as at 1 January 2018	2,219,047	2,210,682
Translation adjustment	(18,625)	(18,555)
Balance as at 30 September 2018	<u>2,200,422</u>	<u>2,192,127</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.

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.

(Unaudited but reviewed)

As of 30 September 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 nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
	<hr/>
Balance as at 1 January 2018	212,697
Amortisation for the period	(13,400)
Translation adjustment	(1,898)
	<hr/>
Balance as at 30 September 2018	197,399
	<hr/> <hr/>

(Unaudited but reviewed)

11. Long-term loan facilities

As at 30 September 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	
September	December	September	December	September	December	September	December	September	December	September	December	September	December	September	December	September	December	September	December	September	December	September	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	661,095	666,690	1,206,044	1,216,252	905,134	975,744	470,155	505,744	396,657	448,016	1,899,239	2,008,295	784,341	840,001	688,640	734,912	424,577	458,043	1,009,459	1,537,234	812,194	943,687	9,257,535	10,334,618
Add (less): Deferred financial fees	(1,597)	(2,451)	(10,031)	(13,871)	(10,186)	(12,077)	(2,361)	(2,775)	(1,747)	(2,183)	52,651	52,656	(11,461)	(13,823)	(23,459)	(27,610)	(6,418)	(7,450)	(24,236)	(46,004)	19,718	26,821	(19,127)	(48,767)
Total	659,498	664,239	1,196,013	1,202,381	894,948	963,667	467,794	502,969	394,910	445,833	1,951,890	2,060,951	772,880	826,178	665,181	707,302	418,159	450,593	985,223	1,491,230	831,912	970,508	9,238,408	10,285,851
Less: Current portion	(659,498)	-	(1,196,013)	-	(82,290)	(82,892)	(41,582)	(41,915)	(63,186)	(63,690)	(189,605)	(143,204)	(772,880)	(64,295)	(51,650)	(51,898)	(38,898)	(39,182)	(123,368)	(123,189)	(253,070)	(192,220)	(3,472,040)	(802,485)
Long-term loans - net of current portion	-	664,239	-	1,202,381	812,658	880,775	426,212	461,054	331,724	382,143	1,762,285	1,917,747	-	761,883	613,531	655,404	379,261	411,411	861,855	1,368,041	578,842	778,288	5,766,368	9,483,366

(Unaudited but reviewed)

Movements in the long-term loans accounts during the nine-month period ended 30 September 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		
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 1	Facility 2	Total
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	827	3,693	1,774	387	414	224	2,226	3,886	962	21,469	(6,850)	29,012
Unrealised exchange loss	-	-	-	-	-	-	-	-	-	3,933	-	3,933
Less: Repayment	-	-	(61,900)	(31,082)	(47,202)	-	(48,205)	(39,769)	(29,375)	(92,192)	-	(349,725)
Prepayment	-	-	-	-	-	(89,213)	-	-	-	(431,809)	(119,570)	(640,592)
Translation adjustment	(5,568)	(10,061)	(8,593)	(4,480)	(4,135)	(20,072)	(7,319)	(6,238)	(4,021)	(7,408)	(12,176)	(90,071)
Balance as at 30 September 2018	659,498	1,196,013	894,948	467,794	394,910	1,951,890	772,880	665,181	418,159	985,223	831,912	9,238,408

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 September 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 September 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 September 2018 and 31 December 2017, the Group had undrawn loan balance amounting to USD 18 million.

(Unaudited but reviewed)

As at 30 September 2018, the Group had outstanding bank loans amounting to Baht 2,628.39 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 nine-month period ended 30 September 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 September 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 September 2018	31 December 2017
1	Entirely redeemed on 22 January 2021 (5 years)	3,590	1,000	5.25	Quarterly	3,571,254	3,571,824
2	Entirely redeemed on 9 June 2020 (3.5 years)	1,960	1,000	5.00	Quarterly	1,949,766	1,950,077
Total						5,521,020	5,521,901
Less: Deferred debenture issuing costs						(12,666)	(17,351)
Long-term debenture - net						5,508,354	5,504,550

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	29,272
Decrease (including actual claims) during the period	(41,740)
Translation adjustment	(1,400)
Balance as at 30 September 2018	<u>69,271</u>

14. Share capital

During the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 2018 and 2017.

(Unit: Thousand Baht)

Consolidated financial statements										
For the three-month periods ended 30 September										
	Time charter		Voyage charter		Total		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Hire income	1,045,041	943,125	-	-	1,045,041	943,125	-	-	1,045,041	943,125
Freight income	-	-	294,378	137,531	294,378	137,531	(26,349)	(40,177)	268,029	97,354
Total vessel operating income	1,045,041	943,125	294,378	137,531	1,339,419	1,080,656	(26,349)	(40,177)	1,313,070	1,040,479
Voyage disbursements	-	-	(94,224)	(62,067)	(94,224)	(62,067)	26,349	40,177	(67,875)	(21,890)
Bunker consumption	-	-	(76,880)	(29,146)	(76,880)	(29,146)	-	-	(76,880)	(29,146)
Total voyage expenses	-	-	(171,104)	(91,213)	(171,104)	(91,213)	26,349	40,177	(144,755)	(51,036)
Net vessel operating income/time charter equivalent income	1,045,041	943,125	123,274	46,318	1,168,315	989,443	-	-	1,168,315	989,443

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements										
For the nine-month periods ended 30 September										
	Time charter		Voyage charter		Total		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Hire income	3,083,680	2,669,004	-	-	3,083,680	2,669,004	-	-	3,083,680	2,669,004
Freight income	-	-	527,973	594,867	527,973	594,867	(26,237)	(98,130)	501,736	496,737
Total vessel operating income	3,083,680	2,669,004	527,973	594,867	3,611,653	3,263,871	(26,237)	(98,130)	3,585,416	3,165,741
Voyage disbursements	-	-	(143,650)	(217,695)	(143,650)	(217,695)	26,237	98,130	(117,413)	(119,565)
Bunker consumption	-	-	(148,808)	(144,518)	(148,808)	(144,518)	-	-	(148,808)	(144,518)
Total voyage expenses	-	-	(292,458)	(362,213)	(292,458)	(362,213)	26,237	98,130	(266,221)	(264,083)
Net vessel operating income/time charter equivalent income	3,083,680	2,669,004	235,515	232,654	3,319,195	2,901,658	-	-	3,319,195	2,901,658

18. Functional currency financial statements

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

	(Unit: Thousand USD)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Assets				
Current assets				
Cash and cash equivalents	52,409	56,719	14,686	37,945
Trade and other receivables	6,695	5,918	137,820	130,027
Bunker oil	2,335	1,714	-	-
Other current assets				
Advances to vessel masters	2,843	2,600	-	-
Claim recoverables	579	616	-	-
Others	1,448	1,298	466	389
Total other current assets	4,870	4,514	466	389
Total current assets	66,309	68,865	152,972	168,361

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Non-current assets				
Long-term loans to subsidiaries	-	-	148,702	154,702
Investments in subsidiaries	-	-	203,510	203,510
Investment in associate held by a subsidiary	1,839	2,310	-	-
Other long-term investment	568	568	568	568
Receivables from cross currency swap contracts	17,727	16,128	17,492	16,007
Property, plant and equipment	697,130	718,300	267	326
Intangible assets	-	11	-	11
Other non-current assets				
Claim recoverables - maritime claims	1,847	1,583	-	-
Advances for vessel constructions	67,900	67,900	67,644	67,644
Deferred contract costs	6,091	6,508	-	-
Others	98	93	74	73
Total other non-current assets	75,936	76,084	67,718	67,717
Total non-current assets	793,200	813,401	438,257	442,841
Total assets	859,509	882,266	591,229	611,202
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade and other payables	2,120	2,152	86	79
Advances received from related parties	-	-	52,845	58,745
Accrued crew accounts	2,668	2,667	-	-
Accrued expenses	5,323	8,582	1,442	4,701
Accrued employee bonus	845	1,108	590	793
Total trade and other payables	10,956	14,509	54,963	64,318
Advances received from charterers	1,082	1,122	-	-
Current portion of long-term loans	107,140	24,555	-	-
Income tax payable	-	6	-	-
Other current liabilities	687	624	481	390
Total current liabilities	119,865	40,816	55,444	64,708
Non-current liabilities				
Long-term loans - net of current portion	177,938	290,181	-	-
Debentures	169,976	168,433	169,976	168,433
Provision for maritime claims	2,138	2,544	-	-
Provision for long-term employee benefits	2,958	2,839	2,319	2,270
Total non-current liabilities	353,010	463,997	172,295	170,703
Total liabilities	472,875	504,813	227,739	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
	September	December	September	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	528	516	528	516
Unappropriated	252,041	242,520	240,996	253,315
Other components of shareholders' equity	(2,362)	(2,004)	-	-
Equity attributable to owner of the Company	386,633	377,452	363,490	375,791
Non-controlling interests of the subsidiaries	1	1	-	-
Total shareholders' equity	386,634	377,453	363,490	375,791
Total liabilities and shareholders' equity	859,509	882,266	591,229	611,202

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 September 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	31,839	28,320	-	-
Freight income	8,166	2,924	-	-
Total vessel operating income	40,005	31,244	-	-
Service income	29	27	699	624
Interest income	339	182	170	129
Total revenues	40,373	31,453	869	753
Expenses				
Vessel operating costs				
Vessel running expenses	12,819	12,791	-	-
Voyage disbursements	2,068	657	-	-
Bunker consumption	2,342	875	-	-
Total vessel operating costs	17,229	14,323	-	-
Depreciation	9,327	8,791	23	28
Cost of services	34	25	-	-
Interest on unsecured corporate loans and other expenses per Settlement Agreements	-	3,080	-	3,080
Administrative expenses	3,071	3,307	1,950	2,892
Management remuneration including perquisites	674	650	626	591
Bad debts and doubtful accounts (reversal)	(52)	71	-	-
Exchange losses	17	102	3	52
Total expenses	30,300	30,349	2,602	6,643
Profit (loss) before share of profit from investment in associate and finance cost	10,073	1,104	(1,733)	(5,890)
Share of profit from investment in associate held by a subsidiary	192	86	-	-
Profit (loss) before finance cost	10,265	1,190	(1,733)	(5,890)
Finance cost	(7,018)	(6,418)	(2,329)	(2,428)
Profit (loss) for the period	3,247	(5,228)	(4,062)	(8,318)
Profit (loss) attributable to:				
Equity holders of the Company	3,247	(5,228)	(4,062)	(8,318)
Non-controlling interests of the subsidiaries	-	-	-	-
Profit (loss) for the period	3,247	(5,228)	(4,062)	(8,318)
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	0.0021	(0.0033)	(0.0026)	(0.0053)
Weighted average number of ordinary shares (Thousand shares)	1,559,292	1,559,281	1,559,292	1,559,281

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Income statement

For the nine-month period ended 30 September 2018

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

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Revenues				
Vessel operating income				
Hire income	95,968	78,322	-	-
Freight income	15,481	14,469	-	-
Total vessel operating income	111,449	92,791	-	-
Service income	86	83	2,106	1,888
Gains on sales of vessel and equipment	-	938	-	57
Gains on cancellation of shipbuilding contracts	-	180	-	180
Interest income	848	422	534	308
Other income	-	4	-	-
Total revenues	112,383	94,418	2,640	2,433
Expenses				
Vessel operating costs				
Vessel running expenses	37,189	37,008	-	-
Voyage disbursements	3,611	3,482	-	-
Bunker consumption	4,588	4,212	-	-
Total vessel operating costs	45,388	44,702	-	-
Depreciation	27,231	25,691	69	79
Cost of services	128	108	-	-
Loss on impairment of investment in a subsidiary	-	-	-	2,779
Interest on unsecured corporate loans and other expenses per Settlement Agreements	-	3,080	-	3,080
Administrative expenses	8,897	7,288	5,782	6,247
Management remuneration including perquisites	2,068	1,800	1,934	1,724
Bad debts and doubtful accounts (reversal)	(114)	(222)	-	81
Exchange losses	86	356	47	214
Total expenses	83,684	82,803	7,832	14,204
Profit (loss) before share of profit from investment in associate, finance cost and income tax revenue	28,699	11,615	(5,192)	(11,771)
Share of profit from investment in associate held by a subsidiary	407	136	-	-
Profit (loss) before finance cost and income tax revenue	29,106	11,751	(5,192)	(11,771)
Finance cost	(19,575)	(18,832)	(7,116)	(7,094)
Profit (loss) before income tax revenue	9,531	(7,081)	(12,308)	(18,865)
Income tax revenue	2	-	-	-
Profit (loss) for the period	9,533	(7,081)	(12,308)	(18,965)
Profit (loss) attributable to:				
Equity holders of the Company	9,533	(7,081)	(12,308)	(18,865)
Non-controlling interests of the subsidiaries	-	-	-	-
Profit (loss) the period	9,533	(7,081)	(12,308)	(18,865)
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	0.0061	(0.0045)	(0.0079)	(0.0121)
Weighted average number of ordinary shares (Thousand shares)	1,559,285	1,559,281	1,559,285	1,559,281

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 7 November 2018.