

Precious Shipping Public Company Limited
and its subsidiaries
Audit report and consolidated financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of Precious Shipping Public Company Limited

I have audited the accompanying consolidated financial statements of Precious Shipping Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Precious Shipping Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Precious Shipping Public Company Limited and its subsidiaries and of Precious Shipping Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok: 7 February 2014

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Assets					
Current assets					
Cash and cash equivalents	6	2,941,784,496	1,901,014,613	2,122,520,960	646,276,355
Current investment	7	-	-	-	-
Trade and other receivables	8	1,073,957,161	216,783,794	1,880,363,584	1,088,380,489
Short-term loans to a subsidiary	10	-	-	2,342,891,040	2,352,506,880
Current portion of advances for vessel constructions	18	593,136,394	482,995,696	593,136,394	391,959,194
Bunker oil		102,231,828	146,751,814	-	-
Other current assets					
Advances to vessel masters		124,109,259	103,108,288	-	-
Claim recoverables		27,910,018	23,720,413	-	-
Others		72,566,409	67,070,964	47,717,019	44,847,951
Total other current assets		224,585,686	193,899,665	47,717,019	44,847,951
Total current assets		4,935,695,565	2,941,445,582	6,986,628,997	4,523,970,869
Non-current assets					
Investments in subsidiaries	12	-	-	7,716,554,518	7,002,037,745
Investment in joint venture	13	-	-	-	31
Investment in associate held by a subsidiary	14	102,372,355	104,694,188	-	-
Other long-term investment	15	8,538,481	7,970,699	8,538,481	7,970,699
Long-term loans to jointly controlled entity	11	-	-	-	410,034,598
Long-term loans to a subsidiary	11	-	-	505,395,067	-
Receivables from cross currency swap contracts		1,783,980	84,131,993	-	-
Property, plant and equipment	16	18,669,560,324	16,212,572,345	7,084,753	7,859,418
Intangible assets	17	4,066,394	12,855,864	4,033,955	12,813,206
Other non-current assets					
Claim recoverables - maritime claims		139,368,908	45,634,958	-	-
Advances for vessel constructions - net of					
current portion	18	1,380,194,340	4,459,352,096	468,696,337	3,858,843,592
Deferred financial fees	19	97,337,213	125,212,100	75,457,170	100,560,614
Deferred contract costs	33.4	167,767,733	32,806,444	-	-
Others		3,074,057	3,015,696	2,394,603	2,396,105
Total other non-current assets		1,787,742,251	4,666,021,294	546,548,110	3,961,800,311
Total non-current assets		20,574,063,785	21,088,246,383	8,788,154,884	11,402,516,008
Total assets		25,509,759,350	24,029,691,965	15,774,783,881	15,926,486,877

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables					
Trade accounts payable	9	21,568,698	1,721,660	204,014	6,057
Advances received from related parties	9	-	-	2,023,147,663	2,626,664,945
Accrued crew accounts		86,065,976	74,209,876	-	-
Accrued expenses		70,177,623	133,738,153	761,349	3,775,329
Current portion of accrued employee bonus	20	43,460,626	44,223,367	40,080,620	40,890,034
Total trade and other payables		221,272,923	253,893,056	2,064,193,646	2,671,336,365
Advances received from charterers		65,637,282	34,324,164	-	-
Current portion of long-term loans	21	653,903,696	801,969,153	-	481,889,760
Income tax payable		7,872,528	4,431,719	-	-
Other current liabilities					
Withholding tax payable		3,992,678	11,047,729	2,625,673	9,722,301
Others		24,336,970	13,775,810	3,612,092	5,120,090
Total other current liabilities		28,329,648	24,823,539	6,237,765	14,842,391
Total current liabilities		977,016,077	1,119,441,631	2,070,431,411	3,168,068,516
Non-current liabilities					
Accrued employee bonus - net of current portion	20	30,680,984	22,985,687	28,216,803	21,226,715
Long-term loans - net of current portion	21	8,618,853,404	8,265,021,817	-	712,680,665
Provision for maritime claims	22	175,620,553	67,698,899	-	-
Provision for long-term employee benefits	23	76,561,675	70,312,484	70,297,223	64,297,907
Total non-current liabilities		8,901,716,616	8,426,018,887	98,514,026	798,205,287
Total liabilities		9,878,732,693	9,545,460,518	2,168,945,437	3,966,273,803

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Shareholders' equity					
Share capital					
Registered share capital					
1,039,520,600 ordinary shares of Baht 1 each		1,039,520,600	1,039,520,600	1,039,520,600	1,039,520,600
Issued and paid-up share capital					
1,039,520,600 ordinary shares of Baht 1 each		1,039,520,600	1,039,520,600	1,039,520,600	1,039,520,600
Paid-in capital					
Premium on ordinary shares		411,429,745	411,429,745	411,429,745	411,429,745
Premium on treasury stock		172,445,812	172,445,812	172,445,812	172,445,812
Retained earnings					
Appropriated					
Statutory reserve - the Company	24	103,952,060	103,952,060	103,952,060	103,952,060
- subsidiaries	24	523,320,000	518,120,000	-	-
Corporate social responsibility reserve	25	16,107,479	14,951,051	16,107,479	14,951,051
Unappropriated		14,299,768,791	14,193,833,311	11,433,273,222	10,694,209,831
Other components of shareholders' equity		(945,955,606)	(1,971,248,753)	429,109,526	(476,296,025)
Equity attributable to owners of the Company		15,620,588,881	14,483,003,826	13,605,838,444	11,960,213,074
Non-controlling interests of the subsidiaries		10,437,776	1,227,621	-	-
Total shareholders' equity		15,631,026,657	14,484,231,447	13,605,838,444	11,960,213,074
Total liabilities and shareholders' equity		25,509,759,350	24,029,691,965	15,774,783,881	15,926,486,877
		-	-	-	-

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

Directors

Precious Shipping Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Revenues					
Vessel operating income					
Hire income		2,618,006,617	2,180,520,512	-	-
Freight income		1,239,638,215	1,307,016,473	-	-
Total vessel operating income		3,857,644,832	3,487,536,985	-	-
Service income	9	11,248,164	11,183,540	89,987,229	72,261,099
Gains on sales of equipment		53,219	272,268	53,219	272,268
Gains on novation/cancellation of shipbuilding contracts	18	935,412,070	305,454,329	896,604,149	305,454,329
Interest income	9	8,503,458	20,253,936	13,819,162	22,805,124
Exchange gains		13,332,083	-	15,805,505	-
Other income		2,420,873	3,320,742	2,421,466	2,743,619
Dividend received	9, 12	-	-	551,149,410	539,249,380
Total revenues		4,828,614,699	3,828,021,800	1,569,840,140	942,785,819
Expenses					
Vessel operating costs					
Vessel running expenses		1,665,314,857	1,256,798,284	-	-
Voyage disbursements		172,268,652	217,973,095	-	-
Bunker consumption		548,350,934	570,871,316	-	-
Total vessel operating costs		2,385,934,443	2,045,642,695	-	-
Depreciation	16	1,136,718,983	910,298,065	2,774,920	4,021,488
Cost of services		4,864,667	4,320,114	-	-
Administrative expenses	9	218,278,674	177,666,787	187,206,630	152,365,284
Management remuneration including perquisites	9	109,250,657	88,393,647	103,025,080	84,094,511
Bad debts and doubtful accounts		2,032,805	12,130,779	-	-
Exchange losses		-	5,651,267	-	7,488,910
Total expenses		3,857,080,229	3,244,103,354	293,006,630	247,970,193
Profit before share of profit (loss) from investment in associate, finance cost and income tax expenses		971,534,470	583,918,446	1,276,833,510	694,815,626
Share of profit (loss) from investment in associate held by a subsidiary	14.1	31,580,216	(2,425,454)	-	-
Profit before finance cost and income tax expenses		1,003,114,686	581,492,992	1,276,833,510	694,815,626
Finance cost		(458,553,674)	(433,659,430)	(121,140,111)	(156,424,627)
Profit before income tax expenses		544,561,012	147,833,562	1,155,693,399	538,390,999
Income tax expenses	27	(7,898,134)	(4,152,840)	-	-
Profit for the year		536,662,878	143,680,722	1,155,693,399	538,390,999
Profit attributable to:					
Equity holders of the Company		527,765,488	141,026,469	1,155,693,399	538,390,999
Non-controlling interests of the subsidiaries		8,897,390	2,654,253	-	-
Profit for the year		536,662,878	143,680,722	1,155,693,399	538,390,999
Basic earnings per share					
Profit attributable to equity holders of the Company	29	0.51	0.14	1.11	0.52

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

Precious Shipping Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit for the year	536,662,878	143,680,722	1,155,693,399	538,390,999
Other comprehensive income:				
Exchange differences on translation of foreign operation's financial statements	(19,176,151)	202,163	-	-
Exchange differences on translation of functional currency to presentation currency financial statements	1,044,782,063	(512,733,770)	905,405,551	(416,464,973)
Actuarial loss recognised during the year	-	(1,532,113)	-	(1,744,877)
Other comprehensive income for the year	1,025,605,912	(514,063,720)	905,405,551	(418,209,850)
Total comprehensive income for the year	1,562,268,790	(370,382,998)	2,061,098,950	120,181,149
Total comprehensive income attributable to:				
Equity holders of the Company	1,553,058,635	(372,664,039)	2,061,098,950	120,181,149
Non-controlling interests of the subsidiaries	9,210,155	2,281,041	-	-
	1,562,268,790	(370,382,998)	2,061,098,950	120,181,149

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

Precious Shipping Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	544,561,012	147,833,562	1,155,693,399	538,390,999
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,145,845,857	919,582,272	11,889,321	13,293,157
Bad debt and doubtful accounts	2,032,805	12,130,779	-	-
Write-off equipment	50,784	4	50,784	4
Gains on sales of equipment	(104,003)	(272,272)	(104,003)	(272,272)
Gains on novation/cancellation of shipbuilding contracts	(935,412,070)	(305,454,329)	(896,604,149)	(305,454,329)
Write-off deferred financial fees	34,506,915	43,123,964	20,518,589	43,123,964
Share of (profit) loss from investment in associate held by a subsidiary	(31,580,216)	2,425,454	-	-
Provision for maritime claims (reversal)	11,753,682	(165,099)	-	-
Provision for long-term employee benefits	6,261,294	5,808,674	6,012,945	5,601,576
Unrealised exchange losses (gains)	(3,829,591)	5,384,742	(7,065,065)	5,458,056
Amortised financial fees to interest expense	36,074,967	30,266,802	-	-
Interest expense	280,730,257	234,315,334	-	-
Interest income	(5,351,083)	(18,831,685)	(11,558,584)	(21,765,461)
Profit from operating activities before changes in operating assets and liabilities	1,085,540,610	1,076,148,202	278,833,237	278,375,694
Operating assets (increase) decrease				
Trade and other receivables	(3,556,070)	(107,919,596)	296,703,505	495,561,872
Bunker oil	49,348,257	(79,415,667)	-	-
Other current assets	(9,094,100)	(67,099,164)	2,768,637	(28,060,046)
Other non-current assets	(89,590,104)	(23,196,172)	-	9,287
Operating liabilities increase (decrease)				
Trade and other payables	(47,281,442)	41,347,725	(741,116,957)	(711,566,610)
Advances received from charterers	27,648,064	(49,596,679)	-	-
Other current liabilities	1,276,329	(3,779,814)	(8,395,521)	(8,047,866)
Other non-current liabilities	7,884,493	(30,625,179)	7,166,221	(28,223,746)
Cash flows from (used in) operating activities	1,022,176,037	755,863,656	(164,040,878)	(1,951,415)
Cash paid for corporate income tax and withholding tax deducted at source	(9,413,042)	(4,687,473)	(3,395,197)	(3,298,233)
Net cash flows from (used in) operating activities	1,012,762,995	751,176,183	(167,436,075)	(5,249,648)

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

Precious Shipping Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Acquisitions of vessels and equipment and payment of dry-dock and special survey expenses	(1,730,111,575)	(5,146,620,136)	(1,539,800)	(5,417,726)
Cash paid for advances for vessel constructions and other direct costs	(1,395,140,073)	(1,138,145,101)	(690,080,980)	(776,758,946)
Cash received from novation/cancellation of shipbuilding contracts	4,708,882,657	1,728,630,001	4,120,491,117	1,728,630,001
Proceeds from sales of equipment	105,360	272,272	104,004	272,272
Cash paid for acquisition of a subsidiary	(414,474,224)	-	(414,474,224)	-
Cash paid for investments in subsidiaries	(30)	-	(197,800,030)	(1,216,000,000)
Decrease in long-term loans to a subsidiary	-	-	195,242,994	-
Decrease (increase) in short-term loans to a subsidiary	-	-	149,450,100	(165,142,500)
Increase in long-term loans to jointly controlled entity	-	-	-	(148,340,915)
Dividend received from associate held by a subsidiary	25,262,901	-	-	-
Interest income	5,351,083	18,831,685	11,558,584	21,765,461
Net cash flows from (used in) investing activities	1,199,876,099	(4,537,031,279)	3,172,951,765	(560,992,353)
Cash flows from financing activities				
Cash paid for interest expense and commitment fee	(312,577,551)	(301,761,633)	(8,845,080)	(27,806,026)
Cash paid for deferred financial fees	(3,197,054)	(50,795,817)	-	(35,318,340)
Cash received from long-term loans	2,025,831,431	5,032,143,604	-	368,091,538
Repayment of long-term loans	(725,682,087)	(1,174,322,501)	(355,544,341)	(552,808,738)
Prepayment of long-term loans	(1,024,288,485)	(864,637,257)	-	-
Prepayment of long-term loans due to cancellation of loan facility	(833,968,477)	(708,563,107)	(833,968,477)	(708,563,107)
Dividends paid to the Company's shareholders	(415,473,580)	(467,701,914)	(415,473,580)	(467,701,914)
Dividend paid to non-controlling interests of the subsidiary	-	(34,182,807)	-	-
Net cash flows from (used in) financing activities	(1,289,355,803)	1,430,178,568	(1,613,831,478)	(1,424,106,587)
Increase (decrease) in translation adjustments	115,720,524	(118,019,690)	84,560,393	(82,893,843)
Net increase (decrease) in cash and cash equivalents	1,039,003,815	(2,473,696,218)	1,476,244,605	(2,073,242,431)
Cash and cash equivalents at beginning of year	1,901,014,613	4,374,710,831	646,276,355	2,719,518,786
Increase cash from acquisition of a subsidiary	1,766,068	-	-	-
Cash and cash equivalents at end of year	2,941,784,496	1,901,014,613	2,122,520,960	646,276,355
	0	-	-	-

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

Precious Shipping Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Supplemental cash flows information				
Non-cash transactions				
Dividend income from subsidiaries offset against receivable from/payable to subsidiaries	-	-	551,149,410	539,249,380
Transfer of interest expense and commitment fee to advances for vessel constructions	28,993,789	69,315,978	6,500,632	25,170,550
Amortisation of financial fees to advances for vessel constructions	605,904	1,303,269	175,283	963,857
Transfer of deferred financial fees to present as a deduction from long-term loans	24,512,775	91,484,567	1,256,547	3,660,237
Transfer of deferred financial fees to subsidiary in proportion to the drawdown amount	-	-	12,223,336	58,995,055
Transfer of advances for vessel constructions to vessel and equipment of subsidiaries	580,028,663	2,617,409,495	580,028,663	778,557,360
Transfer investment in jointly controlled entity to investment in a subsidiary	-	-	31	-

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

Consolidated financial statements																	
Equity attributable to the parent's shareholders																	
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings				Other components of shareholders' equity - other comprehensive income	Exchange differences on translation of financial statements	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity					
				Appropriated		Corporate social responsibility reserve	Unappropriated						Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
				Statutory reserve												The Company	Subsidiaries
				The Company	Subsidiaries												
Balance as at 1 January 2012	1,039,520,600	411,429,745	172,445,812	103,952,060	518,120,000	15,332,951	14,521,658,969	(1,459,090,358)	15,323,369,779	33,129,387	15,356,499,166						
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	-	(467,701,914)	-	(467,701,914)	-	(467,701,914)						
Dividend paid to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	(34,182,807)	(34,182,807)						
Total comprehensive income for the year	-	-	-	-	-	-	139,494,356	(512,158,395)	(372,664,039)	2,281,041	(370,382,998)						
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	-	(381,900)	381,900	-	-	-	-						
Balance as at 31 December 2012	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>518,120,000</u>	<u>14,951,051</u>	<u>14,193,833,311</u>	<u>(1,971,248,753)</u>	<u>14,483,003,826</u>	<u>1,227,621</u>	<u>14,484,231,447</u>						
Balance as at 1 January 2013	1,039,520,600	411,429,745	172,445,812	103,952,060	518,120,000	14,951,051	14,193,833,311	(1,971,248,753)	14,483,003,826	1,227,621	14,484,231,447						
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	-	(415,473,580)	-	(415,473,580)	-	(415,473,580)						
Total comprehensive income for the year	-	-	-	-	-	-	527,765,488	1,025,293,147	1,553,058,635	9,210,155	1,562,268,790						
Appropriated to statutory reserve (Note 24)	-	-	-	-	5,200,000	-	(5,200,000)	-	-	-	-						
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	-	1,156,428	(1,156,428)	-	-	-	-						
Balance as at 31 December 2013	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>523,320,000</u>	<u>16,107,479</u>	<u>14,299,768,791</u>	<u>(945,955,606)</u>	<u>15,620,588,881</u>	<u>10,437,776</u>	<u>15,631,026,657</u>						
	-	-	-	-	-	-	-	-	-	-	-						
	-	-	-	-	-	-	-	-	-	-	-						

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements							Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Other components of shareholders' equity -	
				Statutory reserve	Appropriated		Exchange differences on translation of financial statements	
					Corporate social responsibility reserve	Unappropriated		
Balance as at 1 January 2012	1,039,520,600	411,429,745	172,445,812	103,952,060	15,332,951	10,624,883,723	(59,831,052)	12,307,733,839
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	(467,701,914)	-	(467,701,914)
Total comprehensive income for the year	-	-	-	-	-	536,646,122	(416,464,973)	120,181,149
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	(381,900)	381,900	-	-
Balance as at 31 December 2012	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>14,951,051</u>	<u>10,694,209,831</u>	<u>(476,296,025)</u>	<u>11,960,213,074</u>
Balance as at 1 January 2013	1,039,520,600	411,429,745	172,445,812	103,952,060	14,951,051	10,694,209,831	(476,296,025)	11,960,213,074
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	(415,473,580)	-	(415,473,580)
Total comprehensive income for the year	-	-	-	-	-	1,155,693,399	905,405,551	2,061,098,950
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	1,156,428	(1,156,428)	-	-
Balance as at 31 December 2013	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>16,107,479</u>	<u>11,433,273,222</u>	<u>429,109,526</u>	<u>13,605,838,444</u>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	0	0

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

Precious Shipping Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General 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.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

These 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 financial statements are translated into the Thai Baht presentation currency financial statements at the rate of exchange prevailing on 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 components of shareholders' equity.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Precious Shipping Public Company Limited and the following subsidiaries and associate (“the Group”).

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2013 %	2012 %
<u>Subsidiaries held by the Company</u>				
1. Precious Metals Limited	Shipowner	Thailand	99.99	99.99
2. Precious Wishes Limited	Shipowner	Thailand	99.99	99.99
3. Precious Stones Shipping Limited	Shipowner	Thailand	99.99	99.99
4. Precious Minerals Limited	Shipowner	Thailand	99.99	99.99
5. Precious Lands Limited	Shipowner	Thailand	99.99	99.99
6. Precious Rivers Limited	Shipowner	Thailand	99.99	99.99
7. Precious Lakes Limited	Shipowner	Thailand	99.99	99.99
8. Precious Seas Limited	Shipowner	Thailand	99.99	99.99
9. Precious Stars Limited	Shipowner	Thailand	99.99	99.99
10. Precious Oceans Limited	Shipowner	Thailand	99.99	99.99
11. Precious Planets Limited	Shipowner	Thailand	99.99	99.99
12. Precious Diamonds Limited	Shipowner	Thailand	99.99	99.99
13. Precious Sapphires Limited	Shipowner	Thailand	99.99	99.99
14. Precious Emeralds Limited	Shipowner	Thailand	99.99	99.99
15. Precious Rubies Limited	Shipowner	Thailand	99.99	99.99
16. Precious Opals Limited	Shipowner	Thailand	99.99	99.99
17. Precious Garnets Limited	Shipowner	Thailand	99.99	99.99
18. Precious Pearls Limited	Shipowner	Thailand	99.99	99.99
19. Precious Flowers Limited	Shipowner	Thailand	99.99	99.99
20. Precious Forests Limited	Shipowner	Thailand	99.99	99.99
21. Precious Trees Limited	Shipowner	Thailand	99.99	99.99
22. Precious Ponds Limited	Shipowner	Thailand	99.99	99.99
23. Precious Ventures Limited	Shipowner	Thailand	99.99	99.99
24. Precious Capitals Limited	Shipowner	Thailand	99.99	99.99
25. Precious Jasmines Limited	Shipowner	Thailand	99.99	99.99
26. Precious Orchids Limited	Shipowner	Thailand	99.99	99.99
27. Precious Lagoons Limited	Shipowner	Thailand	99.99	99.99
28. Precious Cliffs Limited	Shipowner	Thailand	99.99	99.99
29. Precious Hills Limited	Shipowner	Thailand	99.99	99.99
30. Precious Mountains Limited	Shipowner	Thailand	99.99	99.99
31. Precious Resorts Limited	Shipowner	Thailand	99.99	99.99
32. Precious Cities Limited	Shipowner	Thailand	99.99	99.99
33. Precious Comets Limited	Shipowner	Thailand	99.99	99.99
34. Precious Ornaments Limited	Shipowner	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2013	2012
			%	%
35. Nedtex Limited	Bulk storage barges*	Thailand	69.99	69.99
36. Precious Storage Terminals Limited	Bulk storage barges*	Thailand	69.99	69.99
37. Thebes Pte. Limited	Maritime Business*	Singapore	100.00	100.00
38. Precious Shipping (Panama) S.A.	Shipowner/ Chartering	Panama	99.99	99.99
39. Precious Shipping (Mauritius) Limited	Holding company*	Mauritius	100.00	100.00
40. Precious Shipping (Singapore) Pte. Limited	Holding company/ Chartering	Singapore	100.00	100.00
41. Precious Shipping (UK) Limited	Chartering	England	100.00	99.99
42. Great Circle Shipping Agency Limited	Technical manager of ships	Thailand	99.99	99.99
43. Precious Projects Pte. Limited	Investment holding company*	Singapore	100.00	100.00
44. Associated Bulk Carriers Pte. Limited	Holding company	Singapore	100.00	-
<u>Subsidiaries held by subsidiaries</u>				
45. PSL Investments Limited	Holding company*	Mauritius	100.00	100.00
46. International Lighterage Limited	Holding company	Mauritius	100.00	100.00
47. PSL Thun Shipping Pte. Limited	Chartering	Singapore	64.06	64.06
48. Regidor Pte. Limited	Maritime business *	Singapore	100.00	100.00
49. Precious Forests Pte. Limited	Shipowner	Singapore	100.00	100.00
50. Precious Fragrance Pte. Limited	Shipowner	Singapore	100.00	100.00
51. Precious Thoughts Pte. Limited	Shipowner	Singapore	100.00	100.00
52. Precious Comforts Pte. Limited	Shipowner	Singapore	100.00	100.00
53. Precious Sparks Pte. Limited	Shipowner	Singapore	100.00	100.00
54. Precious Visions Pte. Limited	Shipowner	Singapore	100.00	100.00
55. Precious Bridges Pte. Limited	Shipowner	Singapore	100.00	100.00
56. ABC One Pte. Limited	Shipowner	Singapore	100.00	-
57. ABC Two Pte. Limited	Shipowner	Singapore	100.00	-
58. ABC Three Pte. Limited	Shipowner	Singapore	100.00	-
59. ABC Four Pte. Limited	Shipowner	Singapore	100.00	-
<u>Associate held by a subsidiary</u>				
60. International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40
<u>Joint venture</u>				
Associated Bulk Carriers Pte. Limited	Holding company	Singapore	-	50.00
<u>Subsidiaries of joint venture (SPC Subsidiaries)</u>				
ABC One Pte. Limited	Shipowner	Singapore	-	50.00
ABC Two Pte. Limited	Shipowner	Singapore	-	50.00
ABC Three Pte. Limited	Shipowner	Singapore	-	50.00

*Business suspended

During the year ended 31 December 2013, there are changes in the composition of the Group as below.

On 18 January 2013, the Company (“the Buyer”) completed the signing and the closing of a Share Sale and Purchase Agreement with Varada Marine Pte. Ltd. (“the Seller”) to purchase one ordinary share of jointly controlled entity, Associated Bulk Carriers Pte. Limited (“ABC Company”), at a par value of USD 1 each. On the Closing Date of 18 January 2013, the Company paid the purchase price of USD 1 per share equivalent to Baht 30.64 per share plus procured the repayment to the Seller of the outstanding shareholder loans advanced by the Seller to ABC Company from time to time of USD 13.99 million or equivalent to Baht 414.47 million. Therefore, ABC Company is now a wholly owned subsidiary of the Company since 18 January 2013 and is no longer the jointly controlled entity. The transaction was entered in accordance with a resolution of the Executive Board of Directors’ Meeting No.1/2013 held on 17 January 2013.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

Joint venture is accounted for in the consolidated financial statements using the proportionate shares of the assets, liabilities, revenues and expenses with the Company’s shareholding in the joint venture (proportionate consolidation method).

Investment in associate is accounted for using the equity method and is recognised initially at cost. The consolidated financial statements include the Group’s share of the income and expenses and equity movements of equity accounted investee from the date that significant influence incurs until the date that significant influence ceases.

- c) The financial statements of the subsidiaries and joint venture are prepared for the same reporting period as the Company and using the same significant accounting policies as the Company.

The financial statements of the associate are prepared for a reporting date that differs from that of the Company by no more than three months. In this respect, the accounting periods and differences are consistent and the financial statements are prepared using the same significant accounting policies as the Company.

- d) The financial statements of all subsidiaries, associate and joint venture are prepared in their respective functional currencies. Where the functional currency is not USD, the financial statements are translated into USD using the exchange rate prevailing on 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. The resultant differences have been shown under the caption of “Exchange differences on translation of financial statements” in other comprehensive income, other components of shareholders' equity.
- e) Material balances and transactions between the Company and subsidiaries, and investments in subsidiaries by the Company and shareholders' equity of the subsidiaries have been eliminated from the consolidated financial statements.

Material balances and transactions between the Company and joint venture, and investment in joint venture by the Company and shareholders' equity of the joint venture have been eliminated from the consolidated financial statements in proportion with the Company's shareholding in the joint venture.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries and joint venture under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to
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	Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

The Company adopted TAS 12 and TAS 21 (revised 2009) and TSIC 21 and TSIC 25 in 2011. TAS 20 (revised 2009), TFRS 8, TSIC 10 and Accounting Treatment Guidance for Transfers of Financial Assets do not have any significant impact on the financial statements.

(b) Accounting standards that will become effective in the future

	<u>Effective date</u>
Accounting Standards:	
TAS 1 (revised 2012) Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012) Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012) Income Taxes	1 January 2014
TAS 17 (revised 2012) Leases	1 January 2014
TAS 18 (revised 2012) Revenue	1 January 2014
TAS 19 (revised 2012) Employee Benefits	1 January 2014
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012) Related Party Disclosures	1 January 2014
TAS 28 (revised 2012) Investments in Associates	1 January 2014
TAS 31 (revised 2012) Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012) Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012) Intangible Assets	1 January 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014

		<u>Effective date</u>
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Significant accounting policies

4.1 Revenue and expense recognition

Vessel operating income

Vessel operating income (consisting of Hire income from Time charter and Freight income from Voyage charter) and related expenses are recognised on an accrual basis.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

Dividend received

Dividends received are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Bunker oil

Bunker oil is valued at the lower of cost (first-in, first-out method) and net realisable value and is charged to vessel operating costs whenever consumed.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement. If the Company disposes only part of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

4.6 Property, plant and equipment

Land and condominium units, vessels and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of vessels, condominium units and equipment is calculated by reference to their costs, after deducting residual value, on the straight-line basis over the following estimated useful lives.

Vessels and equipment	25 years and 5 years, respectively
Dry-dock and special survey expenses	2 years and 4 years, respectively
Condominium units	20 years
Leasehold improvement	5 years
Others	5 years

Depreciation is included in determining income.

No depreciation is provided on land and asset under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The estimated useful lives of computer software are 5 years and 10 years.

4.9 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.12 Foreign currencies

The Group's financial statements are presented in Thai Baht, which is different from the Group's functional currency of USD. Each entity in the Group determines its own functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency. Foreign currency transactions during a particular month are translated into functional currency at the average exchange rates ruling during the previous transaction month.

Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at the exchange rate ruling at the end of reporting period. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

b) Group companies

The assets and liabilities of Group companies whose functional currency is not USD are translated into USD at the exchange rate ruling at the end of reporting period and their income statement and statements of comprehensive income are translated at a rate that approximates the actual rate at the date of the transaction.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

4.14 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations, which include salaries, wages, bonuses, and contributions to the social security fund, are measured on an undiscounted basis and are expensed when they are incurred.

b) Post-employment benefits

The Group provides post-employment benefits through a defined contribution plan (under the Provident Fund Act B.E. 2530 (1987)) and a defined benefit plan (obligations for retired employees under the Thai Labor Protection Act B.E. 2541 (1998)).

- Defined contribution plan

A defined contribution plan comprises a provident fund which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

- Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Such benefits are discounted to determine its present value using the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

The Group recognised all actuarial gains or losses arising from defined benefit plans in other comprehensive income in the period in which they arise.

- c) Other long-term employee benefits

The Group's obligation in respect of accrued bonuses is classified as long-term employee benefits other than retirement benefit plans, and is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in the income statement.

- d) Termination benefits

The Group recognised termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been

recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions for maritime claims

Provisions for maritime claims are recorded by the subsidiaries upon receipt of the claim advices from the charterers, based on the best estimate of the expenditure required to settle the subsidiaries present obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Income tax of the Company and subsidiaries in Thailand is provided for in the accounts based on the taxable income determined in accordance with tax legislation in Thailand. Overseas subsidiaries, associate and jointly control entity calculate corporate income tax in accordance with the method and tax rates stipulated by tax laws in those countries.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognised deferred tax liabilities for all taxable temporary differences while it recognised deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Premium on treasury stock

Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented in premium on treasury stock and retained earnings, consecutively.

4.18 Derivatives

Cross currency swap contracts

Receivables and payables arising from cross currency swap contracts are translated into USD at the exchange rates ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in the income statement.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic

conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

Property, plant and equipment/Depreciation

In calculating depreciation on vessels, condominium units and equipment, the management estimates useful lives and residual values of the Company's and subsidiaries' vessels, condominium units and equipment and reviews estimated useful lives and residual values if there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets and subsequent impairment testing require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be recognised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based

on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	689	757	678	745
Bank deposits	2,941,095	1,900,258	2,121,843	645,531
Total	<u>2,941,784</u>	<u>1,901,015</u>	<u>2,122,521</u>	<u>646,276</u>

As at 31 December 2013, bank deposits carried interest between 0.13% and 0.45% per annum for USD savings deposits, 0.50% per annum for Baht savings deposits and 0.74% per annum for USD fixed deposits (2012: between 0.10% and 0.40% per annum for USD savings deposits, 0.75% per annum for Baht savings deposits and between 0.64% and 1.25% per annum for USD fixed deposits).

7. Current investment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method	
	2013	2012	2013	2012	2013	2012	2013	2012
	Thousand INR	Thousand INR	%	%				
Investment in associate held by a subsidiary								
Southern LPG Limited	64,592	64,592	50.00	50.00	<u>28,637</u>	<u>26,733</u>	18,019	16,821
Less: Allowance for loss on investment							(18,019)	(16,821)
Current investment - net							<u>-</u>	<u>-</u>

A subsidiary (Precious Shipping (Mauritius) Limited) recorded investment in an associate incorporated in India under the equity method only until 31 December 2000, since the Company's management is making efforts to sell this investment. The investment is therefore classified as current investment, under current assets, and a full provision for loss on investment has been set up.

On 23 December 2013, PSL Investments Limited and International Lighterage Limited, ("PSL Inv" and "Lighterage"), two subsidiaries of the Company that are registered in Mauritius (shareholding is through Precious Shipping (Mauritius) Limited), sold all 3,229,575 shares of their investments in the ordinary shares of Southern LPG Limited ("SLPG") to Precious Shipping (Singapore) Pte. Limited ("Precious Singapore"), another subsidiary of the Company, at a price of INR 5.00 per share, totaling INR 16.15 million (or approximately Baht 8.31 million). This restructuring of shareholding was made in order to improve administrative convenience. The change of ownership does not affect the Group's holding in SLPG, which is unchanged at 50.00%. This transaction was approved by a Directors' Meeting of Precious Singapore on 20 May 2013 and a Directors' Meeting of PSL Inv and Lighterage on 30 May 2013. The

transactions are considered as sales of investments under common control of the Group.

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

The Group is currently processing the voluntary winding-up of Southern LPG Limited with the relevant authority in India, and so the investment in Southern LPG Limited is still presented as a current investment, under current assets, and has made a full provision for loss on this investment.

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	231,870	209,034	-	-
3 - 6 months	6,366	1,034	-	-
6 - 12 months	30	6,716	-	-
Over 12 months	4,805	25,119	-	-
Total	243,071	241,903	-	-
Less: Allowance for doubtful debts	(4,805)	(25,119)	-	-
Total trade receivables - unrelated parties, net	238,266	216,784	-	-
<u>Other receivables - unrelated parties</u>				
Guarantor receivables (Note 18)	835,691	-	232,937	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 9)	-	-	1,647,427	1,088,380
Total other receivables	835,691	-	1,880,364	1,088,380
Total trade and other receivables - net	1,073,957	216,784	1,880,364	1,088,380

9. Related party transactions

In addition to relationship between the Company and its subsidiaries as stated in Note 12 to the financial statements, its jointly controlled entity as stated in Note 13 to the financial statements, and its associate as stated in Note 14 to the financial statements, the other related party transactions and relationship are summarised below.

Related party's name	Transaction	Relationship
Globex Corporation Limited	None	Major shareholder holding 25.65% ordinary shares in the Company and related by way of the Company's directors as shareholders and directors in the related party
Unistretch Limited	Office rental and service	Related by way of common shareholders and

Related party's name	Transaction	Relationship
Ambika Tour Agency Limited	expenses Air ticket expenses	directors Related by way of common shareholders and directors
Maestro Controls Limited	Air-conditioning service expenses	Related by way of common shareholders and directors
Maxwin Builders Limited	Hotel service and management service expenses	Related by way of common shareholders and directors
InsurExcellence Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
InsurExcellence Life Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
Quidlab Company Limited	Computer hardware or software purchases	Related by way of Company Senior Manager's close family member as the related party's shareholder and director in the related party

During the years, 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)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2013	2012	2013	2012	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	83,861	64,813	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Vessel construction supervision income	-	-	6,126	-	In accordance with contract based on market practice
Dividend received	-	-	551,149	539,249	As declared
Interest income	-	-	8,613	9,415	At interest rate of 0.40% per annum
Condominium rental expenses	-	-	8,846	9,161	Market price
Sales of new building vessels (as part of advances for vessel construction and other direct cost)	-	-	580,029	778,557	At cost
Transaction with jointly controlled entity					
(Eliminated from consolidated financial statements in proportion with the Company's shareholding)					

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2013	2012	2013	2012	
Vessel construction supervision income	-	3,724	-	7,448	In accordance with contract based on market practice
Transaction with associate					
Dividend received	25,263	-	-	-	As declared
Transactions with related companies					
Air ticket expenses	11,432	10,032	3,259	3,764	Market price
Rental and service expenses	6,599	6,775	5,192	5,733	Market price
Computer purchases	381	1,290	381	589	Market price

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Other receivables - related parties (Note 8)				
Subsidiaries	-	-	1,647,427	921,754
Jointly controlled entity	-	-	-	166,626
Total other receivables - related parties	-	-	1,647,427	1,088,380
Trade and other payables - related parties				
Subsidiaries	-	-	2,023,148	2,626,665
Related companies	27	-	27	-
Total trade and other payables - related parties	27	-	2,023,175	2,626,665

The outstanding balances of the amounts due from/to subsidiaries and jointly controlled entity represent current accounts between the Company and those subsidiaries and jointly controlled entity. The Company's management believes that no allowance for doubtful accounts is necessary. No interest was charged on advances to/from subsidiaries and jointly controlled entity.

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Group had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	94,715	75,977	89,762	72,804
Post-employment benefits	1,940	1,981	1,940	1,981
Other long-term benefits	12,596	10,436	11,323	9,310
Total	109,251	88,394	103,025	84,095

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.

10. Short-term loans to a subsidiary

As at 31 December 2013, short-term loans to a wholly owned subsidiary, Precious Shipping (Singapore) Pte. Limited, are in the form of promissory notes in US Dollar, amounting to USD 71.40 million (2012: USD 76.80 million), which carry interest at the rate of 0.40% per annum (2012: 0.40% per annum), and are due at call. Movements in the balance of the loans during the year were as follows.

	(Unit: Thousand Baht)	
	Separate financial statements	
	2013	2012
Balance at beginning of year	2,352,507	2,275,428
Increase	294,981	165,142
Decrease	(444,431)	-
Translation adjustment	139,834	(88,063)
Balance at end of year	2,342,891	2,352,507

11. Long-term loans to a subsidiary / jointly controlled entity

As at 31 December 2013, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited ("ABC Company"), are in the form of promissory notes in US Dollar, 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.

The details of long-term loans were as follows.

- (a) USD 5.70 million (2012: presented as long-term loans to jointly controlled entity amounting to USD 8.55 million), this loan was made available by the Company to enable ABC One Pte. Limited, the subsidiary of ABC Company to pay the installments due to ABG Shipyard Ltd., India per Shipbuilding Contracts signed on 22 April 2010.
- (b) USD 9.70 million (2012: presented as long-term loans to jointly controlled entity amounting to USD 4.84 million), this loan was made available by the Company to enable 3 subsidiaries of ABC Company and ABC Company per details below to pay the installments due to China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China per respective Shipbuilding Contracts.

Subsidiaries' name	Shipbuilding Contract date
ABC Two Pte. Limited	5 December 2012
ABC Three Pte. Limited	5 December 2012
ABC Four Pte. Limited	3 April 2013
Associated Bulk Carriers Pte. Limited	30 August 2013

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

	(Unit: Thousand Baht)
	Separate financial statements
Balance as at 1 January 2013	-
Transferred from long-term loans to jointly controlled entity	410,035
Increase from acquisition of a subsidiary	253,325
Increase	153,795
Decrease	(349,038)
Translation adjustment	37,278
Balance as at 31 December 2013	<u>505,395</u>

12. 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		Dividend received for the years ended	
	2013	2012	2013	2012	2013	2012	31 December	
							2013	2012
			%	%				
Precious Metals Limited	275,000	275,000	99.99	99.99	347,682	324,562	-	-
Precious Wishes Limited	230,000	230,000	99.99	99.99	295,965	276,285	23,000	32,200
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	276,468	258,084	39,000	44,200
Precious Minerals Limited	230,000	230,000	99.99	99.99	251,401	234,683	46,000	34,500
Precious Lands Limited	306,000	306,000	99.99	99.99	318,167	297,010	-	-
Precious Rivers Limited	234,000	234,000	99.99	99.99	209,119	195,213	35,100	35,100
Precious Lakes Limited	184,000	184,000	99.99	99.99	183,506	171,304	-	-
Precious Seas Limited	100,000	100,000	99.99	99.99	128,680	120,124	-	50,000
Precious Stars Limited	105,000	105,000	99.99	99.99	135,114	126,130	21,000	31,500
Precious Oceans Limited	175,000	175,000	99.99	99.99	225,191	210,217	-	35,000
Precious Planets Limited	270,000	270,000	99.99	99.99	305,346	285,042	13,500	-
Precious Diamonds Limited	205,000	205,000	99.99	99.99	191,168	178,456	30,750	71,749
Precious Sapphires Limited	144,000	144,000	99.99	99.99	129,699	121,074	64,800	43,200
Precious Emeralds Limited	366,000	366,000	99.99	99.99	310,998	290,318	36,600	18,300
Precious Rubies Limited	84,000	84,000	99.99	99.99	80,854	75,477	-	-
Precious Opals Limited	74,000	74,000	99.99	99.99	72,525	67,702	-	-
Precious Garnets Limited	379,000	379,000	99.99	99.99	320,775	299,445	37,900	37,900
Precious Pearls Limited	173,000	173,000	99.99	99.99	183,213	171,030	-	-
Precious Flowers Limited	336,000	336,000	99.99	99.99	353,249	329,759	-	-
Precious Forests Limited	96,000	96,000	99.99	99.99	98,111	91,587	-	-
Precious Trees Limited	202,000	202,000	99.99	99.99	214,390	200,133	20,200	-
Precious Ponds Limited	124,000	84,000	99.99	99.99	128,953	78,867	-	-
Precious Ventures Limited	202,000	202,000	99.99	99.99	232,548	217,085	10,100	-
Precious Capitals Limited	200,000	200,000	99.99	99.99	257,361	240,248	-	-
Precious Jasmines Limited	147,000	147,000	99.99	99.99	174,849	163,222	-	-
Precious Orchids Limited	217,000	217,000	99.99	99.99	197,586	184,447	21,700	-
Precious Lagoons Limited	140,000	140,000	99.99	99.99	180,153	168,173	21,000	-
Precious Cliffs Limited	140,000	140,000	99.99	99.99	180,153	168,173	14,000	-
Precious Hills Limited	140,000	140,000	99.99	99.99	180,153	168,173	35,000	33,600
Precious Mountains Limited	140,000	140,000	99.99	99.99	180,153	168,173	41,999	21,000
Precious Resorts Limited	140,000	140,000	99.99	99.99	180,153	168,173	14,000	-
Precious Cities Limited	170,000	170,000	99.99	99.99	204,857	191,234	25,500	51,000
Precious Comets Limited	141,000	71,100	99.99	99.99	136,967	55,319	-	-
Precious Ornaments Limited	156,000	68,100	99.99	99.99	150,323	52,987	-	-
Nedtex Limited	2,500	2,500	69.99	69.99	834	779	-	-
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	5,404	5,045	-	-

(Unit: Thousand Baht)

Separate financial statements

Subsidiaries' name	Paid-up capital		Shareholding percentage		Cost		Dividend received for the years ended 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012
	Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	-	-	-
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	328	306	-	-
Precious Shipping (Mauritius) Limited	250	250	100.00	100.00	328	306	-	-
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	344,232	321,342	-	-
Precious Shipping (UK) Limited	250	250	100.00	99.99	328	306	-	-
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	355,837	332,175	-	-
Precious Projects Pte. Limited	0.0345	0.0345	100.00	100.00	-	-	-	-
Associated Bulk Carriers Pte. Limited	0.0664	-	100.00	-	-	-	-	-
Total investments in subsidiaries					7,723,121	7,008,168	551,149	539,249
Less: Allowance for loss on investments in subsidiaries					(6,566)	(6,130)		
Total investments in subsidiaries - net					7,716,555	7,002,038		

The Company offsets the dividend income against amounts receivables from/payables to subsidiaries in the statement of financial position.

As at 31 December 2013, the Company has pledged the shares of 27 subsidiaries amounting to Baht 6,071.25 million (2012: 24 subsidiaries amounting to Baht 4,984.35 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 21 to the financial statements.

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

During the year ended 31 December 2013, there were changes in cost of investments in subsidiaries as below.

Additional investments in subsidiaries

- During the year 2013, the Company subscribed and paid for newly issued ordinary shares of subsidiaries as detailed below.

Subsidiaries' name	Date	New ordinary shares		
		Par value	No. of shares	Total value
		(Baht)	(Million Shares)	(Million Baht)
Precious Ponds Limited	25 April 2013	100.00	0.40	40.00
Precious Comets Limited	25 April 2013	100.00	0.70	69.90

2. On 1 June 2013, the Company purchased one ordinary share of Precious Shipping (UK) Limited from the non-controlling interests of the subsidiary at par value of USD 1.00.

Acquisition of ABC Company

On 18 January 2013, the Company purchased one ordinary share of ABC Company from Varada as discussed in Note 2.2 to the financial statements. Details of the net assets acquired and acquisition considerations transferred for the acquisition of ABC Company are provided below.

	(Unit: Thousand Baht)
Cash and cash equivalents	1,766
Other current assets	950
Advances for vessel constructions	533,026
Deferred financial fees	12,811
Other non-current assets	34,043
Total assets	<u>582,596</u>
Trade and other payables	1,512
Long-term loan	166,610
Total liabilities	<u>168,122</u>
Net assets	<u>414,474</u>
Fair value of net assets acquired	<u>414,474</u>
Acquisition consideration transferred	<u>414,474</u>

On 6 February 2013, ABC Company has formed a subsidiary, ABC Four Pte. Limited (“ABC Four Company”) which is incorporated under the laws of the Republic of Singapore. ABC Four Company has been incorporated to specifically order, own and operate another Cement Carrier Vessel to perform the long-term Time Charter signed by the Company with the Charterer who has also signed 3 other such Time Charters for 3 Cement Carrier Vessels. The registered capital of ABC Four Company is USD 50,000.00, fully paid-up, divided into 50,000 ordinary shares with a par value of USD 1.00 each, held by the ABC Company.

During the year ended 31 December 2012, there were changes in cost of investments in subsidiaries as below.

Additional investments in subsidiaries

During the year 2012, the Company subscribed and paid for newly issued ordinary shares of subsidiaries as detailed below.

Subsidiaries' name	Date	New ordinary shares		
		Par value (Baht)	No. of shares (Million Shares)	Total value (Million Baht)
Precious Metals Limited	24 February 2012	100.00	0.25	25.00
Precious Planets Limited	24 February 2012	100.00	1.70	170.00
Great Circle Shipping Agency Limited	15 March 2012	100.00	1.10	110.00
Precious Ventures Limited	23 May 2012	100.00	1.22	122.00
Precious Trees Limited	23 May 2012	100.00	1.22	122.00
Precious Pearls Limited	27 June 2012	100.00	1.00	100.00
Precious Flowers Limited	27 June 2012	100.00	2.60	260.00
Precious Lands Limited	19 November 2012	100.00	2.22	222.00
Precious Lakes Limited	19 November 2012	100.00	0.85	85.00

13. Investment in joint venture

13.1 Details of investment in joint venture

(Unit: Baht)

Jointly controlled entity's name	Nature of business	Separate financial statements					
		Shareholding percentage		Cost		Carrying amounts based on cost method	
		2013 %	2012 %	2013	2012	2013	2012
Associated Bulk Carriers Pte. Limited	Holding company	-	50	-	31	-	31

As at 31 December 2012, investment in joint venture represented investment under joint venture agreement in Associated Bulk Carriers Pte. Limited ("ABC Company") which was jointly controlled by the Company and Varada Marine Pte. Limited ("Varada") for the purpose of owning and operating cement carriers.

Since the Company purchased one ordinary share of ABC Company from Varada as discussed in Note 2.2 to the financial statements, ABC Company is now a wholly owned subsidiary of the Company since 18 January 2013.

13.2 Summarised financial information of jointly controlled entity

The 2012 consolidated financial statements included the Company's proportionate shares of the assets, liabilities, revenues and expenses of Associated Bulk Carriers Pte. Limited, according to the proportion under the joint venture agreement as follows.

(Unit: Thousand Baht)

	As at 31 December 2012
Cash and cash equivalents	1,826
Other current assets	982
Advances for vessel constructions	617,478
Deferred financial fees	13,245
Other non-current assets	32,806
Total assets	<u>666,337</u>
Trade and other payables	1,563
Current portion of long-term loan	5,742
Long term loan - net of current portion	166,508
Total liabilities	<u>173,813</u>
Net assets	<u><u>492,524</u></u>

(Unit: Thousand Baht)

	For the year ended 31 December 2012
Revenues	6
Administrative expenses	(582)
Exchange loss	(3)
Finance cost	2,863
Profit for the year	<u><u>2,284</u></u>

14. Investment in associate held by a subsidiary

14.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

Consolidated financial statements								
Associate's name	Nature of business	Country of incorporation	Shareholding		Cost		Carrying amounts based on equity method	
			2013	2012	2013	2012	2013	2012
			%	%				
International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40	66,863	62,416	102,372	104,694

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)

Consolidated financial statements				
For the years ended 31 December				
Associate's name	Share of profit (loss) from investment in associate held by a subsidiary		Dividend received from associate held by a subsidiary	
	2013	2012	2013	2012
International Seaports (Haldia) Private Limited	31,580	(2,425)	25,263	-

Share of profit (loss) from investment in associate held by a subsidiary for the years ended 31 December 2013 and 2012, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2013 and 2012.

14.2 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		Profit (loss)	
	30 September		30 September		30 September		for the years ended		for the years ended	
	2013	2012	2013	2012	2013	2012	30 September		2013	2012
	Thousand INR	Thousand INR								
International Seaports										
(Haldia) Private Limited	440,580	440,580	566,800	632,149	109,781	164,764	531,596	426,578	140,983	(10,828)

On 11 September 2013, International Lighterage Limited, (“Lighterage”), a subsidiary of the Company, which is registered in Mauritius (shareholding is through Precious Shipping (Mauritius) Limited), sold all 9,868,287 shares of its investment in the ordinary shares of International Seaports (Haldia) Private Limited (“Haldia”) to Precious Shipping (Singapore) Pte. Limited (“Precious Singapore”), another subsidiary of the Company, at a price of INR 10.00 per share, totaling INR 98.68 million (or approximately Baht 46.21 million). This restructuring of shareholding was made in order to improve administrative convenience. The change of ownership does not affect the Group’s holding in Haldia, which is unchanged at 22.40%. This transaction was approved by Directors’ Meeting of Precious Singapore on 20 May 2013 and Directors’ Meeting of Lighterage on 30 May 2013. The transaction is considered as sales of investment under common control of the Group.

15. Other long-term investment

In 2006, the Company acquired 2,026,086 ordinary shares in TMN Company Limited with a par value of Baht 10 each, representing 3% of equity interest. The Company paid up Baht 5 per share, or a total of Baht 10.13 million.

The change in cost of other long-term investment is from the exchange differences on translation of financial statement from functional currency to presentation currency.

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and condominium units	Vessels and equipment			Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
		Vessels and equipment	Dry-dock and special survey expenses	Total				
Cost								
1 January 2013	220,427	21,315,998	557,235	21,873,233	53,601	13,638	12,595	22,173,494
Acquisitions/transfer in	792	2,072,191	235,600	2,307,791	1,557	-	-	2,310,140
Disposals/transfer out/write-off	-	-	(170,553)	(170,553)	(532)	(350)	-	(171,435)
Translation adjustment	15,760	1,695,831	53,912	1,749,743	3,925	963	896	1,771,287
31 December 2013	236,979	25,084,020	676,194	25,760,214	58,551	14,251	13,491	26,083,486
Accumulated depreciation								
1 January 2013	200,046	5,438,027	252,951	5,690,978	48,134	11,534	10,230	5,960,922
Depreciation for the year	4,909	870,017	258,201	1,128,218	2,468	514	610	1,136,719
Depreciation on disposals/transfer out/ write-off	-	-	(170,553)	(170,553)	(480)	(350)	-	(171,383)
Translation adjustment	14,558	441,655	26,274	467,929	3,564	844	773	487,668
31 December 2013	219,513	6,749,699	366,873	7,116,572	53,686	12,542	11,613	7,413,926
Net book value								
1 January 2013	20,381	15,877,971	304,284	16,182,255	5,467	2,104	2,365	16,212,572
31 December 2013	17,466	18,334,321	309,321	18,643,642	4,865	1,709	1,878	18,669,560
Depreciation for the year 2013								1,136,719

(Unit: Thousand Baht)

Consolidated financial statements

	Land and condominium units	Vessels and equipment			Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
		Vessels and equipment	Dry-dock and special survey expenses	Total				
Cost								
1 January 2012	227,170	14,103,378	465,311	14,568,689	53,708	13,541	11,133	14,874,241
Acquisitions/transfer in	865	7,743,814	295,836	8,039,650	1,806	1,305	2,371	8,045,997
Disposals/transfer out/write-off	-	-	(185,753)	(185,753)	(90)	(735)	(533)	(187,111)
Translation adjustment	(7,608)	(531,194)	(18,159)	(549,353)	(1,823)	(473)	(376)	(559,633)
31 December 2012	220,427	21,315,998	557,235	21,873,233	53,601	13,638	12,595	22,173,494
Accumulated depreciation								
1 January 2012	194,353	4,941,164	225,176	5,166,340	45,709	11,831	10,475	5,428,708
Depreciation for the year	12,348	670,601	221,810	892,411	4,076	828	635	910,298
Depreciation on disposals/transfer out/ write-off	-	-	(185,753)	(185,753)	(72)	(735)	(533)	(187,093)
Translation adjustment	(6,655)	(173,738)	(8,282)	(182,020)	(1,579)	(390)	(347)	(190,991)
31 December 2012	200,046	5,438,027	252,951	5,690,978	48,134	11,534	10,230	5,960,922
Net book value								
1 January 2012	32,817	9,162,214	240,135	9,402,349	7,999	1,710	658	9,445,533
31 December 2012	20,381	15,877,971	304,284	16,182,255	5,467	2,104	2,365	16,212,572
Depreciation for the year								
2012								910,298

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
Cost				
1 January 2013	22,867	12,361	10,016	45,244
Acquisitions/transfer in	1,540	-	-	1,540
Disposals/transfer out/write-off	(532)	(350)	-	(882)
Translation adjustment	1,735	871	714	3,320
31 December 2013	25,610	12,882	10,730	49,222
Accumulated depreciation				
1 January 2013	18,511	11,222	7,652	37,385
Depreciation for the year	1,909	256	610	2,775
Depreciation on disposals/ transfer out/write-off	(480)	(350)	-	(830)
Translation adjustment	1,413	806	588	2,807
31 December 2013	21,353	11,934	8,850	42,137
Net book value				
1 January 2013	4,356	1,139	2,364	7,859
31 December 2013	4,257	948	1,880	7,085
Depreciation for the year				
2013				2,775

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
Cost				
1 January 2012	21,976	12,220	8,466	42,662
Acquisitions/transfer in	1,742	1,305	2,371	5,418
Disposals/transfer out/write-off	(89)	(735)	(533)	(1,357)
Translation adjustment	(762)	(429)	(288)	(1,479)
31 December 2012	22,867	12,361	10,016	45,244
Accumulated depreciation				
1 January 2012	16,347	11,772	7,808	35,927
Depreciation for the year	2,817	569	635	4,021
Depreciation on disposals/ transfer out/write-off	(73)	(735)	(533)	(1,341)
Translation adjustment	(580)	(384)	(258)	(1,222)
31 December 2012	18,511	11,222	7,652	37,385
Net book value				
1 January 2012	5,629	448	658	6,735
31 December 2012	4,356	1,139	2,364	7,859
Depreciation for the year				
2012				4,021

As at 31 December 2013, certain condominium units, vessels and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 442.85 million (2012: Baht 321.57 million) in the consolidated financial statements and Baht 37.17 million (2012: Baht 24.82 million) in the separate financial statements.

As at 31 December 2013, the subsidiaries have mortgaged 34 vessels (2012: 30 vessels) with net book value of Baht 17,651.83 million (2012: Baht 15,178.90 million) with banks to secure long-term loans as referred to in Note 21 to the financial statements.

17. Intangible assets

Details of intangible assets which are computer software are as follows.

(Unit: Thousand Baht)

	Consolidated		Separated	
	financial statements		financial statements	
	2013	2012	2013	2012
Cost				
Cost at beginning of year	51,372	53,149	51,310	53,085
Translation adjustment	3,659	(1,777)	3,655	(1,775)
Cost at end of year	55,031	51,372	54,965	51,310
Accumulated amortisation				
Accumulated amortisation at beginning of year	38,516	30,367	38,497	30,360
Amortisation for the year	9,127	9,284	9,114	9,272
Translation adjustment	3,322	(1,135)	3,320	(1,135)
Accumulated amortisation at end of year	50,965	38,516	50,931	38,497
Net book value as at 31 December	4,066	12,856	4,034	12,813
Amortisation for the year	9,127	9,284	9,114	9,272

18. Advances for vessel constructions

The Group has outstanding orders for Newbuilding Vessels as at 31 December 2013 as follows.

Vessel type	1 Dry Bulk Carrier (Handysize vessel)	2 Cement Carriers	1 Cement Carrier	1 Cement Carrier	2 Dry Bulk Carriers (Ultramax vessels)	2 Dry Bulk Carriers (Handysize vessels)	8 Dry Bulk Carriers (4 Handysize vessels and 4 Ultramax vessels)
Acquirer	The Company	ABC Two Pte. Limited and ABC Three Pte. Limited ("ABC Two and ABC Three")	ABC Four Pte. Limited ("ABC Four")	Associated Bulk Carriers Pte. Limited ("ABC")	The Company	The Company	The Company
Shipbuilder	ABG Shipyard Ltd., India	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	Sainty Marine Corporation Ltd.	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	Taizhou Sanfu Ship Engineering Co., Ltd.
Contract date	20 July 2007	5 December 2012	3 April 2013	30 August 2013	25 November 2013	25 November 2013	20 December 2013
Contract price	USD 30.00 million	USD 24.18 million per vessel (or USD 48.36 million in aggregate)	USD 24.18 million	USD 24.48 million	USD 27.40 million per vessel (or USD 54.80 million in aggregate)	USD 22.32 million per vessel (or USD 44.64 million in aggregate)	USD 21.96 million per Handysize vessel and USD 27.48 million per Ultramax vessel (or USD 197.75 million in aggregate)

Payment terms	The contract price will be paid in 5 installments of 20% each, with each installment (except the last installment, which would be payable on delivery) paid only on the submission of a bank guarantee in favor of the Company and milestone certificates.	The contract price of each vessel will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of ABC Two and ABC Three to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.	The contract price will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of ABC Four to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.	The contract price will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of ABC to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.	The contract price of each vessel will be paid in 2 installments. The first installment of 15% of contract price would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the Pre-Delivery Installment. The last installment of 85% of contract price would be payable on delivery.	The contract price of each vessel will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.	The contract price of each vessel will be paid in 4 installments. The first installment of USD 200,000 on signing the contract and the second installment of 15% of contract price with deduction of the first installment (USD 200,000) would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the Pre-Delivery Installments. The third installment of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 75% of contract price would be payable on delivery.
Expected delivery date	2014	February 2014 and April 2014, respectively	July 2014	November 2014	On or before 30 June 2014	Within 2015	2015 to 2016

Movements of the advances for vessel constructions account during the years ended 31 December 2013 and 2012 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		Financial statements	
	2013	2012	2013	2012
Balance at beginning of year	4,942,348	7,899,189	4,250,803	5,815,021
Additions	1,351,228	972,052	670,233	736,183
Increase from acquisition of investment in				
a subsidiary	533,026	-	-	-
Interest costs and commitment fees	28,994	69,316	6,501	25,170
Amortisation of financial fees	606	1,303	175	964
Other direct costs	43,912	166,093	19,848	40,576
Novation/cancellation of shipbuilding				
contracts	(4,580,770)	(1,423,176)	(3,443,374)	(1,423,176)
Transfer to cost of vessel and equipment				
of subsidiaries	(580,029)	(2,617,409)	(580,029)	(778,557)
Translation adjustment	234,015	(125,020)	137,675	(165,378)
Balance at end of year	1,973,330	4,942,348	1,061,832	4,250,803
Less: Current portion	(593,136)	(482,996)	(593,136)	(391,959)
Advances for vessel constructions - net				
of current portion	1,380,194	4,459,352	468,696	3,858,844

During the year ended 31 December 2013, the amount of borrowing costs capitalised was Baht 28.99 million (2012: Baht 69.32 million) in the consolidated financial statements and Baht 6.50 million (2012: Baht 25.17 million) in the separate financial statements. The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 1.43% - 2.64% (2012: 1.20% - 2.97%) in the consolidated financial statements and was 1.43% - 1.56% (2012: 1.43% - 1.78%) in the separate financial statements.

Novation of new Shipbuilding Contracts

During the years 2013 and 2012 the Group recognised gains from novation of new shipbuilding contracts as detailed below.

Year 2013

On 10 September 2012, the Company signed 4 Novation Agreements with Global Bulk Carriers Pte. Ltd. (the “New Buyer”) and ABG Shipyard Ltd., India (the “Shipbuilder”) for disposal of 4 new Shipbuilding Contracts for Hull Nos. 336, 340, 316 and 347 (“4 SBCs”). The novation considerations per Novation Agreements were repaid partly in cash and partly as adjustment of the Company’s liability to pay the next installments of Hull Nos. 337, 342, 348 and 349, respectively.

During the year ended 31 December 2012, the Company received in aggregate USD 3.64 million or approximately Baht 113.58 million as part of the novation proceeds for Hull Nos. 316 and 336.

During the year ended 31 December 2013, the Company received in aggregate USD 29.72 million or approximately Baht 886.08 million, net of the adjustment against the next installments of relevant Hull Nos., as the novation proceeds from the disposal of 4 SBCs. The Company recorded gains on Novation of Shipbuilding Contracts amounting to USD 21.80 million or approximately Baht 650.83 million in the consolidated and separate income statements for the year ended 31 December 2013.

Year 2012

On 21 December 2011 and 25 January 2012, the Company signed 2 Novation Agreements with Global Bulk Carriers Pte. Ltd. (the “New Buyer”) and ABG Shipyard Ltd., India (the “Shipbuilder”) for disposal of 2 new Shipbuilding Contracts for Hull Nos. 333 and 315 (“2 SBCs”).

During the year ended 31 December 2012, the Company received in aggregate USD 51.66 million or approximately Baht 1,615.05 million as the novation proceeds from the disposal of 2 SBCs. The Company recorded gains on Novation of Shipbuilding Contracts amounting to USD 9.77 million or approximately Baht 305.45 million in the consolidated and separate income statements for the year ended 31 December 2012.

Cancellation of the Shipbuilding Contracts

(a) On 18 January 2013, ABC Three Pte. Limited (“ABC Three Company”) signed a Cancellation Agreement of cement carrier Shipbuilding Contract with ABG Shipyard Ltd. (“Shipbuilder”) since ABC Three Company has already ordered the same Vessel

with the Chinese Shipbuilder. Details of Cancellation Agreement of Shipbuilding Contract are as follows.

Hull No.	DWT	Shipbuilding Contract Date	Contract Amount (Million USD)	Installments paid to the Shipbuilder by ABC Three Company (Million USD)
380	20,000	22 April 2010	28.50	5.70

ABC Three Company received the cancellation proceeds of USD 6.70 million (or approximately Baht 198.66 million) in accordance with the Cancellation Agreement on 18 January 2013, and recorded gain on Cancellation of Shipbuilding Contract of USD 0.75 million (or approximately Baht 22.14 million) in the consolidated income statement for the year ended 31 December 2013.

- (b) The Company, ABC One Pte. Limited and ABC Two Pte. Limited (the “Buyers”) issued 7 Cancellation Notices to ABG Shipyard Ltd. (“Shipbuilder”) under 7 Shipbuilding Contracts (“SBCs”). The Buyers made claims of advance installments paid and interest thereon under the SBCs. Since the Shipbuilder failed to fulfill the Shipbuilder’s obligation in accordance with the SBCs and did not make the payment demanded to the Buyers for the claims, the Buyers then invoked the Guarantees available with the Buyers and submitted the Letters of Demand against the Irrevocable Letters of Guarantee and/or Performance Guarantees to the various Indian Banks in India (“Guarantors”) in accordance with the SBCs.

As of 31 December 2013, the Buyers have received an aggregate amount of USD 101.18 million (or approximately Baht 3,205.50 million) being all the guaranteed amounts with applicable interest pursuant to 5 SBCs for Hull Nos. 337, 348, 379, 349, and 338 from the Guarantors as a result of the claims submitted, and for Hull No. 339, the Company received USD 13.08 million (or approximately Baht 418.64 million) and recorded the remaining balance of USD 7.10 million (or approximately Baht 232.94 million) under “Trade and other receivables” account in the statement of financial position. For Hull No. 378, ABC One Pte. Limited recorded all balance of claims submitted USD 18.37 million (or approximately Baht 602.75 million) under “Trade and other receivables” account in the statement of financial position.

Table below presents amounts received from Guarantors during the year ended 31 December 2013.

Hull No.	Shipbuilding Contract date	Cancellation Notice date	Letter of Demand date	Amounts received from Guarantors (Million USD)
337	20 July 2007	10 June 2013	20 August 2013	19.19
348	11 February 2008	10 June 2013	20 August 2013	24.84
379	22 April 2010	10 June 2013	20 August 2013	12.33
349	11 February 2008	29 July 2013	20 August 2013	24.85
338	20 July 2007	16 September 2013	17 September 2013	19.97
339	20 July 2007	6 December 2013	13 December 2013	13.08
378	22 April 2010	6 December 2013	13 December 2013	-
Total				114.26

For the year ended 31 December 2013, the Group recorded gains on Cancellation of Shipbuilding Contracts for all the 7 Hulls of USD 8.27 million (or approximately Baht 262.44 million) in the consolidated income statement and USD 7.75 million (or approximately Baht 245.77 million) in the separate income statement.

Subsequently, on 7 January 2014, the Group received the remaining total balance of USD 25.47 million (or approximately Baht 835.69 million) towards the claims for Hull No. 339 and 378 from the Guarantors.

Delivery of vessels under the Shipbuilding Contracts with ABG Shipyard Ltd., India

During the years ended 31 December 2013 and 2012, 2 vessels were completed and delivered to the Company's 2 indirect subsidiaries incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
15 January 2013	Precious Thoughts Pte. Limited	335	USD 24.58 million (or approximately Baht 728.17 million)
26 March 2012	Precious Fragrance Pte. Limited	334	USD 29.88 million (or approximately Baht 917.53 million)

Delivery of vessels under the Shipbuilding Contracts with Yangzhou Guoyu Shipbuilding Co. Ltd., China

During the year ended 31 December 2012, 4 vessels were completed and delivered to the Company's 4 indirect subsidiaries incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
10 August 2012	Precious Comforts Pte. Limited	GY807	USD 27.51 million (or approximately Baht 859.95 million)
19 September 2012	Precious Sparks Pte. Limited	GY808	USD 27.54 million (or approximately Baht 860.83 million)
22 October 2012	Precious Visions Pte. Limited	GY809	USD 27.58 million (or approximately Baht 846.08 million)
29 November 2012	Precious Bridges Pte. Limited	GY810	USD 27.61 million (or approximately Baht 846.97 million)

19. Deferred financial fees

Movements of the deferred financial fees account during the years ended 31 December 2013 and 2012 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance at beginning of year	125,212	211,832	100,561	168,155
Additions	3,197	50,796	-	35,318
Increase from acquisition of investment in a subsidiary	12,811	-	-	-
Transfer to present as a deduction against long-term loans	(24,513)	(91,485)	(1,257)	(3,660)
Transfer to subsidiaries as a borrower	-	-	(12,223)	(54,637)
Write-off deferred financial fee	(25,942)	(39,895)	(16,355)	(39,895)
Translation adjustment	6,572	(6,036)	4,731	(4,720)
Balance at end of year	<u>97,337</u>	<u>125,212</u>	<u>75,457</u>	<u>100,561</u>

During the year 2013, the Group has written off Baht 25.94 million (2012: Baht 39.90 million) in the consolidated financial statements and Baht 16.36 million (2012: Baht 39.90 million) in the separate financial statements being a part of the deferred financial fees paid in earlier years due to the prepayment, cancellation and reduction of loan facilities. The amount of write-off has been estimated on a pro-rata basis to the amount of reduction of the facilities.

20. Accrued employee bonus

As at 31 December 2013 and 2012, accrued employee bonus can be separated based on the year the payment is to be made to employees, as follows.

(Unit: Thousand Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
1 year	43,461	44,223	40,080	40,890
2 - 3 years	30,681	22,986	28,217	21,227
Total	74,142	67,209	68,297	62,117

21. Long-term loan facilities

As at 31 December 2013 and 2012, 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 1		Facility 3		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Long-term loans	1,339,379	2,093,783	-	174,601	2,150,472	1,618,758	3,944,267	4,546,766	2,011,080	811,370	9,445,198	9,245,278
Less: Deferred financial fees	(7,926)	(11,942)	-	(2,350)	(38,304)	(31,183)	(112,789)	(122,670)	(13,422)	(10,142)	(172,441)	(178,287)
Total	1,331,453	2,081,841	-	172,251	2,112,168	1,587,575	3,831,478	4,424,096	1,997,658	801,228	9,272,757	9,066,991
Less: Current portion	(100,390)	(546,134)	-	(5,742)	(182,545)	(127,614)	(122,381)	(122,479)	(248,588)	-	(653,904)	(801,969)
Long-term loans - net of current portion	1,231,063	1,535,707	-	166,509	1,929,623	1,459,961	3,709,097	4,301,617	1,749,070	801,228	8,618,853	8,265,022

(Unit: Thousand Baht)

	Separate financial statements	
	Loan facilities for financing the construction and acquisition of new vessels	
	Facility 1	
	2013	2012
Long-term loans	-	1,200,759
Less: Deferred financial fees	-	(6,188)
Total	-	1,194,571
Less: Current portion	-	(481,890)
Long-term loans - net of current portion	-	712,681

The details of each loan facility are summarised as follows.

21.1 Loan facility for financing the construction and acquisitions of new vessels (Newbuildings)

Facility 1

On 3 July 2008, the Company entered into a secured loan agreement with overseas and local commercial banks to obtain a loan facility of USD 398.40 million carrying interest at LIBOR plus margin. The loan was to be used to finance the construction and acquisition of 15 new vessels (9 handysize vessels and 6 supramax vessels) out of the 18 new vessels already ordered by the Company with ABG Shipyard Limited and the total loan amount was equivalent to 80% of the aggregate contract prices of the 15 vessels.

During the years 2011 to 2013, the Company has drawn the loans to finance 3 new vessels amounting to USD 54.50 million. The Company prepaid the loans drawn towards the Pre-delivery facility for financing the new shipbuildings ordered amounting to USD 101.20 million and cancelled the undrawn balance loan facility amounting to USD 242.70 million.

The drawing, final maturity, repayment and security of the above loan facility are summarised as follows.

Facility / Description	Pre-delivery facility	Post-delivery facility
Drawing	As per milestones in the shipbuilding contracts whereby the aggregate of all drawings per vessel would be equivalent to 60% of the contracted price of each vessel	100% of the post-delivery facility amount equivalent to 80% of the contracted price of each vessel is to be drawn upon delivery of the respective vessel out of which the entire pre-delivery facility amount of each vessel will be repaid.
Final maturity	Delivery of each vessel	10 years from delivery of the first vessel
Repayment	To be repaid in one lump sum upon delivery of the respective vessel	Each tranche (aggregate drawings in respect of each vessel) is to be amortised (repaid) in quarterly installments, each equivalent to 1/60th of the post-delivery facility amount, and in a balloon amount equal to the balance under such tranche on final maturity. The first quarterly repayment of each tranche shall commence 3 months after delivery of each respective vessel.
Security	<ul style="list-style-type: none"> a) Corporate guarantee from the Company if the Company is not a joint borrower b) 1st priority assignment of the shipbuilding contracts c) 1st priority assignment of the refund guarantees by the refund guarantors given in relation to the shipbuilding contracts with the Company 	<ul style="list-style-type: none"> a) 1st priority mortgage over the vessels b) Pledge of the vessel-owning subsidiaries' shares c) Corporate guarantee from the Company if the Company is not a joint borrower d) 1st priority assignment of requisition compensation in respect of the vessels e) 1st priority assignment of all insurance proceeds f) 1st priority assignment of the earnings of the vessels and pledge over the earnings and retention account of each vessel

The Loan Agreement contains covenants that, among other things, require the Company to maintain certain financial ratios which include:

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

Facility 2

On 28 October 2010, ABC One Pte. Limited (“ABC One Company”), one of the four Singapore registered subsidiaries of Associated Bulk Carriers Pte. Limited, entered into a Secured Loan Agreement of USD 22.80 million with NIBC Bank Ltd., Singapore (“NIBC”) to fund 80% of the Contract Price of the new cement carrier ordered by ABC One Company with ABG Shipyard Ltd., India, which was subsequently cancelled.

On 3 June 2013, ABC One Company issued an “Irrevocable Notice of Prepayment” to NIBC to prepay the entire drawn loan of USD 11.40 million. ABC One Company had already prepaid the entire loan on 30 August 2013.

Facility 3

On 14 October 2011, 4 indirect subsidiaries incorporated in Singapore (“SPCs”) have executed an USD 84.96 million Loan Agreement with ING Bank N.V., Singapore Branch and DNB Asia Ltd. to finance up to 80% of the Total Acquisition Cost of the 4 new Supramax 57,000 DWT Dry Bulk vessels ordered by each SPC to be built in China. The loan carries interest at LIBOR plus margin.

During 2012 to 2013, 4 indirect subsidiaries have drawn the facility to finance the delivered 4 new Supramax vessels.

The drawing, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Drawing	100% of the post-delivery facility amount is to be drawn upon delivery of the respective vessels.
Final maturity	8 years after final drawdown of each vessel tranche
Repayment	For each Vessel, in 32 equal quarterly installments of USD 354,000 and a balloon repayment of USD 9,912,000 together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel.
Security	<ul style="list-style-type: none">a) Pledge of shares of the borrowersb) First priority mortgage on the vesselsc) First priority assignment of earnings and time chartersd) First priority pledge over the earnings accounts with the security agente) First priority assignment of all insurances and requisition compensation of the vesselsf) Corporate guarantee from the Company

	g) All the above post-delivery securities to be cross collateralised
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The Loan Agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of the maximum funded debt to total shareholders' equity ratio of 2:1
- b) maintenance of the maximum funded debt to EBITDA ratio of 5:1
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Precious Group

Facility 4

On 15 February 2012, ABC Two Pte. Limited and ABC Three Pte. Limited ("ABC Two Company and ABC Three Company"), SPC subsidiaries of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 45.60 million Term Loan Facility with Bangkok Bank Public Company Limited (Singapore Branch) to finance up to 80% of the Contract Price of 2 new Cement Carriers ordered with ABG Shipyard Ltd., India, which were subsequently cancelled.

On 18 September 2013, ABC Two Company and ABC Three Company have executed the First Supplemental Agreement to amend the Term Loan Facility dated 15 February 2012, mainly to amend the purpose, maximum loan facility, repayment term and security as a consequence of the cancellation of the 2 cement carriers ordered with ABG Shipyard Ltd., India and replacement with the orders from China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China.

After the amendment, the drawing, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Pre-delivery facility	Post-delivery facility
Purpose	To finance the Pre and Post-delivery Installments of the construction of 2 new cement carriers ordered with China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China.	
Maximum Loan Facility	Maximum loan facility for both Vessels shall not exceed USD 38,688,000 of which, each vessel loan shall not exceed USD 19,344,000 per vessel.	
Repayment	To be repaid in one lump sum (from post-delivery facility) upon delivery of each vessel	For each Vessel, in 39 equal quarterly installments of USD 322,400 and a balloon repayment of USD 6,770,400 together with the last installment. The first repayment installment to be due 3 months after

		the final drawdown of each vessel.
Security	<ul style="list-style-type: none"> a) 1st priority assignment of the shipbuilding contract b) 1st priority assignment of the refund guarantees by the refund guarantors given in relation to the shipbuilding contract c) Pledge of the shares of ABC Two Pte. Limited and ABC Three Pte. Limited (the SPC subsidiaries) d) Corporate Guarantee from the Company 	<ul style="list-style-type: none"> a) 1st priority mortgage over the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessels c) 1st priority assignment of Time Charter contracts d) 1st priority charge over the Earnings Account and Retention Account e) Corporate guarantee from ABC Two Pte. Limited and ABC Three Pte. Limited (the SPC subsidiaries) f) Corporate Guarantee from the Company for up to USD 8 million per vessel

The Secured Loan Agreement contains covenants that, among other things, require ABC Two Pte. Limited and ABC Three Limited to maintain certain financial ratios which include:

- a) Debt Service Coverage Ratio (“DSCR”) of no less than 1.1 times
- b) Equity Ratio (ratio of Equity to Total Assets) of no less than 20%.

21.2 Loan facilities for purchasing of vessels

Facility 1

The Company and local subsidiaries entered into the Loan Agreement dated 18 January 2007 to mainly fund the purchase of vessels. During 2009 to 2011, the Loan Agreement had been amended for certain terms and conditions.

The summarised details of drawdown of this facility are as follows.

- a) During the years 2011 and 2010, 2 local subsidiaries had drawn down Baht 1,502.35 million for purchase of 2 vessels.
- b) During the year 2011, 4 local subsidiaries had drawn down USD 92.00 million from this facility and the undrawn facility was reduced to USD 108.00 million. In order to extend the availability period of the undrawn facility, on 9 March 2012, the Company and local subsidiaries executed a USD 50.00 million Term Loan Facility on same terms and conditions with one of the three local commercial banks and the loan was used for purchase of vessels by 2 local subsidiaries and thereafter the balance of USD 58.00 million was cancelled.

- c) During the years 2011 and 2010, 2 local subsidiaries swapped the Thai Baht loan of Baht 1,502.35 million into USD 45.90 million.
- d) During the year 2012, 4 local subsidiaries swapped the interest of the USD loans of USD 64.82 million, from floating interest rates (LIBOR) to fixed interest rate (2.10%) for interest payable during the period from 31 December 2014 to 30 September 2022.

The loan facilities have been secured by the mortgage of the subsidiaries' vessels, the pledge of the subsidiaries' shares, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders.

The loan facility agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of a total debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of a total debt to EBITDA ratio not exceeding 5:1
- c) maintenance of minimum free liquidity of USD 100,000 per vessel
- d) maintenance of debt service coverage ratio of at least 1.1:1

Facility 2

On 14 January 2010, the Company entered into a new Secured Term Loan Facility Agreement of USD 250.00 million with the Bangkok Branch of an international bank and 4 local banks to fund additional second-hand vessels which the Company may want to buy. The loan is carrying interest at LIBOR plus margin. The loan is to be used for purchase of vessels and to be repaid in equal quarterly installments over a period of 8 years commencing from the end of the availability period.

During 2011 to 2013, the Loan Facility Agreement has been amended mainly to extend the availability period of the loan facility to 30 June 2014 with the balance of loan facility of USD 150 million.

The loan facility has to be secured by the mortgage of the shipowning subsidiaries' vessels, the pledge of the subsidiaries' shares, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders when the facility is drawn down.

The Loan Agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of funded debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of funded debt to EBITDA ratio not exceeding 5:1
- c) maintenance of minimum free cash balance of USD 100,000 per vessel
- d) maintenance of debt service coverage ratio of at least 1.1:1

Facility 3

On 17 February 2012, the Company executed a USD 100 million Term Loan Facility with Export-Import Bank of Thailand to finance up to 80% of the Acquisition Cost of new or second-hand Dry Bulk Vessels which the Company may want to buy. The loan carries interest at LIBOR plus margin. The loan is to be repaid in equal quarterly installments over a period of 8.5 years commencing from the end of the availability period.

On 12 December 2013, the Company executed the Amendment Agreement to the Term Loan Facility to extend the availability period of the balance facility of USD 35.18 million up to 30 December 2014.

The loan facility has to be secured by the mortgage of the shipowning subsidiaries' vessels, the pledge of the subsidiaries' shares and the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries.

The Loan Agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of net funded debt to EBITDA ratio not exceeding 5:1
- c) maintenance of debt service coverage ratio of at least 1.1:1

The Group's bank loan facilities and the undrawn loan balances as at 31 December 2013 and 2012 are summarised below.

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				2013	2012	2013	2012
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 subsidiaries	LIBOR + margin	54.50	167.20	-	88.00
Facility 2	NIBC Bank Ltd., Singapore	ABC One Pte. Limited	LIBOR + margin	-	22.80	-	11.40
Facility 3	ING Bank N.V. (Singapore Branch) and DNB Asia Ltd.	4 indirect subsidiaries in Singapore	LIBOR + margin	84.96	84.96	-	21.24
Facility 4	Bangkok Bank PCL (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin	38.69	45.60	38.69	45.60

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				2013	2012	2013	2012
Loan facilities for purchasing of vessels							
Facility 1	Krung Thai Bank PCL 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	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch and 2 other banks, total 3 banks	The Company and subsidiaries	LIBOR + margin	150.00	150.00	150.00	150.00
Facility 3	Export-Import Bank of Thailand	The Company and subsidiaries	LIBOR + margin	100.00	100.00	35.18	69.98

22. Provision for maritime claims

(Unit: Thousand Baht)

	Consolidated financial statements	
	2013	2012
Balance at beginning of year	67,699	64,637
Increase during the year	179,748	27,857
Decrease during the year	(83,319)	(22,217)
Translation adjustment	11,493	(2,578)
Balance at end of year	<u>175,621</u>	<u>67,699</u>

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensation payable on employees' retirement, was as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	70,312	63,023	64,298	57,001
Current service cost	4,247	3,630	4,057	3,497
Interest cost	2,015	2,179	1,956	2,105
Actuarial loss	-	1,545	-	1,759
Translation Adjustment	(12)	(65)	(14)	(64)
Defined benefit obligation at end of year	<u>76,562</u>	<u>70,312</u>	<u>70,297</u>	<u>64,298</u>
Provisions for long-term employee benefits at end of year	<u>76,562</u>	<u>70,312</u>	<u>70,297</u>	<u>64,298</u>

Long-term employee benefit expenses included in the income statement were as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	4,247	3,630	4,057	3,497
Interest cost	2,015	2,179	1,956	2,105
Total expenses recognised in the income statement	<u>6,262</u>	<u>5,809</u>	<u>6,013</u>	<u>5,602</u>
Line items under which such expenses are included in the income statement				
Administrative expenses	4,322	3,829	4,073	3,622
Management remuneration including perquisites	1,940	1,980	1,940	1,980

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings as at 31 December 2012 amounted to Baht 1.53 million in the consolidated financial statements and amounted to Baht 1.74 in the separate financial statements.

Principal actuarial assumptions at the valuation date were as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.80	3.80	3.80	3.80
Future salary increase rate	6.50	6.50	6.50	6.50
Staff turnover rate (depending on age)	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00

Amounts of defined benefit obligation for the current and previous three periods are as follows.

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	76,562	70,297	-	-
Year 2012	70,312	64,298	(3,392)	(2,937)

Year 2011	63,023	57,001	-	-
Year 2010	57,408	51,551	-	-

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to Section 1202 of the Thai Civil and Commercial Code, a subsidiary (incorporated under Thai Laws) is required to set aside a statutory reserve equal to at least 5% of its profit each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

25. Corporate social responsibility (CSR) reserve

The Company has earmarked 0.5% of its profit for the year as a reserve towards CSR activities. The Company expects to earmark amounts based on the same percentage of profit annually on a cumulative basis, but subject to a minimum of Baht 1.75 million and a maximum of Baht 25.00 million per year. The reserve was approved by a meeting of the Board of Directors of the Company on 14 August 2008.

During the year 2013, the Company set aside Baht 2.64 million (2012: Baht 1.75 million) to a reserve for CSR activities and reversed Baht 1.48 million (2012: Baht 2.13 million) from the reserve when the Company made related payments against the reserve.

26. Expenses by nature

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Salary, wages and other benefits of employees and crews	1,323,853	1,008,349	243,102	192,939
Rental expenses from operating lease agreements	5,310	5,157	3,856	3,726

27. Income tax

No corporate income tax was payable for the years 2013 and 2012, since the Company had tax losses brought forward from previous years.

In accordance with the Director - General's Notification on Income Tax No. 72 dated 20 March 1998, the local subsidiaries are exempted from the payment of income tax on their marine transportation income. In addition, the subsidiaries are exempted from the payment of income tax on their marine transportation business under the provisions of the Investment Promotion Act B.E. 2520.

Corporate income tax of the overseas subsidiaries and associate has been calculated by applying the applicable statutory rates of the relevant countries.

As at 31 December 2013 the Group has deductible temporary differences, temporary differences arising from exchange difference occurring while translating financial statements in functional currency into presentation currency and unused tax losses totaling Baht 1,115.89 million (2012: Baht 1,702.67 million) (the Company Baht 94.99 million, 2012: Baht 1,256.25 million). However, the Group did not recognise deferred tax assets as the Group believes that it is not probable that future taxable profit will be available to allow the entire deferred tax assets to be utilised.

As at 31 December 2013, the Company has temporary difference arising from exchange difference from the translation of the financial statements from functional currency into presentation currency associated with investments in subsidiaries for which deferred tax liability has not been recognised, aggregating Baht 552.20 million (2012: Baht 35.04 million).

28. Promotional privileges

The Company has been granted promotional privileges under the Investment Promotion Act, as approved by the Board of Investment under BOI certificate No. 1405/2550 dated 23 March 2007. Subject to certain imposed conditions, the significant privileges are the rights to employ skilled foreigners to work within the scope of duties approved by the Board of Investment and for the period for which they are permitted to stay in Thailand, permission to own land in an amount considered appropriate by the Board of Investment, and permission to transfer funds in or out of Thailand in foreign currencies.

Under the provisions of the Investment Promotion Act B.E. 2520, the subsidiaries were granted certain promotional privileges for their marine transportation. The promotional privileges include, among other things, exemption from the payment of income tax for a period of 8 years commencing as from the date of first earning operating income on the condition that the vessels owned by the subsidiaries are registered in Thailand. During the year ended 31 December 2013, the subsidiaries have 16 vessels (2012: 18 vessels) under investment promoted operations.

Revenues and expenses for 2013 and 2012 (before eliminating related transactions), classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations				Total	
	2013	2012	Operations exempted from corporate income tax in accordance with the Director-General's Notification on Income Tax No. 72		Operations not eligible for corporate income tax exemption		2013	2012
			2013	2012	2013	2012		
Revenues	1,533,042	1,749,552	1,363,448	1,134,820	1,856,540	1,426,048	4,753,030	4,310,420
Costs and expenses	(1,638,502)	(1,726,415)	(1,572,174)	(1,144,178)	(1,371,636)	(1,059,191)	(4,582,312)	(3,929,784)

29. Basic earnings per share

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

30. 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) small handy sized and supramax dry 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.

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 years ended 31 December 2013 and 2012.

(Unit: Thousand Baht)

	Consolidated financial statements									
	Time charter		Voyage charter		Total		Elimination		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Hire income	2,668,205	2,231,024	-	-	2,668,205	2,231,024	(50,198)	(50,503)	2,618,007	2,180,521
Freight income	-	-	1,306,987	1,396,593	1,306,987	1,396,593	(67,349)	(89,577)	1,239,638	1,307,016
Total vessel operating income	2,668,205	2,231,024	1,306,987	1,396,593	3,975,192	3,627,617	(117,547)	(140,080)	3,857,645	3,487,537
Voyage disbursements	-	-	(289,816)	(358,053)	(289,816)	(358,053)	117,547	140,080	(172,269)	(217,973)
Bunker consumption	-	-	(548,351)	(570,871)	(548,351)	(570,871)	-	-	(548,351)	(570,871)
Total voyage expenses	-	-	(838,167)	(928,924)	(838,167)	(928,924)	117,547	140,080	(720,620)	(788,844)
Net vessel operating income/time charter equivalent income	2,668,205	2,231,024	468,820	467,669	3,137,025	2,698,693	-	-	3,137,025	2,698,693

For the years 2013 and 2012, the Group has no major customer with revenue of 10% or more of the Group's revenues.

31. Provident fund

The Company and subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company/the subsidiaries contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by Kasikornbank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and subsidiaries contributed Baht 3.40 million (2012: Baht 3.13 million) to the provident fund (Separate financial statements: Baht 3.12 million, 2012: Baht 2.89 million).

32. Dividends paid

The dividends were approved for paying to the Company's ordinary shareholders as at the closing date of the share register, after deduction of the shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares).

Dividends declared during the year 2013 consist of the following.

	Approved by	Qualified ordinary share (shares)	Shares held by the registrar (shares)	Dividend per share (Baht)	Dividend paid (Million Baht)	Paid date
a) Interim dividend based on the retained earnings as of 30 September 2013	Board of Directors' meeting on 31 October 2013	1,038,587,599	933,001	0.10	103.85	28 November 2013
b) Interim dividend based on the retained earnings as of 30 June 2013	Board of Directors' meeting on 31 July 2013	1,038,373,899	1,146,701	0.10	103.84	28 August 2013
c) Interim dividend based on the retained earnings as of 31 March 2013	Board of Directors' meeting on 30 April 2013	1,038,394,700	1,125,900	0.10	103.84	29 May 2013
d) Final dividend based on the retained earnings as of 31 December 2012	Annual General Meeting of the shareholders on 1 April 2013	1,039,379,600	141,000	0.10	103.94	11 April 2013
Total				0.40	415.47	

Dividends declared during the year 2012 consist of the following.

	Approved by	Qualified ordinary share (shares)	Shares held by the registrar (shares)	Dividend per share (Baht)	Dividend paid (Million Baht)	Paid date
a) Interim dividend based on the retained earnings as of 30 September 2012	Board of Directors' meeting on 6 November 2012	1,039,378,300	142,300	0.10	103.94	3 December 2012
b) Interim dividend based on the retained earnings as of 30 June 2012	Board of Directors' meeting on 6 August 2012	1,039,187,097	333,503	0.10	103.91	3 September 2012
c) Interim dividend based on the retained earnings as of 31 March 2012	Board of Directors' meeting on 14 May 2012	1,039,380,297	140,303	0.10	103.94	12 June 2012
d) Final dividend based on the retained earnings as of 31 December 2011	Annual General Meeting of the shareholders on 26 March 2012	1,039,382,300	138,300	0.15	155.91	5 April 2012
Total				<u>0.45</u>	<u>467.70</u>	

33. Commitments and contingent liabilities

33.1 Shipbuilding contracts commitments

As at 31 December 2013 and 2012, the Group had future minimum payment commitments under shipbuilding contracts as detailed below.

	2013		2012	
	(Million USD)	(Equivalent to Million Baht)	(Million USD)	(Equivalent to Million Baht)
The Company	294.91	9,676.89	122.60	3,755.43
Subsidiaries	70.36	2,308.83	-	-
Jointly controlled entity - proportion with the Company's shareholding (50%) - with Indian Shipbuilder	-	-	25.65	785.70
Jointly controlled entity - with Chinese Shipbuilder	-	-	43.52	1,333.21
Total	365.27	11,985.72	191.77	5,874.34

33.2 Obligations in respect of charges for management of the undrawn portion of loan facilities

As at 31 December 2013 and 2012, the Group had obligations in respect of the charges for management of the undrawn portion of loan facilities, which are summarised as follows.

Facility	Commitment fees payable by the Group	Undrawn loan balance as at		Terms of payment of commitment fees	Payable upto
		2013 (Million USD)	2012 (Million USD)		
Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)					
Facility 1	0.35% per annum of undrawn loan balance	-	88.00	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 2	1.20% per annum of undrawn loan balance	-	11.40	Every three months until the end of the drawdown period	Upon delivery of the vessel
Facility 3	1.15% per annum of undrawn loan balance	-	21.24	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 4	1.20% per annum of undrawn loan balance	38.69	45.60	Every three months until the end of the drawdown period	Upon delivery of each vessel

Facility	Commitment fees payable by the Group	Undrawn loan balance as at		Terms of payment of commitment fees	Payable upto
		2013	2012		
		(Million USD)	(Million USD)		
Loan facilities for purchasing of vessels					
Facility 2	0.70% per annum of undrawn loan balance	150.00	150.00	Every three months until the end of the drawdown period	30 June 2014
Facility 3	0.70% per annum of undrawn loan balance	35.18	69.98	Every three months until the end of the drawdown period	30 December 2014

33.3 Uncalled portion of other long-term investment

As at 31 December 2013 and 2012, the Company has a commitment of Baht 10.13 million in respect of the uncalled portion of other long-term investment (TMN Company Limited).

33.4 Long-term time charter commitments

Pursuant to a Memorandum of Understanding signed in October 2009, on 2 December 2009 and on 7 September 2012, the Company signed Long-Term Time Charter Contracts with a company incorporated in India (the charterer) for 4 new cement carriers. The charter periods under the contracts are 15 years, with a fixed charter rate per day as stipulated in the contracts. There is an option to extend the charter period twice by blocks of 5 years, with reduced charter rates as stipulated in the contracts. The vessels are new custom-built cement carriers, which have to be delivered to the charterer as per the committed schedule during 2011 to 2014. If the vessels are not delivered to the charterer within the agreed schedule, there is a fine payable of USD 4,250 per vessel per day.

The Company has nominated the 3 Long-Term Charter Contracts to ABC One Pte. Limited, ABC Two Pte. Limited and ABC Three Pte. Limited.

As at 31 December 2013, ABC One Pte. Limited and ABC Two Pte. Limited have paid the fine payable to the charterer due to the delay of vessel delivery amounting to USD 5.11 million or approximately Baht 167.77 million (2012; ABC One Pte. Limited paid USD 2.14 million or approximately Baht 65.61 million out of which the Company's portion was 50% of the amount, which is USD 1.07 million or approximately Baht 32.81 million) which is recorded in deferred contract costs account in the consolidated statement of financial position.

33.5 Commitment from option deed agreement

Apart from the Share Sale and Purchase Agreement signed with Varada Marine Pte. Ltd. (“the Seller”) as mentioned in Note 2.2 to the financial statements, ABC Company (as Grantor) has also entered into an Option Deed with the Seller on 18 January 2013 under which, the Seller shall have the option to purchase 50% of the issued share capital of each of the existing Subsidiaries (“Option Securities”) at the Price of ABC Company’s cost of investment (including Shareholder Loans) together with interest at 7.5% per annum. Each of the Option Securities for each of the subsidiary, may be exercised at any time during the period of 60 days commencing 30 days after the date of actual delivery of each Vessel of each of the Subsidiaries under the respective Shipbuilding Contracts.

34. Financial instruments

34.1 Financial risk management

The Group’s financial instruments, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables and loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable. The Group manages the risk by adopting a credit policy whereby they evaluate the creditworthiness of charterers and other parties and restricts dealings to financially sound parties, and strictly attend to the preparation and completeness of documentation and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Group’s exposure to interest rate risk relates primarily to its cash at banks and long-term loans. However, since most of the Group’s financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidated financial statements								
As at 31 December 2013								
	Fixed		Non-interest bearing	Total	Interest rate (% p.a.)			
	maturity date within 1 year	Floating interest rate			Total	Fixed	Floating	
						USD	USD	Baht
							Interest rate (% p.a.)	
Financial assets								
Cash and cash equivalents	657,435	2,168,157	116,192	2,941,784	0.74	0.13 - 0.45		0.50
Trade and other receivables	-	-	1,073,957	1,073,957	-	-		-
Total	657,435	2,168,157	1,190,149	4,015,741				
Financial liabilities								
Trade accounts payable	-	-	21,569	21,569	-	-		-
Long-term loans	-	9,272,757	-	9,272,757	-	1.35 - 3.00		6.25
Total	-	9,272,757	21,569	9,294,326				

(Unit: Thousand Baht)

Separate financial statements									
As at 31 December 2013									
	Fixed		Floating interest	Non-interest bearing	Total	Interest rate (% p.a.)			
	maturity date within 1 year	Fixed interest rate with maturity date at call				Total	Fixed	Floating	
							USD	USD	Baht
								Interest rate (% p.a.)	
Financial assets									
Cash and cash equivalents	575,677	-	1,546,166	678	2,122,521	0.74	0.35 - 0.45		0.50
Trade and other receivables	-	-	-	1,880,364	1,880,364	-	-		-
Short-term loans to a subsidiary	-	2,342,891	-	-	2,342,891	0.40	-		-
Long-term loans to a subsidiary	-	-	-	505,395	505,395	-	-		-
Total	575,677	2,342,891	1,546,166	2,386,437	6,851,171				
Financial liabilities									
Trade accounts payable	-	-	-	204	204	-	-		-
Advances received from related parties	-	-	-	2,023,148	2,023,148	-	-		-
Total	-	-	-	2,023,352	2,023,352				

(Unit: Thousand Baht)

Consolidated financial statements								
As at 31 December 2012								
	Fixed			Total	Interest rate (% p.a.)			
	interest rate with				Fixed	Floating		
	maturity date	Floating	Non-interest		USD	USD	Baht	
	within 1 year	interest rate	bearing					
<u>Financial assets</u>								
Cash and cash equivalents	1,290,546	495,481	114,988	1,901,015	0.64 - 1.25	0.10 - 0.40	0.75	
Trade and other receivables	-	-	216,784	216,784	-	-	-	
Total	1,290,546	495,481	331,772	2,117,799				
<u>Financial liabilities</u>								
Trade accounts payable	-	-	1,722	1,722	-	-	-	
Long-term loans	-	9,066,991	-	9,066,991	-	1.51 - 3.13	6.38	
Total	-	9,066,991	1,722	9,068,713				

(Unit: Thousand Baht)

Separate financial statements								
As at 31 December 2012								
	Fixed interest		Fixed		Total	Interest rate (% p.a.)		
	rate with		interest rate			Fixed	Floating	
	maturity date	with maturity	Floating	Non-		USD	USD	Baht
	within 1 year	date at call	interest	interest				
		rate	bearing					
<u>Financial assets</u>								
Cash and cash equivalents	343,023	-	302,508	745	646,276	1.25	0.10 - 0.30	0.75
Trade and other receivables	-	-	-	1,088,380	1,088,380	-	-	-
Short-term loans to a subsidiary	-	2,352,507	-	-	2,352,507	0.40	-	-
Long-term loans to jointly controlled entity	-	-	-	410,035	410,035	-	-	-
Total	343,023	2,352,507	302,508	1,499,160	4,497,198			
<u>Financial liabilities</u>								
Trade accounts payable	-	-	-	6	6	-	-	-
Advances received from related parties	-	-	-	2,626,665	2,626,665	-	-	-
Long-term loans	-	-	1,195,570	-	1,195,570	-	1.51 - 1.56	-
Total	-	-	1,195,570	2,626,671	3,822,241			

Foreign currency risk

Almost all revenues and expenditures of the Group is denominated in US Dollars, which provide a natural hedge against the currency risk associated with transactions in US Dollars. Consequently, the Group is exposed to a currency risk in respect of financial instruments denominated in other currencies. However, the Group's management has decided to maintain an open position with regard to this exposure, but endeavors to limit this exposure to the minimum possible amounts by not holding significant amounts of financial instruments denominated in other currencies or use derivative instruments, as and when it considers appropriate, to manage such risks.

The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.

The Group has the following significant financial assets and liabilities denominated in foreign currencies (currencies other than US Dollars which is the Group's functional currency).

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht loan	-	-	1,095.46	1,220.66	0.0303	0.0325

Foreign currency swap contracts outstanding are summarised below.

As at 31 December 2013				
Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
		Bought	Sold	
(USD per 1 foreign currency unit)				
Baht 1,095.46 million	USD 33.47 million	0.0302, 0.0309	-	Quarterly corresponding to the loan repayment schedule upto September 2022
As at 31 December 2012				
Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
		Bought	Sold	
(USD per 1 foreign currency unit)				
Baht 1,220.66 million	USD 37.29 million	0.0302, 0.0309	-	Quarterly corresponding to the loan repayment schedule upto September 2022

34.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instruments.

Since the majority of the Group's financial assets and liabilities are short-term in nature or bear floating interest rates and long-term loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

35. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Group manages its capital position with reference to its debt-to-equity ratio also to comply with a condition in the long-term loan agreements, which require the Group to maintain a consolidated debt-to-equity ratio of not more than 2:1.

As at 31 December 2013, the Group's debt-to-equity ratio was 0.63:1 (2012: 0.66:1) and the Company's was 0.16:1 (2012: 0.33:1) which is calculated from USD functional currency financial statements.

36. Events after the reporting period

- 36.1 On 9 January 2014, Precious Shipping (Panama) S.A., ("the overseas subsidiary"), which held 41 of 64 shares in the Fujisan Maru Vessel ("Vessel"), and the Joint Owner (held 23 of 64 shares) entered into a Memorandum of Agreement with an overseas company to sell the Vessel for USD 2.31 million. According to the shareholding in the Vessel, the sale price of the Vessel to be paid to the overseas subsidiary is USD 1.48 million or about Baht 48.86 million. The vessel is already delivered to the buyer and the overseas subsidiary already received the selling price of USD 1.48 million on 15 January 2014.
- 36.2 On 13 January 2014, Associated Bulk Carriers Pte. Limited ("Original buyer") entered into a novation agreement with its subsidiary, ABC One Pte. Limited. ("New buyer") and China Shipbuilding & Offshore International Co. Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd. ("Sellers") to transfer all the rights, title, interest, benefits, obligation and/or liabilities of the shipbuilding contract dated 30 August 2013 for construction of one 20,000 DWT Cement Carrier having builder hull No. CC200-04.

36.3 On 7 February 2014, the Company's Board of Directors' meeting passed a resolution to propose to the Annual General Meeting of shareholders to be held in March 2014 to adopt a resolution to pay a dividend of Baht 0.10 per share, or a total of Baht 103.95 million, to the shareholders in respect of the Company's retained earnings as of 31 December 2013.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

37. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2013 and 2012 and income statements for the years ended 31 December 2013 and 2012 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Assets				
Current assets				
Cash and cash equivalents	89,651	62,061	64,684	21,098
Current investment	-	-	-	-
Trade and other receivables	32,729	7,077	57,304	35,531
Short-term loans to a subsidiary	-	-	71,400	76,800
Current portion of advances for vessel constructions	18,076	15,768	18,076	12,796
Bunker oil	3,116	4,791	-	-
Other current assets				
Advances to vessel masters	3,782	3,366	-	-
Claim recoverables	851	774	-	-
Others	2,211	2,190	1,454	1,465
Total other current assets	6,844	6,330	1,454	1,465
Total current assets	150,416	96,027	212,918	147,690
Non-current assets				
Investments in subsidiaries	-	-	235,163	228,589
Investment in joint venture	-	-	-	-
Investment in associate held by a subsidiary	3,120	3,418	-	-
Other long-term investment	260	260	260	260
Long-term loans to jointly controlled entity	-	-	-	13,386
Long-term loans to a subsidiary	-	-	15,402	-
Receivables from cross currency swap contracts	54	2,746	-	-
Property, plant and equipment	568,958	529,276	216	257
Intangible assets	124	420	123	418
Other non-current assets				
Claim recoverables - maritime claims	4,247	1,490	-	-
Advances for vessel constructions - net of current portion	42,062	145,580	14,284	125,976
Deferred financial fees	2,966	4,088	2,300	3,283
Deferred contract costs	5,113	1,071	-	-
Others	94	98	73	78
Total other non-current assets	54,482	152,327	16,657	129,337
Total non-current assets	626,998	688,447	267,821	372,247
Total assets	777,414	784,474	480,739	519,937

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade accounts payable	657	56	6	-
Advances received from related parties	-	-	61,656	85,750
Accrued crew accounts	2,623	2,423	-	-
Accrued expenses	2,139	4,366	23	124
Current portion of accrued employee bonus	1,324	1,444	1,222	1,335
Total trade and other payables	6,743	8,289	62,907	87,209
Advances received from charterers	2,000	1,120	-	-
Current portion of long-term loans	19,928	26,181	-	15,732
Income tax payable	240	145	-	-
Other current liabilities				
Withholding tax payable	122	360	80	317
Others	742	450	110	167
Total other current liabilities	864	810	190	484
Total current liabilities	29,775	36,545	63,097	103,425
Non-current liabilities				
Accrued employee bonus - net of current portion	935	750	860	693
Long-term loans - net of current portion	262,661	269,820	-	23,266
Provision for maritime claims	5,352	2,210	-	-
Provision for long-term employee benefits	2,333	2,296	2,142	2,099
Total non-current liabilities	271,281	275,076	3,002	26,058
Total liabilities	301,056	311,621	66,099	129,483
Shareholders' equity				
Share capital				
Registered share capital	35,308	35,308	35,308	35,308
Issued and paid-up share capital	35,308	35,308	35,308	35,308
Paid-in capital				
Premium on ordinary shares	16,135	16,135	16,135	16,135
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	14,285	-	-
Corporate social responsibility reserve	511	467	511	467
Unappropriated	403,659	400,142	355,065	330,923
Other components of shareholders' equity	(1,654)	(1,145)	-	-
Equity attributable to owner of the Company	476,040	472,813	414,640	390,454
Non-controlling interests of the subsidiaries	318	40	-	-
Total shareholders' equity	476,358	472,853	414,640	390,454
Total liabilities and shareholders' equity	777,414	784,474	480,739	519,937

Precious Shipping Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2013

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Revenues				
Vessel operating income				
Hire income	84,746	70,219	-	-
Freight income	40,011	42,117	-	-
Total vessel operating income	124,757	112,336	-	-
Service income	368	360	2,917	2,329
Gains on sales of equipment	1	9	1	9
Gains on novation/cancellation of shipbuilding contracts	30,824	9,771	29,550	9,771
Interest income	274	654	444	735
Exchange gains	423	-	502	-
Other income	78	106	78	88
Dividend received	-	-	17,932	17,301
Total revenues	156,725	123,236	51,424	30,233
Expenses				
Vessel operating costs				
Vessel running expenses	53,874	40,510	-	-
Voyage disbursements	5,583	7,026	-	-
Bunker consumption	17,766	18,387	-	-
Total vessel operating costs	77,223	65,923	-	-
Depreciation	36,790	29,331	91	130
Cost of services	158	139	-	-
Administrative expenses	7,091	5,725	6,082	4,910
Management remuneration including perquisites	3,547	2,848	3,344	2,709
Bad debts and doubtful accounts	39	394	-	-
Exchange losses	-	182	-	243
Total expenses	124,848	104,542	9,517	7,992
Profit before share of profit (loss) from investment in associate, finance cost and income tax expenses	31,877	18,694	41,907	22,241
Share of profit (loss) from investment in associate held by a subsidiary	1,025	(74)	-	-
Profit before finance cost and income tax expenses	32,902	18,620	41,907	22,241
Finance cost	(14,881)	(13,947)	(3,963)	(5,014)
Profit before income tax expenses	18,021	4,673	37,944	17,227
Income tax expenses	(250)	(133)	-	-
Profit for the year	17,771	4,540	37,944	17,227
Profit attributable to:				
Equity holders of the Company	17,493	4,455	37,944	17,227
Non-controlling interests of the subsidiaries	278	85	-	-
Profit for the year	17,771	4,540	37,944	17,227
				(Unit: USD)
Basic earnings per share				
Profit attributable to equity holders of the Company	0.0168	0.0043	0.0365	0.0166

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 7 February 2014.