

Precious Shipping Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2015

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 2015, 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 judgement, 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 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to note 18.3 to the financial statements regarding the cancellation of the Shipbuilding Contracts and the uncertainty regarding the outcome of arbitration proceedings. My opinion is not qualified in respect of this matter.

Vissuta Jariyathanakorn
Certified Public Accountant (Thailand) No. 3853

EY Office Limited
Bangkok: 8 February 2016

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|----------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6 | 453,507,794 | 535,001,673 | 52,362,535 | 84,076,966 |
| Current investment | 7 | - | - | - | - |
| Trade and other receivables | 8 | 240,951,914 | 317,561,137 | 3,886,261,431 | 1,503,991,429 |
| Short-term loans to a subsidiary | 10 | - | - | 1,703,381,920 | 1,661,335,200 |
| Bunker oil | | 142,870,647 | 115,495,892 | - | - |
| Other current assets | | | | | |
| Advances to vessel masters | | 130,043,279 | 134,794,628 | - | - |
| Claim recoverables | | 20,020,793 | 30,380,041 | - | - |
| Others | | 41,724,032 | 39,524,366 | 22,582,819 | 15,561,357 |
| Total other current assets | | 191,788,104 | 204,699,035 | 22,582,819 | 15,561,357 |
| Total current assets | | 1,029,118,459 | 1,172,757,737 | 5,664,588,705 | 3,264,964,952 |
| Non-current assets | | | | | |
| Restricted bank deposits | 11 | 897,335,050 | - | - | - |
| Long-term loans to a subsidiary | 12 | - | - | 350,131,597 | 319,807,026 |
| Investments in subsidiaries | 13 | - | - | 8,883,168,996 | 8,110,938,244 |
| Investment in associate held by a subsidiary | 14 | 85,676,340 | 95,581,951 | - | - |
| Other long-term investment | 15 | 20,481,741 | 13,731,526 | 20,481,741 | 13,731,526 |
| Property, plant and equipment | 16 | 25,329,890,038 | 22,070,925,175 | 6,686,425 | 5,448,058 |
| Intangible assets | 17 | 2,034,055 | 2,795,441 | 2,027,544 | 2,776,175 |
| Other non-current assets | | | | | |
| Claim recoverables - maritime claims | | 145,256,940 | 144,524,065 | - | - |
| Advances for vessel constructions | 18 | 4,451,615,064 | 4,014,210,287 | 4,436,780,935 | 3,660,902,839 |
| Deferred financial fees | 19 | 217,541,606 | 124,190,631 | 217,541,606 | 120,953,991 |
| Deferred contract costs | 20, 35.4 | 275,762,198 | 266,733,863 | - | - |
| Others | | 3,107,467 | 3,077,357 | 2,395,665 | 2,395,608 |
| Total other non-current assets | | 5,093,283,275 | 4,552,736,203 | 4,656,718,206 | 3,784,252,438 |
| Total non-current assets | | 31,428,700,499 | 26,735,770,296 | 13,919,214,509 | 12,236,953,467 |
| Total assets | | 32,457,818,958 | 27,908,528,033 | 19,583,803,214 | 15,501,918,419 |

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 2015

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-----------------------|-------------------------------|----------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | | | | | |
| Trade and other payables | 9 | 98,883,068 | 128,024,368 | 11,544,003 | 98,393,785 |
| Advances received from related parties | 9 | - | - | 1,381,955,629 | 1,403,844,229 |
| Accrued crew accounts | | 128,272,679 | 113,499,321 | - | - |
| Accrued expenses | | 171,791,550 | 155,652,048 | 14,846,485 | 21,975,998 |
| Accrued employee bonus | | 34,530,011 | 14,159,437 | 30,162,476 | 12,901,420 |
| Total trade and other payables | | 433,477,308 | 411,335,174 | 1,438,508,593 | 1,537,115,432 |
| Advances received from charterers | | 45,297,395 | 17,214,218 | - | - |
| Current portion of long-term loans | 21 | 5,603,701,289 | 811,972,034 | 486,997,656 | - |
| Income tax payable | | 379,652 | 3,732,540 | - | - |
| Other current liabilities | | 26,492,807 | 21,661,725 | 7,373,406 | 6,174,985 |
| Total current liabilities | | 6,109,348,451 | 1,265,915,691 | 1,932,879,655 | 1,543,290,417 |
| Non-current liabilities | | | | | |
| Payables to cross currency swap contracts | | 82,803,510 | 2,439,466 | - | - |
| Long-term loans - net of current portion | 21 | 9,206,495,265 | 11,101,329,726 | 118,751,647 | 36,410,473 |
| Provision for maritime claims | 22 | 201,878,185 | 181,705,142 | - | - |
| Unsecured corporate credit | 18.4 | 288,708,800 | - | 288,708,800 | - |
| Provision for long-term employee benefits | 23 | 82,417,640 | 73,284,618 | 74,737,902 | 66,727,634 |
| Total non-current liabilities | | 9,862,303,400 | 11,358,758,952 | 482,198,349 | 103,138,107 |
| Total liabilities | | 15,971,651,851 | 12,624,674,643 | 2,415,078,004 | 1,646,428,524 |

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 2015

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Shareholders' equity | | | | | |
| Share capital | 24 | | | | |
| Registered share capital | | | | | |
| 1,611,256,930 ordinary shares of Baht 1 each (2014: 1,039,520,600 ordinary shares of Baht 1 each) | | 1,611,256,930 | 1,039,520,600 | 1,611,256,930 | 1,039,520,600 |
| Issued and paid-up share capital | | | | | |
| 1,559,280,897 ordinary shares of Baht 1 each (2014: 1,039,520,600 ordinary shares of Baht 1 each) | | 1,559,280,897 | 1,039,520,600 | 1,559,280,897 | 1,039,520,600 |
| Paid-in capital | | | | | |
| Premium on ordinary shares | | 1,967,716,593 | 411,429,745 | 1,967,716,593 | 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 | 26 | 103,952,060 | 103,952,060 | 103,952,060 | 103,952,060 |
| - subsidiaries | 26 | 523,320,000 | 523,320,000 | - | - |
| Corporate social responsibility reserve | 27 | 16,349,679 | 16,587,639 | 16,349,679 | 16,587,639 |
| Unappropriated | | 11,478,160,540 | 13,907,253,962 | 11,361,856,460 | 11,618,389,129 |
| Other components of shareholders' equity | | 666,853,827 | (889,507,521) | 1,987,123,709 | 493,164,910 |
| Equity attributable to owners of the Company | | 16,488,079,408 | 15,285,002,297 | 17,168,725,210 | 13,855,489,895 |
| Non-controlling interests of the subsidiaries | | (1,912,301) | (1,148,907) | - | - |
| Total shareholders' equity | | 16,486,167,107 | 15,283,853,390 | 17,168,725,210 | 13,855,489,895 |
| Total liabilities and shareholders' equity | | 32,457,818,958 | 27,908,528,033 | 19,583,803,214 | 15,501,918,419 |
| | | - | - | 0 | - |

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 2015

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|-------|-----------------------------------|----------------------|-------------------------------|--------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | |
| Vessel operating income | | | | | |
| Hire income | | 2,919,613,883 | 3,307,649,614 | - | - |
| Freight income | | 1,329,368,563 | 1,267,377,264 | - | - |
| Total vessel operating income | | 4,248,982,446 | 4,575,026,878 | - | - |
| Service income | 9 | 7,672,324 | 10,455,636 | 91,225,858 | 92,791,839 |
| Gains on sales of vessel and equipment | 16 | - | 26,975,835 | 743,414 | - |
| Gains on cancellation of shipbuilding contracts | 18 | - | 39,554,472 | - | 39,554,472 |
| Gain on disposal of current investment | 7 | 5,117,873 | - | - | - |
| Interest income | 9 | 2,089,705 | 5,218,949 | 1,242,665 | 6,042,774 |
| Exchange gains | | - | 4,326,627 | - | 196,814 |
| Other income | | 53,260 | 37,933 | 4,122 | 38,678 |
| Dividend received | 9, 13 | - | - | - | 702,599,250 |
| Total revenues | | 4,263,915,608 | 4,661,596,330 | 93,216,059 | 841,223,827 |
| Expenses | | | | | |
| Vessel operating costs | | | | | |
| Vessel running expenses | | 2,256,496,685 | 1,980,274,880 | - | - |
| Voyage disbursements | | 332,614,743 | 207,585,794 | - | - |
| Bunker consumption | | 494,669,175 | 535,746,927 | - | - |
| Total vessel operating costs | | 3,083,780,603 | 2,723,607,601 | - | - |
| Depreciation | 16 | 1,505,204,048 | 1,267,075,761 | 2,517,746 | 2,477,506 |
| Cost of services | | 5,212,221 | 4,635,132 | - | - |
| Loss on sales of vessel | 16 | 279,033,309 | - | - | - |
| Loss on impairment of assets | 16 | 840,771,294 | - | - | - |
| Administrative expenses | 9 | 289,445,453 | 173,167,527 | 220,376,290 | 144,660,498 |
| Management remuneration including perquisites | 9 | 96,527,119 | 79,174,357 | 89,738,783 | 76,161,293 |
| Bad debts and doubtful accounts | | 6,330,760 | 2,063,553 | - | - |
| Exchange losses | | 25,369,407 | - | 28,230,449 | - |
| Total expenses | | 6,131,674,214 | 4,249,723,931 | 340,863,268 | 223,299,297 |
| Profit (loss) before share of profit from investment in associate, finance cost and income tax expense | | (1,867,758,606) | 411,872,399 | (247,647,209) | 617,924,530 |
| Share of profit from investment in associate held by a subsidiary | 14.1 | 8,242,996 | 7,631,022 | - | - |
| Profit (loss) before finance cost and income tax expense | | (1,859,515,610) | 419,503,421 | (247,647,209) | 617,924,530 |
| Finance cost | | (564,630,173) | (499,622,667) | (6,561,175) | (120,511,673) |
| Profit (loss) before income tax expense | | (2,424,145,783) | (80,119,246) | (254,208,384) | 497,412,857 |
| Income tax expense | 29 | (1,657,760) | (2,237,374) | - | - |
| Profit (loss) for the year | | (2,425,803,543) | (82,356,620) | (254,208,384) | 497,412,857 |

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

Precious Shipping Public Company Limited and its subsidiaries

Income statement (continued)

For the year ended 31 December 2015

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--|----------------------|--------------------------------------|----------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | | (2,425,783,474) | (80,217,879) | (254,208,384) | 497,412,857 |
| Non-controlling interests of the subsidiaries | | (20,069) | (2,138,741) | - | - |
| Profit (loss) for the year | | <u>(2,425,803,543)</u> | <u>(82,356,620)</u> | <u>(254,208,384)</u> | <u>497,412,857</u> |
| Basic earnings per share | 31 | | | | |
| Profit (loss) attributable to equity holders of the Company | | <u>(1.82)</u> | <u>(0.08)</u> | <u>(0.19)</u> | <u>0.48</u> |
| Weighted average number of ordinary shares (Shares) | | <u>1,332,864,768</u> | <u>1,039,520,600</u> | <u>1,332,864,768</u> | <u>1,039,520,600</u> |

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 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------------|-------------------------------|---------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Profit (loss) for the year | <u>(2,425,803,543)</u> | <u>(82,356,620)</u> | <u>(254,208,384)</u> | <u>497,412,857</u> |
| Other comprehensive income: | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of foreign operation's financial statements | <u>(13,315,998)</u> | <u>(4,639,822)</u> | - | - |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | <u>(13,315,998)</u> | <u>(4,639,822)</u> | - | - |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Actuarial loss | <u>(3,547,908)</u> | - | <u>(2,562,245)</u> | - |
| Exchange differences on translation of functional currency to presentation currency financial statements | <u>1,569,561,168</u> | <u>60,991,449</u> | <u>1,493,958,799</u> | <u>64,055,384</u> |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | <u>1,566,013,260</u> | <u>60,991,449</u> | <u>1,491,396,554</u> | <u>64,055,384</u> |
| Other comprehensive income for the year | <u>1,552,697,262</u> | <u>56,351,627</u> | <u>1,491,396,554</u> | <u>64,055,384</u> |
| Total comprehensive income for the year | <u><u>(873,106,281)</u></u> | <u><u>(26,004,993)</u></u> | <u><u>1,237,188,170</u></u> | <u><u>561,468,241</u></u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | <u>(872,970,034)</u> | <u>(23,769,794)</u> | <u>1,237,188,170</u> | <u>561,468,241</u> |
| Non-controlling interests of the subsidiaries | <u>(136,247)</u> | <u>(2,235,199)</u> | - | - |
| | <u><u>(873,106,281)</u></u> | <u><u>(26,004,993)</u></u> | <u><u>1,237,188,170</u></u> | <u><u>561,468,241</u></u> |

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 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------------|--------------------------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | |
| Profit (loss) before tax | (2,424,145,783) | (80,119,246) | (254,208,384) | 497,412,857 |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 1,506,180,785 | 1,268,348,338 | 3,480,570 | 3,736,944 |
| Bad debt and doubtful accounts | 6,330,760 | 2,063,553 | - | - |
| Write-off equipment | 102,046 | 7,586 | 102,046 | 7,586 |
| Losses (gains) on sales of vessel and equipment | 278,187,849 | (26,975,835) | (845,459) | - |
| Loss on impairment of assets | 840,771,294 | - | - | - |
| Gains on cancellation of shipbuilding contracts | - | (39,554,472) | - | (39,554,472) |
| Gain on disposal of current investment | (5,117,873) | - | - | - |
| Write-off deferred financial fees | 4,211,396 | 74,773,968 | 4,211,396 | 74,773,968 |
| Amortisation of deferred contract costs | 19,307,157 | 9,418,209 | - | - |
| Share of profit from investment in associate held by a subsidiary | (8,242,996) | (7,631,022) | - | - |
| Provision for maritime claims | 14,856,874 | 850,574 | - | - |
| Provision for long-term employee benefits | 5,832,868 | 5,530,005 | 5,499,505 | 5,233,461 |
| Unrealised exchange losses (gains) | (3,612,102) | 2,274,622 | (5,368,043) | 1,161,903 |
| Amortised financial fees to interest expenses | 71,852,060 | 43,941,035 | - | - |
| Interest expense | 477,817,291 | 308,329,031 | - | - |
| Interest income | - | (1,173,609) | - | (3,507,403) |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 784,331,626 | 1,560,082,737 | (247,128,369) | 539,264,844 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 154,374,769 | (79,542,628) | (1,530,146,202) | 463,231,958 |
| Bunker oil | (23,192,399) | (16,050,956) | - | - |
| Other current assets | 33,826,456 | 16,019,453 | (3,999,138) | 26,752,394 |
| Other non-current assets | (3,602,776) | (106,260,584) | - | - |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 81,097,207 | 69,668,412 | (124,653,476) | (646,836,104) |
| Advances received from charterers | 24,217,286 | (48,239,419) | - | - |
| Other current liabilities | 2,158,781 | (7,767,466) | 805,115 | 138,863 |
| Non-current liabilities | (186,772) | (33,242,990) | - | (30,675,316) |
| Cash flows from (used in) operating activities | 1,053,024,178 | 1,354,666,559 | (1,905,122,070) | 351,876,639 |
| Cash paid for corporate income tax and withholding tax deducted at source | (7,251,571) | (8,842,334) | (1,988,543) | (2,554,162) |
| Net cash flows from (used in) operating activities | 1,045,772,607 | 1,345,824,225 | (1,907,110,613) | 349,322,477 |

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 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from investing activities | | | | |
| Cash received from disposal of current investment | 5,117,873 | - | - | - |
| Acquisitions of vessels and equipment and payment of dry-dock and special survey expenses | (2,884,984,975) | (3,433,213,024) | (3,440,786) | (840,333) |
| Cash received from sales of vessel and equipment | 124,345,011 | 46,146,986 | 845,500 | - |
| Cash paid for advances for vessel constructions and other direct costs | (1,536,637,858) | (3,585,553,887) | (1,523,840,105) | (3,356,193,553) |
| Cash received from amendment/cancellation of shipbuilding contracts | 428,898,424 | 1,454,278,055 | 428,898,424 | 853,863,479 |
| Cash paid for investments in subsidiaries | - | - | (2,999,400) | (350,720,000) |
| Cash paid for other long-term investment | (5,065,215) | (5,065,215) | (5,065,215) | (5,065,215) |
| Cash received from non-controlling interests of subsidiaries | 600 | - | 35 | - |
| Cash received from unsecured corporate credit | 288,708,800 | - | 288,708,800 | - |
| Decrease in short-term loans to a subsidiary | - | - | 104,161,920 | 678,147,000 |
| Decrease in long-term loans to a subsidiary | - | - | - | 186,311,340 |
| Dividend received from associate held by a subsidiary | 18,506,246 | 10,396,014 | - | - |
| Interest income | - | 1,173,609 | - | 3,507,403 |
| Net cash flows used in investing activities | (3,561,111,094) | (5,511,837,462) | (712,730,827) | (1,990,989,879) |
| Cash flows from financing activities | | | | |
| Increase in restricted bank deposits | (897,335,050) | - | - | - |
| Cash paid for interest expense and commitment fees | (493,844,112) | (321,589,545) | (15,948,289) | - |
| Cash paid for deferred financial fees | (126,200,855) | (121,762,583) | (126,172,834) | (112,303,572) |
| Cash received from long-term loans | 2,874,319,731 | 3,481,381,624 | 629,322,567 | 36,558,558 |
| Repayment of long-term loans | (1,047,978,566) | (714,031,860) | (112,009,690) | - |
| Prepayment of long-term loans | (125,145,493) | (225,264,715) | - | - |
| Cash received from share capital increase | 2,076,047,145 | - | 2,076,047,145 | - |
| Dividends paid to the Company's shareholders | - | (311,816,790) | - | (311,816,790) |
| Dividend paid to non-controlling interests of the subsidiary | (627,747) | (9,351,484) | - | - |
| Net cash flows from (used in) financing activities | 2,259,235,053 | 1,777,564,647 | 2,451,238,899 | (387,561,804) |
| Increase (decrease) in translation adjustments | 174,609,555 | (18,334,233) | 136,888,110 | (9,214,788) |
| Net decrease in cash and cash equivalents | (81,493,879) | (2,406,782,823) | (31,714,431) | (2,038,443,994) |
| Cash and cash equivalents at beginning of year | 535,001,673 | 2,941,784,496 | 84,076,966 | 2,122,520,960 |
| Cash and cash equivalents at end of year | 453,507,794 | 535,001,673 | 52,362,535 | 84,076,966 |
| | - | - | - | - |

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 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--------------------------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| Supplemental cash flows information | | | | |
| Non-cash transactions | | | | |
| Dividend income from subsidiaries offset against receivable from/payable to subsidiaries | - | - | - | 702,599,250 |
| Transfer of interest expenses and commitment fee to advances for vessel constructions | 16,249,398 | 11,398,712 | 16,170,867 | 63,889 |
| Amortisation of financial fees to advances for vessel constructions | 2,785,226 | 40,659 | 2,785,226 | 3,427 |
| Transfer of deferred financial fees to present as a deduction from long-term loans | 39,643,477 | 41,790,923 | 4,438,429 | 374,086 |
| Transfer of deferred financial fees to subsidiaries in proportion to the drawdown amount | - | - | 31,980,881 | 13,452,169 |
| Transfer of advances for vessel constructions to vessel and equipment of subsidiaries | 982,442,243 | 1,089,918,100 | 634,595,827 | 296,698,813 |
| Actuarial loss | 3,547,908 | - | 2,562,245 | - |

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 2015

(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 | | | Unappropriated | Exchange differences on translation of financial statements | Total equity attributable to the Company | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity |
| | | | | Appropriated | | Corporate social responsibility reserve | | | | | |
| | | | | Statutory reserve | | | | | | | |
| | | | | The Company | Subsidiaries | | | | | | |
| Balance as at 1 January 2014 | 1,039,520,600 | 411,429,745 | 172,445,812 | 103,952,060 | 523,320,000 | 16,107,479 | 14,299,768,791 | (945,955,606) | 15,620,588,881 | 10,437,776 | 15,631,026,657 |
| Dividend paid to the Company's shareholders (Note 34) | - | - | - | - | - | - | (311,816,790) | - | (311,816,790) | - | (311,816,790) |
| Dividend paid to non-controlling interests of the subsidiary | - | - | - | - | - | - | - | - | - | (9,351,484) | (9,351,484) |
| Loss for the year | - | - | - | - | - | - | (80,217,879) | - | (80,217,879) | (2,138,741) | (82,356,620) |
| Other comprehensive income for the year | - | - | - | - | - | - | - | 56,448,085 | 56,448,085 | (96,458) | 56,351,627 |
| Total comprehensive income for the year | - | - | - | - | - | - | (80,217,879) | 56,448,085 | (23,769,794) | (2,235,199) | (26,004,993) |
| Appropriated to corporate social responsibility reserve (Note 27) | - | - | - | - | - | 480,160 | (480,160) | - | - | - | - |
| Balance as at 31 December 2014 | 1,039,520,600 | 411,429,745 | 172,445,812 | 103,952,060 | 523,320,000 | 16,587,639 | 13,907,253,962 | (889,507,521) | 15,285,002,297 | (1,148,907) | 15,283,853,390 |
| Balance as at 1 January 2015 | 1,039,520,600 | 411,429,745 | 172,445,812 | 103,952,060 | 523,320,000 | 16,587,639 | 13,907,253,962 | (889,507,521) | 15,285,002,297 | (1,148,907) | 15,283,853,390 |
| Increase in share capital (Note 24) | 519,760,297 | 1,556,286,848 | - | - | - | - | - | - | 2,076,047,145 | - | 2,076,047,145 |
| Increase in non-controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | 600 | 600 |
| Dividend paid to non-controlling interests of the subsidiary | - | - | - | - | - | - | - | - | - | (627,747) | (627,747) |
| Loss for the year | - | - | - | - | - | - | (2,425,783,474) | - | (2,425,783,474) | (20,069) | (2,425,803,543) |
| Other comprehensive income for the year | - | - | - | - | - | - | (3,547,908) | 1,556,361,348 | 1,552,813,440 | (116,178) | 1,552,697,262 |
| Total comprehensive income for the year | - | - | - | - | - | - | (2,429,331,382) | 1,556,361,348 | (872,970,034) | (136,247) | (873,106,281) |
| Appropriated to corporate social responsibility reserve (Note 27) | - | - | - | - | - | (237,960) | 237,960 | - | - | - | - |
| Balance as at 31 December 2015 | 1,559,280,897 | 1,967,716,593 | 172,445,812 | 103,952,060 | 523,320,000 | 16,349,679 | 11,478,160,540 | 666,853,827 | 16,488,079,408 | (1,912,301) | 16,486,167,107 |
| | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |

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 2015

(Unit: Baht)

| | Separate financial statements | | | | | | | |
|---|--|-------------------------------|------------------------------|--------------------|---|-----------------------|---|----------------------------------|
| | Issued and paid-up share capital | Premium on ordinary shares | Premium on treasury stock | Retained earnings | | | Other components of shareholders' equity - other comprehensive income | |
| | | | | Statutory reserve | Appropriated | | Exchange differences on translation of financial statements | Total shareholders' equity |
| | | | | | Corporate social responsibility reserve | Unappropriated | | |
| Balance as at 1 January 2014 | 1,039,520,600 | 411,429,745 | 172,445,812 | 103,952,060 | 16,107,479 | 11,433,273,222 | 429,109,526 | 13,605,838,444 |
| Dividend paid to the Company's shareholders (Note 34) | - | - | - | - | - | (311,816,790) | - | (311,816,790) |
| Profit for the year | - | - | - | - | - | 497,412,857 | - | 497,412,857 |
| Other comprehensive income for the year | - | - | - | - | - | - | 64,055,384 | 64,055,384 |
| Total comprehensive income for the year | - | - | - | - | - | 497,412,857 | 64,055,384 | 561,468,241 |
| Appropriated to corporate social responsibility reserve (Note 27) | - | - | - | - | 480,160 | (480,160) | - | - |
| Balance as at 31 December 2014 | <u>1,039,520,600</u> | <u>411,429,745</u> | <u>172,445,812</u> | <u>103,952,060</u> | <u>16,587,639</u> | <u>11,618,389,129</u> | <u>493,164,910</u> | <u>13,855,489,895</u> |
| Balance as at 1 January 2015 | 1,039,520,600 | 411,429,745 | 172,445,812 | 103,952,060 | 16,587,639 | 11,618,389,129 | 493,164,910 | 13,855,489,895 |
| Increase in share capital (Note 24) | 519,760,297 | 1,556,286,848 | - | - | - | - | - | 2,076,047,145 |
| Loss for the year | - | - | - | - | - | (254,208,384) | - | (254,208,384) |
| Other comprehensive income for the year | - | - | - | - | - | (2,562,245) | 1,493,958,799 | 1,491,396,554 |
| Total comprehensive income for the year | - | - | - | - | - | (256,770,629) | 1,493,958,799 | 1,237,188,170 |
| Appropriated to corporate social responsibility reserve (Note 27) | - | - | - | - | (237,960) | 237,960 | - | - |
| Balance as at 31 December 2015 | <u>1,559,280,897</u> | <u>1,967,716,593</u> | <u>172,445,812</u> | <u>103,952,060</u> | <u>16,349,679</u> | <u>11,361,856,460</u> | <u>1,987,123,709</u> | <u>17,168,725,210</u> |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |

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 2015

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 | |
|---|----------------------|--------------------------|---|-------|
| | | | 2015 | 2014 |
| | | | % | % |
| <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 |
| 35. Precious Moons Limited | Shipowner | Thailand | 99.98 | - |
| 36. Precious Venus Limited | Shipowner | Thailand | 99.98 | - |
| 37. Precious Neptune Limited | Shipowner | Thailand | 99.98 | - |
| 38. Nedtex Limited | Bulk storage barges* | Thailand | 69.99 | 69.99 |
| 39. Precious Storage Terminals Limited | Bulk storage barges* | Thailand | 69.99 | 69.99 |

| Company's name | Nature of business | Country of incorporation | Percentage directly and indirectly owned by the Company | |
|--|---------------------------------------|--------------------------|---|--------|
| | | | 2015 | 2014 |
| | | | % | % |
| 40. Thebes Pte. Limited | Maritime Business* | Singapore | 100.00 | 100.00 |
| 41. Precious Shipping (Panama) S.A. | Shipowner/ Chartering | Panama | 99.99 | 99.99 |
| 42. Precious Shipping (Mauritius) Limited | Holding company* | Mauritius | 100.00 | 100.00 |
| 43. Precious Shipping (Singapore) Pte. Limited | Holding company/ Chartering | Singapore | 100.00 | 100.00 |
| 44. Precious Shipping (UK) Limited | Chartering | England | 100.00 | 100.00 |
| 45. Great Circle Shipping Agency Limited | Technical manager of ships | Thailand | 99.99 | 99.99 |
| 46. Precious Projects Pte. Limited | Investment holding company*** | Singapore | - | 100.00 |
| 47. Associated Bulk Carriers Pte. Limited | Holding company | Singapore | 100.00 | 100.00 |
| <u>Subsidiaries held by subsidiaries</u> | | | | |
| 48. Precious Projects Pte. Limited | Investment holding company*** | Singapore | 100.00 | - |
| 49. PSL Investments Limited | Holding company* | Mauritius | 100.00 | 100.00 |
| 50. International Lighterage Limited | Holding company* | Mauritius | 100.00 | 100.00 |
| 51. PSL Thun Shipping Pte. Limited | Chartering** | Singapore | - | 64.06 |
| 52. Regidor Pte. Limited | Maritime business * | Singapore | 100.00 | 100.00 |
| 53. Precious Forests Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 54. Precious Fragrance Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 55. Precious Thoughts Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 56. Precious Comforts Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 57. Precious Sparks Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 58. Precious Visions Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 59. Precious Bridges Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 60. Precious Tides Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 61. Precious Skies Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 62. Precious Grace Pte. Ltd. | Shipowner | Singapore | 100.00 | - |
| 63. Precious Sonnets Pte. Ltd. | Shipowner | Singapore | 100.00 | - |
| 64. Precious Glories Pte. Ltd. | Shipowner | Singapore | 100.00 | - |
| 65. Precious Wisdom Pte. Ltd. | Shipowner | Singapore | 100.00 | - |
| 66. ABC One Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 67. ABC Two Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 68. ABC Three Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| 69. ABC Four Pte. Limited | Shipowner | Singapore | 100.00 | 100.00 |
| <u>Associate held by a subsidiary</u> | | | | |
| 70. International Seaports (Haldia) Private Limited | Berth construction and development | India | 22.40 | 22.40 |

*Business suspended

**Completed the dissolution process during the year 2015

***Sales of investment under common control of the Group

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) 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.

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.

d) The financial statements of the subsidiaries 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.

e) The financial statements of all subsidiaries and associate 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.

f) 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.

g) 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 present investments in subsidiaries under the cost method.

3. **New financial reporting standards**

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

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Group already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Group's financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Group's financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Group.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is 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 impairment loss (if any).
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries 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/Depreciation

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 asset under construction.

An item of buildings 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 Deferred contract costs

The delay penalties, which the Group paid to the charterer of Cement Carriers before delivery of the vessels in order to maintain respective long-term time charter contracts, are recorded as deferred contract costs and amortised on a straight-line basis over the committed term of the charter under the contract, which is 15 years. The vessel operating income is presented net of this amortisation in the income statement.

4.11 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.

4.12 Long-term leases

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

4.13 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.

4.14 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.15 Employee benefits

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

b) Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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.

4.16 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.

4.17 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 and associate 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.

4.18 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.

4.19 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 recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position.

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 | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash | 752 | 848 | 740 | 837 |
| Bank deposits | 452,756 | 534,154 | 51,623 | 83,240 |
| Total | 453,508 | 535,002 | 52,363 | 84,077 |

As at 31 December 2015, bank deposits carried interest between 0.04% and 0.30% per annum for USD savings deposits and between 0.37% and 0.38% per annum for Baht savings deposits (2014: between 0.10% and 0.30% per annum for USD savings deposits and between 0.37% and 0.50% per annum for Baht savings deposits).

7. Current investment

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | |
|---|--------------|-------------------------|------|-------|------|--|------|----------|
| Paid-up capital | | Shareholding percentage | | Cost | | Carrying amount based on equity method | | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| Thousand INR | Thousand INR | % | % | | | | | |
| Investment in associate held by a subsidiary | | | | | | | | |
| Southern LPG Limited | - | 64,592 | - | 50.00 | - | 28,768 | - | 18,101 |
| Less: Allowance for loss on investment | | | | | | | - | (18,101) |
| Current investment - net | | | | | | | - | - |

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 process of closing down SLPG is almost complete now. During the year 2015, the Company received INR 9.40 million, equivalent to USD 0.14 million (or approximately Baht 5.12 million) as the Company’s share of Liquidation Proceeds which has been recorded as gain on disposal of current investment in the income statement.

8. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------|----------------------|-----------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of invoice date | | | | |
| Past due | | | | |
| Up to 3 months | 152,798 | 314,821 | - | - |
| 3 - 6 months | 2,339 | 1,967 | - | - |
| 6 - 12 months | 25,621 | 773 | - | - |
| Over 12 months | 23 | 22 | - | - |
| Total | 180,781 | 317,583 | - | - |
| Less: Allowance for doubtful debts | (23) | (22) | - | - |
| Total trade receivables - unrelated parties, net | 180,758 | 317,561 | - | - |
| <u>Other receivables - unrelated parties</u> | | | | |
| Receivable from sales of vessel (Note 16) | | | | |
| | 60,194 | - | - | - |
| <u>Other receivables - related parties</u> | | | | |
| Advances to related parties (Note 9) | - | - | 3,886,261 | 1,503,991 |
| Total other receivables | 60,194 | - | 3,886,261 | 1,503,991 |
| Total trade and other receivables - net | 240,952 | 317,561 | 3,886,261 | 1,503,991 |

9. Related party transactions

In addition to relationship between the Company and its subsidiaries 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 28.40% 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 expenses | Related by way of common shareholders and directors |
| Ambika Tour Agency Limited | Air ticket expenses | Related by way of common shareholders and directors |

| Related party's name | Transaction | Relationship |
|--|---|---|
| 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 until 18 September 2015 |

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) | | | | Transfer pricing policy |
|--|-----------------------|----------------------|----------------------|----------------------|--|
| | Consolidated | | Separate | | |
| | financial statements | financial statements | financial statements | financial statements | |
| | 2015 | 2014 | 2015 | 2014 | |
| Transactions with subsidiaries | | | | | |
| (Eliminated from consolidated financial statements) | | | | | |
| Service income - management fees | - | - | 85,314 | 92,792 | Fixed rate per vessel per day set with reference to the administrative cost of the Company |
| Service income - commission from vessel sales | - | - | 5,912 | - | 3% of vessels' selling price |
| Dividend received | - | - | - | 702,599 | As declared |
| Interest income | - | - | - | 2,334 | At interest rate of 0.40% per annum until 31 March 2014 |
| Condominium rental expenses | - | - | 7,699 | 8,533 | Market price |
| Sales of new building vessels (as part of advances for vessel construction and other direct cost) | - | - | 634,596 | 296,699 | At cost |

(Unit: Thousand Baht)

| | Consolidated | | Separate | | Transfer pricing policy |
|--|----------------------|--------|----------------------|-------|-------------------------|
| | financial statements | | financial statements | | |
| | 2015 | 2014 | 2015 | 2014 | |
| Transaction with associate | | | | | |
| Dividend received | 18,506 | 10,396 | - | - | As declared |
| Transactions with related companies | | | | | |
| Air ticket expenses | 8,578 | 12,679 | 2,213 | 4,022 | Market price |
| Rental and service expenses | 6,856 | 6,761 | 5,240 | 5,057 | Market price |
| Computer purchases | 1,080 | 1,734 | 746 | 1,281 | Market price |

The balances of the accounts as at 31 December 2015 and 2014 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|------|----------------------|-----------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Other receivables - related parties (Note 8) | | | | |
| Subsidiaries | - | - | 3,886,261 | 1,503,991 |
| Total other receivables - related parties | - | - | 3,886,261 | 1,503,991 |
| Trade and other payables - related parties | | | | |
| Subsidiaries | - | - | 1,381,956 | 1,403,844 |
| Related companies | 1,986 | 444 | 1,043 | 192 |
| Total trade and other payables - related parties | 1,986 | 444 | 1,382,999 | 1,404,036 |

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

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|------------------------------|----------------------|--------|----------------------|--------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Short-term employee benefits | 95,206 | 77,950 | 88,421 | 74,939 |
| Post-employment benefits | 1,321 | 1,224 | 1,318 | 1,222 |
| Total | 96,527 | 79,174 | 89,739 | 76,161 |

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.

Multicurrency Medium Term Note Programme

On 24 July 2015, Precious Projects Pte. Limited, the Company's indirect subsidiary ("Issuer") has established a SGD 500 million Multicurrency Medium Term Note Programme with BNP Paribas as the Arranger and other relevant parties ("Programme"). The Company, along with Precious Shipping (Singapore) Pte. Limited, the Company's direct subsidiary, are guarantors of the Issuer's obligations under the Programme.

The Programme was approved by the Board of Directors' resolution of Precious Projects Pte. Limited, the Executive Board of Directors' resolution of the Company, and the Board of Directors' resolution of Precious Shipping (Singapore) Pte. Limited, all on 20 July 2015.

As at 31 December 2015, no notes have been issued under this Programme.

10. Short-term loans to a subsidiary

As at 31 December 2015, 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 47.20 million (2014: USD 50.40 million), which carried interest at the rate of 0.40% per annum until 31 March 2014, and bearing no interest after 31 March 2014, and are due at call. Movements in the balance of the loans during the year were as follows.

| | (Unit: Thousand Baht) | |
|------------------------------|-------------------------------|------------------|
| | Separate financial statements | |
| | 2015 | 2014 |
| Balance at beginning of year | 1,661,335 | 2,342,891 |
| Decrease | (104,162) | (678,147) |
| Translation adjustment | 146,209 | (3,409) |
| Balance at end of year | <u>1,703,382</u> | <u>1,661,335</u> |

11. Restricted bank deposits

As at 31 December 2015, the Group placed deposits at banks of USD 24.86 million (or equivalent Baht 897.34 million) as cash collateral for 2 loan facilities as mentioned in Note 21 to the financial statements (31 December 2014: None).

12. Long-term loans to a subsidiary

As at 31 December 2015, 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.

The loan amounting to USD 9.70 million (31 December 2014: USD 9.70 million) was made available by the Company to enable 4 subsidiaries of 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 |
| ABC One Pte. Limited* | 30 August 2013 |

* On 13 January 2014, ABC Company (“Original buyer”) entered into an 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.

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

| | (Unit: Thousand Baht) | |
|----------------------------------|-----------------------|----------------|
| | Separate | |
| | financial statements | |
| | 2015 | 2014 |
| Balance at beginning of the year | 319,807 | 505,395 |
| Decrease | - | (186,311) |
| Translation adjustment | 30,325 | 723 |
| Balance at end of the year | <u>350,132</u> | <u>319,807</u> |

13. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

(Unit: Thousand Baht)

| Subsidiaries' name | Separate financial statements | | | | | | Dividend received for the years ended | |
|------------------------------------|-------------------------------|---------|-------------------------|--------|---------|---------|--|---------|
| | Paid-up capital | | Shareholding percentage | | Cost | | 31 December | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | % | % | | | | |
| Precious Metals Limited | 275,000 | 275,000 | 99.99 | 99.99 | 382,383 | 349,265 | - | - |
| Precious Wishes Limited | 230,000 | 230,000 | 99.99 | 99.99 | 325,505 | 297,313 | - | - |
| Precious Stones Shipping Limited | 260,000 | 260,000 | 99.99 | 99.99 | 304,062 | 277,727 | - | 91,000 |
| Precious Minerals Limited | 230,000 | 230,000 | 99.99 | 99.99 | 276,492 | 252,545 | - | - |
| Precious Lands Limited | 306,000 | 306,000 | 99.99 | 99.99 | 349,922 | 319,615 | - | - |
| Precious Rivers Limited | 234,000 | 234,000 | 99.99 | 99.99 | 229,990 | 210,071 | - | 46,800 |
| Precious Lakes Limited | 184,000 | 184,000 | 99.99 | 99.99 | 201,821 | 184,342 | - | - |
| Precious Seas Limited | 100,000 | 100,000 | 99.99 | 99.99 | 141,524 | 129,266 | - | 30,000 |
| Precious Stars Limited | 105,000 | 105,000 | 99.99 | 99.99 | 148,600 | 135,730 | - | 63,000 |
| Precious Oceans Limited | 175,000 | 175,000 | 99.99 | 99.99 | 247,666 | 226,216 | - | - |
| Precious Planets Limited | 270,000 | 270,000 | 99.99 | 99.99 | 335,822 | 306,736 | - | - |
| Precious Diamonds Limited | 205,000 | 205,000 | 99.99 | 99.99 | 210,248 | 192,039 | - | - |
| Precious Sapphires Limited | 144,000 | 144,000 | 99.99 | 99.99 | 142,644 | 130,289 | - | 28,800 |
| Precious Emeralds Limited | 366,000 | 366,000 | 99.99 | 99.99 | 342,038 | 312,414 | - | 109,800 |
| Precious Rubies Limited | 259,360 | 259,360 | 99.99 | 99.99 | 285,581 | 260,847 | - | - |
| Precious Opals Limited | 249,360 | 249,360 | 99.99 | 99.99 | 276,421 | 252,480 | - | - |
| Precious Garnets Limited | 379,000 | 379,000 | 99.99 | 99.99 | 352,790 | 322,236 | - | 75,800 |
| Precious Pearls Limited | 173,000 | 173,000 | 99.99 | 99.99 | 201,499 | 184,047 | - | - |
| Precious Flowers Limited | 336,000 | 336,000 | 99.99 | 99.99 | 388,505 | 354,857 | - | - |
| Precious Forests Limited | 96,000 | 96,000 | 99.99 | 99.99 | 107,903 | 98,558 | - | - |
| Precious Trees Limited | 202,000 | 202,000 | 99.99 | 99.99 | 235,787 | 215,366 | - | - |
| Precious Ponds Limited | 124,000 | 124,000 | 99.99 | 99.99 | 141,823 | 129,540 | - | - |
| Precious Ventures Limited | 202,000 | 202,000 | 99.99 | 99.99 | 255,758 | 233,607 | - | - |
| Precious Capitals Limited | 200,000 | 200,000 | 99.99 | 99.99 | 283,047 | 258,533 | - | - |
| Precious Jasmines Limited | 147,000 | 147,000 | 99.99 | 99.99 | 192,300 | 175,645 | - | - |
| Precious Orchids Limited | 217,000 | 217,000 | 99.99 | 99.99 | 217,306 | 198,486 | - | 43,400 |
| Precious Lagoons Limited | 140,000 | 140,000 | 99.99 | 99.99 | 198,133 | 180,973 | - | - |
| Precious Cliffs Limited | 140,000 | 140,000 | 99.99 | 99.99 | 198,133 | 180,973 | - | 49,000 |
| Precious Hills Limited | 140,000 | 140,000 | 99.99 | 99.99 | 198,133 | 180,973 | - | 21,000 |
| Precious Mountains Limited | 140,000 | 140,000 | 99.99 | 99.99 | 198,133 | 180,973 | - | 27,999 |
| Precious Resorts Limited | 140,000 | 140,000 | 99.99 | 99.99 | 198,133 | 180,973 | - | 14,000 |
| Precious Cities Limited | 170,000 | 170,000 | 99.99 | 99.99 | 225,303 | 205,789 | - | 102,000 |
| Precious Comets Limited | 141,000 | 141,000 | 99.99 | 99.99 | 150,637 | 137,590 | - | - |
| Precious Ornaments Limited | 156,000 | 156,000 | 99.99 | 99.99 | 165,326 | 151,007 | - | - |
| Precious Moons Limited | 1,000 | - | 99.98 | - | 1,102 | - | - | - |
| Precious Venus Limited | 1,000 | - | 99.98 | - | 1,019 | - | - | - |
| Precious Neptune Limited | 1,000 | - | 99.98 | - | 1,019 | - | - | - |
| Nedtex Limited | 2,500 | 2,500 | 69.99 | 69.99 | 917 | 838 | - | - |
| Precious Storage Terminals Limited | 6,000 | 6,000 | 69.99 | 69.99 | 5,943 | 5,429 | - | - |
| Thebes Pte. Limited | 0.0365 | 0.0365 | 100.00 | 100.00 | - | - | - | - |
| Precious Shipping (Panama) S.A. | 250 | 250 | 99.99 | 99.99 | 361 | 330 | - | - |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | | | |
|---|---------------------------------------|---------|-------------------------|--------|-----------|-----------|---|---------|
| Subsidiaries' name | Paid-up capital | | Shareholding percentage | | Cost | | Dividend received for the years ended 31 December | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Precious Shipping (Mauritius) Limited | 250 | 250 | 100.00 | 100.00 | 361 | 330 | - |
| Precious Shipping (Singapore) Pte. Limited | 363,338 | 363,338 | 100.00 | 100.00 | 378,589 | 345,799 | - | - |
| Precious Shipping (UK) Limited | 250 | 250 | 100.00 | 100.00 | 361 | 330 | - | - |
| Great Circle Shipping Agency Limited | 210,000 | 210,000 | 99.99 | 99.99 | 391,351 | 357,457 | - | - |
| Precious Projects Pte. Limited | - | 0.0345 | - | 100.00 | - | - | - | - |
| Associated Bulk Carriers Pte. Limited | 0.0664 | 0.0664 | 100.00 | 100.00 | - | - | - | - |
| Total investments in subsidiaries | | | | | 8,890,391 | 8,117,534 | - | 702,599 |
| Less: Allowance for loss on investments in subsidiaries | | | | | (7,222) | (6,596) | | |
| Total investments in subsidiaries - net | | | | | 8,883,169 | 8,110,938 | | |

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

As at 31 December 2015, the Company has pledged the shares of 34 subsidiaries amounting to Baht 8,392.82 million (2014: 34 subsidiaries amounting to Baht 7,665.92 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.

There were changes in cost of investments in subsidiaries as below.

2015

1. PSL Thun Shipping Pte. Ltd., one of the Precious Shipping (Singapore) Pte. Ltd. ("Precious Singapore") has completed its dissolution process on 24 November 2015 and returned of all capital invested to Precious Singapore.
2. The Company incorporated 3 subsidiaries in order to take delivery and own the vessels that were ordered by the Company from a shipyard in China as detailed below.

| Subsidiary's name | Date | New ordinary shares | | |
|--------------------------|-------------------|---------------------|---------------|-----------------|
| | | Par value | No. of shares | Total value |
| | | (Baht) | (Shares) | (Thousand Baht) |
| Precious Moons Limited | 9 February 2015 | 100.00 | 9,998 | 999.80 |
| Precious Venus Limited | 18 September 2015 | 100.00 | 9,998 | 999.80 |
| Precious Neptune Limited | 18 September 2015 | 100.00 | 9,998 | 999.80 |

3. In addition, Precious Shipping (Singapore) Pte. Limited incorporated 4 subsidiaries, as detailed below.

| Company's name | Nature of business | Country of incorporation | Percentage indirectly owned by the Company | |
|--|--------------------|--------------------------|--|------|
| | | | 2015 | 2014 |
| | | | % | % |
| <u>Subsidiaries held by Precious Shipping (Singapore) Pte. Limited</u> | | | | |
| 1. Precious Grace Pte. Ltd. | Shipowner | Singapore | 100.00 | - |
| 2. Precious Sonnets Pte. Ltd. | Shipowner | Singapore | 100.00 | - |
| 3. Precious Glories Pte. Ltd. | Shipowner | Singapore | 100.00 | - |
| 4. Precious Wisdom Pte. Ltd. | Shipowner | Singapore | 100.00 | - |

4. On 18 March 2015, the Company sold 1 share of Precious Projects Pte. Limited ("Precious Projects") to Precious Shipping (Singapore) Pte. Limited ("Precious Singapore"), another subsidiary of the Company, at a price of USD 1.00 per share, totaling USD 1.00. The change of ownership does not affect the Group's holding in Precious Projects, which is unchanged at 100.00%. This transaction was approved by the Executive Board of Directors' Meeting of the Company on 17 March 2015 and Directors' Resolutions of Precious Singapore on 18 March 2015. The transaction is considered as sales of investment under common control of the Group.

2014

During the year 2014, 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 Rubies Limited | 3 October 2014 | 100.00 | 1.75 | 175.36 |
| Precious Opals Limited | 3 October 2014 | 100.00 | 1.75 | 175.36 |

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 percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | % | % | | | | |
| International Seaports (Haldia) Private Limited | Berth construction and development | India | 22.40 | 22.40 | 73,536 | 67,167 | 85,676 | 95,582 |

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

(Unit: Thousand Baht)

| Associate's name | Consolidated financial statements | | | |
|---|--|-------|--|--------|
| | For the years ended 31 December | | | |
| | Share of profit from investment in associate held by a subsidiary | | Dividend received from associate held by a subsidiary | |
| | 2015 | 2014 | 2015 | 2014 |
| International Seaports (Haldia) Private Limited | 8,243 | 7,631 | 18,506 | 10,396 |

Share of profit from investment in associate held by a subsidiary for the years ended 31 December 2015 and 2014, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2015 and 2014, respectively.

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 for the years ended | | Profit for the years ended | |
|--|-----------------------|--------------|--------------------|---------|-------------------------|--------|---------------------------------------|---------|-------------------------------|--------|
| | 30 September | | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Thousand INR | Thousand INR | | | | | | | | |
| International Seaports (Haldia) Private Limited | 440,580 | 440,580 | 422,154 | 484,368 | 39,670 | 57,662 | 458,576 | 423,174 | 36,799 | 34,067 |

15. Other long-term investment

On 30 June 2015, the Company paid an additional called portion of 2,026,086 ordinary shares of Baht 2.50 each amounting to Baht 5.06 million in TMN Company Limited. As a result, as at 31 December 2015, the Company paid up Baht 10.00 per share, or a total of Baht 20.26 million, representing 3% of total issued and paid-up share capital (31 December 2014: Baht 7.50 per share, or a total of Baht 15.20 million, representing 3% of total issued and paid-up share capital).

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

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

| | Vessels and equipment | | | Total | Furniture, fixtures and office equipment | Motor vehicles | Leasehold improvement | Total |
|--|-----------------------|--------------------------|--|-------------|---|-------------------|--------------------------|-------------|
| | Condominium units | Vessels and equipment | Dry-dock and special survey expenses | | | | | |
| Cost | | | | | | | | |
| 1 January 2015 | 238,371 | 29,418,730 | 675,490 | 30,094,220 | 59,703 | 14,316 | 13,734 | 30,420,344 |
| Acquisitions/transfer in | 3,595 | 3,479,623 | 379,842 | 3,859,465 | 839 | 3,108 | 420 | 3,867,427 |
| Disposals/transfer out/write-off | - | (1,331,401) | (305,018) | (1,636,419) | (702) | (3,372) | - | (1,640,493) |
| Translation adjustment | 22,741 | 2,911,682 | 65,867 | 2,977,549 | 5,686 | 1,356 | 1,348 | 3,008,680 |
| 31 December 2015 | 264,707 | 34,478,634 | 816,181 | 35,294,815 | 65,526 | 15,408 | 15,502 | 35,655,958 |
| Accumulated depreciation | | | | | | | | |
| 1 January 2015 | 220,898 | 7,667,321 | 379,896 | 8,047,217 | 55,983 | 13,148 | 12,173 | 8,349,419 |
| Depreciation for the year | 376 | 1,207,361 | 294,281 | 1,501,642 | 1,861 | 735 | 590 | 1,505,204 |
| Depreciation on disposals/transfer out/ write-off | - | (876,280) | (304,896) | (1,181,176) | (600) | (3,372) | - | (1,185,148) |
| Translation adjustment | 20,960 | 752,521 | 29,207 | 781,728 | 5,385 | 1,249 | 1,182 | 810,504 |
| 31 December 2015 | 242,234 | 8,750,923 | 398,488 | 9,149,411 | 62,629 | 11,760 | 13,945 | 9,479,979 |
| Allowance for impairment loss | | | | | | | | |
| 1 January 2015 | - | - | - | - | - | - | - | - |
| Increase during the year | - | 840,771 | - | 840,771 | - | - | - | 840,771 |
| Translation adjustment | - | 5,318 | - | 5,318 | - | - | - | 5,318 |
| 31 December 2015 | - | 846,089 | - | 846,089 | - | - | - | 846,089 |
| Net book value | | | | | | | | |
| 1 January 2015 | 17,473 | 21,751,409 | 295,594 | 22,047,003 | 3,720 | 1,168 | 1,561 | 22,070,925 |
| 31 December 2015 | 22,473 | 24,881,622 | 417,693 | 25,299,315 | 2,897 | 3,648 | 1,557 | 25,329,890 |
| Depreciation for the year 2015 | | | | | | | | 1,505,204 |

(Unit: Thousand Baht)

Consolidated financial statements

| | Vessels and equipment | | | Total | Furniture, fixtures and office equipment | Motor vehicles | Leasehold improvement | Total |
|--|-----------------------|--------------------------|--|------------|---|-------------------|--------------------------|------------|
| | Condominium units | Vessels and equipment | Dry-dock and special survey expenses | | | | | |
| Cost | | | | | | | | |
| 1 January 2014 | 236,979 | 25,084,020 | 676,194 | 25,760,214 | 58,551 | 14,251 | 13,491 | 26,083,486 |
| Acquisitions/transfer in | 307 | 4,286,169 | 235,585 | 4,521,754 | 890 | - | 180 | 4,523,131 |
| Disposals/transfer out/write-off | - | (152,957) | (239,846) | (392,803) | (15) | - | - | (392,818) |
| Translation adjustment | 1,085 | 201,498 | 3,557 | 205,055 | 277 | 65 | 63 | 206,545 |
| 31 December 2014 | 238,371 | 29,418,730 | 675,490 | 30,094,220 | 59,703 | 14,316 | 13,734 | 30,420,344 |
| Accumulated depreciation | | | | | | | | |
| 1 January 2014 | 219,513 | 6,749,699 | 366,873 | 7,116,572 | 53,686 | 12,542 | 11,613 | 7,413,926 |
| Depreciation for the year | 380 | 1,012,366 | 251,256 | 1,263,622 | 2,032 | 541 | 501 | 1,267,076 |
| Depreciation on disposals/transfer out/ write-off | - | (138,314) | (239,846) | (378,160) | (7) | - | - | (378,167) |
| Translation adjustment | 1,005 | 43,570 | 1,613 | 45,183 | 272 | 65 | 59 | 46,584 |
| 31 December 2014 | 220,898 | 7,667,321 | 379,896 | 8,047,217 | 55,983 | 13,148 | 12,173 | 8,349,419 |
| Net book value | | | | | | | | |
| 1 January 2014 | 17,466 | 18,334,321 | 309,321 | 18,643,642 | 4,865 | 1,709 | 1,878 | 18,669,560 |
| 31 December 2014 | 17,473 | 21,751,409 | 295,594 | 22,047,003 | 3,720 | 1,168 | 1,561 | 22,070,925 |
| Depreciation for the year 2014 | | | | | | | | 1,267,076 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|---|-------------------|--------------------------|---------|
| | Furniture, fixtures and office equipment | Motor vehicles | Leasehold improvement | Total |
| Cost | | | | |
| 1 January 2015 | 26,561 | 12,941 | 10,780 | 50,282 |
| Acquisitions/transfer in | 332 | 3,108 | - | 3,440 |
| Disposals/transfer out/write-off | (702) | (3,372) | - | (4,074) |
| Translation adjustment | 2,495 | 1,225 | 1,021 | 4,741 |
| 31 December 2015 | 28,686 | 13,902 | 11,801 | 54,389 |
| Accumulated depreciation | | | | |
| 1 January 2015 | 23,175 | 12,262 | 9,397 | 44,834 |
| Depreciation for the year | 1,540 | 448 | 530 | 2,518 |
| Depreciation on disposals/ transfer out/write-off | (600) | (3,372) | - | (3,972) |
| Translation adjustment | 2,256 | 1,150 | 917 | 4,323 |
| 31 December 2015 | 26,371 | 10,488 | 10,844 | 47,703 |
| Net book value | | | | |
| 1 January 2015 | 3,386 | 679 | 1,383 | 5,448 |
| 31 December 2015 | 2,315 | 3,414 | 957 | 6,686 |
| Depreciation for the year 2015 | | | | 2,518 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|---|-------------------|--------------------------|--------|
| | Furniture, fixtures and office equipment | Motor vehicles | Leasehold improvement | Total |
| Cost | | | | |
| 1 January 2014 | 25,610 | 12,882 | 10,730 | 49,222 |
| Acquisitions/transfer in | 840 | - | - | 840 |
| Disposals/transfer out/write-off | (15) | - | - | (15) |
| Translation adjustment | 126 | 59 | 50 | 235 |
| 31 December 2014 | 26,561 | 12,941 | 10,780 | 50,282 |
| Accumulated depreciation | | | | |
| 1 January 2014 | 21,353 | 11,934 | 8,850 | 42,137 |
| Depreciation for the year | 1,708 | 270 | 500 | 2,478 |
| Depreciation on disposals/ transfer out/write-off | (7) | - | - | (7) |
| Translation adjustment | 121 | 58 | 47 | 226 |
| 31 December 2014 | 23,175 | 12,262 | 9,397 | 44,834 |
| Net book value | | | | |
| 1 January 2014 | 4,257 | 948 | 1,880 | 7,085 |
| 31 December 2014 | 3,386 | 679 | 1,383 | 5,448 |
| Depreciation for the year | | | | |
| 2014 | | | | 2,478 |

On 8 June 2015, Precious Oceans Limited, (“the local subsidiary”) entered into a Memorandum of Agreement with an overseas company to sell one vessel for USD 2.20 million. On 19 June 2015, the vessel was delivered to the buyer. The local subsidiary has already received the selling price (net of direct selling expense) of USD 2.07 million (or approximately Baht 69.29 million). The Group recorded a loss from sales of vessel amounting to USD 0.40 million (or approximately Baht 13.41 million) in the consolidated income statement for the year ended 31 December 2015.

On 30 November 2015, Precious Minerals Limited, (“the local subsidiary”) entered into a Memorandum of Agreement with an overseas company to sell one vessel for USD 1.55 million. On 22 December 2015, the vessel was delivered to the buyer. The local subsidiary has already received the selling price (net of direct selling expense) of USD 1.51 million (or approximately Baht 54.21 million). The Group recorded a loss from sales of vessel amounting to USD 4.24 million (or approximately Baht 152.09 million) in the consolidated income statement for the year ended 31 December 2015.

On 21 December 2015, Precious Sapphires Limited, (“the local subsidiary”) entered into a Memorandum of Agreement with an overseas company to sell one vessel for USD 1.74 million. On 31 December 2015, the vessel was delivered to the buyer. The local subsidiary has already recorded the selling price (net of direct selling expense) of USD 1.63 million (or approximately Baht 58.50 million). The Group recorded a loss from sales of vessel amounting to USD 3.17 million (or approximately Baht 113.53 million) in the consolidated income statement for the year ended 31 December 2015.

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 approximately Baht 48.86 million). On 15 January 2014, the vessel was already delivered to the buyer. The overseas subsidiary already received the selling price (net of direct selling expense) of USD 1.41 million (or approximately Baht 46.15 million). The Group recorded gains from sales of vessel amounting to USD 0.83 million (or approximately Baht 26.98 million) in the consolidated income statement for the year ended 31 December 2014.

As at 31 December 2015, 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 321.53 million (2014: Baht 295.46 million) in the consolidated financial statements and Baht 41.71 million (2014: Baht 37.65 million) in the separate financial statements.

As at 31 December 2015, the subsidiaries have mortgaged 41 vessels (2014: 37 vessels) with net book value of Baht 23,048.68 million (2014: Baht 20,788.82 million) with banks to secure long-term loans as referred to in Note 21 to the financial statements.

As at 31 December 2015, the Group performed impairment reviews in respect of the vessels expected to be sold in 2016 and recognised an impairment loss of USD 23.45 million (or approximately Baht 840.77 million) based on fair value (net of direct selling expenses). The Group estimated the fair value of vessels based on an average of latest selling price of vessels sold in the recent past. However, actual results might differ from these estimates depending on the future economic environment and the specific timing of each sale.

17. Intangible assets

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

(Unit: Thousand Baht)

| | Consolidated | | Separated | |
|---|----------------------|--------------|----------------------|--------------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Cost | | | | |
| Cost at beginning of year | 55,281 | 55,031 | 55,215 | 54,965 |
| Translation adjustment | 5,242 | 250 | 5,236 | 250 |
| Cost at end of year | 60,523 | 55,281 | 60,451 | 55,215 |
| Accumulated amortisation | | | | |
| Accumulated amortisation at beginning of year | 52,486 | 50,965 | 52,439 | 50,931 |
| Amortisation for the year | 977 | 1,272 | 963 | 1,259 |
| Translation adjustment | 5,026 | 249 | 5,021 | 249 |
| Accumulated amortisation at end of year | 58,489 | 52,486 | 58,423 | 52,439 |
| Net book value as at 31 December | 2,034 | 2,795 | 2,028 | 2,776 |
| Amortisation for the year | 977 | 1,272 | 963 | 1,259 |

18. Advances for vessel constructions

The Group has outstanding orders for Newbuilding Vessels as at 31 December 2015 as follows.

| | | | | | |
|-----------------------|---|---|---|--|--|
| Vessel type | 1 Dry Bulk Carrier (Handysize vessel) | 6 Dry Bulk Carriers (Ultramax vessels) | 2 Dry Bulk Carriers (Ultramax Vessel) * | 10 Dry Bulk Carriers (Ultramax Vessel) * | 2 Dry Bulk Carriers (Ultramax Vessel) |
| Acquirer | The Company | The Company | The Company | The Company | The Company |
| Seller | China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China | Taizhou Sanfu Ship Engineering Co., Ltd., China | Sainty Marine Corporation Ltd., China | Sainty Marine Corporation Ltd., China | Taizhou Sanfu Ship Engineering Co., Ltd. and Jiangsu Ruihai International Trade Co., Ltd., China |
| Contract date | 25 November 2013 | 20 December 2013 and addendum dated 30 January 2015 | 24 February 2014 | 26 February 2014 and addendum dated 18 August 2014 | 17 March 2014 |
| Contract price | USD 22.32 million | USD 27.70 million for 4 vessels (“amended contract price”) and USD 27.48 million per vessel for 2 vessels (USD 165.76 million in aggregate) | USD 27.90 million per vessel (USD 55.80 million in aggregate) | USD 27.90 million per vessel for 8 vessels and USD 27.40 million per vessel for 2 vessels (“original contract price”) plus USD 70,382 per vessel, according to the addendum (USD 278.70 million in aggregate) | USD 27.90 million per vessel (USD 55.80 million in aggregate) |

| | | | | | |
|-------------------------------|---|---|--|--|--|
| Payment terms | 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. | The contract price will be paid in 5 installments. The first to the fourth installment each of 10% of contract price would be payable on the submission of a bank guarantee in favor of the Company and 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 to the fourth installment each of 10% of original contract price would be payable on the submission of a bank guarantee in favor of the Company and relevant milestone certificates. The last installment of 60% of original contract price plus 70,382 USD would be payable on delivery. | The contract price of each vessel will be paid in 3 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 Installments. The second 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 | Within 2015 | Year 2015 to Year 2016 | Year 2015 to Year 2016 | Year 2015 to Year 2016 | Year 2015 to Year 2016 |

* Hull nos. SAM14017B, SAM14018B, SAM14019B and SAM14020B were cancelled by the Company. Hull nos. SAM14023B, SAM14027B and SAM14028B were cancelled by the Shipyard as mentioned in Note 18.3 to the financial statements. Subsequently on 29 January 2016, the Company cancelled Hull nos. SAM14021B and SAM14022B as mentioned in Note 38 to the financial statements.

Movements of the advances for vessel constructions account during the years ended 31 December 2015 and 2014 are summarised below.

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | Financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Balance at beginning of year | 4,014,210 | 1,973,330 | 3,660,903 | 1,061,832 |
| Additions | 1,326,761 | 3,449,378 | 1,326,761 | 3,288,375 |
| Capitalisation of finance cost | 16,249 | 11,399 | 16,171 | 64 |
| Amortisation of financial fees | 2,785 | 41 | 2,785 | 3 |
| Other direct costs | 112,432 | 231,450 | 99,634 | 163,094 |
| Novation/cancellation of shipbuilding contracts | (428,898) | (582,277) | (428,898) | (582,277) |
| Transfer to cost of vessels and equipment of subsidiaries | (982,442) | (1,089,918) | (634,596) | (296,699) |
| Translation adjustment | 390,518 | 20,807 | 394,021 | 26,511 |
| Balance at end of year | <u>4,451,615</u> | <u>4,014,210</u> | <u>4,436,781</u> | <u>3,660,903</u> |

During the year ended 31 December 2015, the amount of borrowing costs capitalised was Baht 16.25 million (2014: Baht 11.40 million) in the consolidated financial statements and Baht 16.17 million (2014: Baht 0.06 million) in the separate financial statements. The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 2.72% - 3.18% (2014: 2.74% - 2.93%) in the consolidated financial statements and was 2.78% - 3.18% (2014: 2.74%) in the separate financial statements.

During the year 2015, there were delivery of vessels and amended/cancelled of shipbuilding contract as detailed below.

18.1 Delivery of vessels under the Shipbuilding Contracts with China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China

During the year ended 31 December 2015, 2 vessels were completed and delivered to the Company's 2 indirect subsidiaries incorporated in Singapore as detailed below.

| Type of vessel | Delivery date | Subsidiary's name | Hull No. | Cost of vessel construction and other direct costs |
|------------------|----------------|-------------------------------|----------|--|
| Cement carrier | 6 January 2015 | ABC One Pte. Limited | CC200-04 | USD 25.55 million (or approximately Baht 831.82 million) |
| Dry Bulk Carrier | 30 April 2015 | Precious Glories Pte. Limited | BC385-11 | USD 22.95 million (or approximately Baht 775.30 million) |

18.2 Amendments for vessel construction contracts

Due to certain technical difficulties faced by Taizhou Sanfu Ship Engineering Co.,Ltd. (“the Seller”) for construction of the 4 Handysize Bulk Carriers, on 30 January 2015, the Company (“the Buyer”) and the Seller has signed 4 Amended and Restated Shipbuilding Contracts (“Amending Agreements”) which have become effective from 13 March 2015 after the completion of all conditions precedent which included the refund of all installments paid earlier by the Buyer to the Seller for the 4 Handysize Bulk Carriers, amounting to USD 13.18 million. The Amending Agreements have been executed mainly in order to change the orders from construction of the 4 Handysize Bulk Carriers (Hull Nos. SF130120, SF130121, SF130122 and SF130123) to 4 63,345 DWT Ultramax Bulk Carriers (“Vessel” or “Vessels”). However, there is no change in the delivery dates of the Vessels, despite the much larger size of the Ultramax Bulk Carriers.

The main terms of the 4 Amending Agreements are as follows:

| | |
|-------------------------------|--|
| Vessel type | 4 Dry Bulk Carriers (Ultramax Vessel) |
| Acquirer | The Company |
| Seller | Taizhou Sanfu Ship Engineering Co., Ltd., China |
| Contract price | USD 27.70 million per vessel (USD 110.81 million in aggregate) |
| Payment terms | The contract price of each vessel will be paid in 5 installments. The first installment of USD 3,294,090 would be payable within 3 banking days after the effective date of the Amending Agreement. The second installment of 15% of contract price with deduction of the first installment (USD 3,294,090), the third installment of 10% of contract price and the fourth installment of 5% of contract price, each of installment would be payable after the submission of a bank guarantee in favor of the Company and relevant milestone certificates. The last installment of 70% of contract price would be payable on delivery. |
| Expected delivery date | Year 2015 to Year 2016 |

18.3 Cancellation of the Shipbuilding Contracts

During the year 2015, the Company refused to take delivery of four 64,000 DWT bulk carriers bearing Hull nos. SAM14017B, SAM14018B, SAM14019B and SAM14020B (“Vessel” or “Vessels”) ordered from Sainty Marine Corporation Ltd., China (“Shipbuilder”) since the Vessels were not in accordance with their technical specifications in terms of fuel consumption and further, due to possible stern tube bearing failure if operated.

Since the Vessels have not been delivered in compliance with the Shipbuilding Contracts (“SBCs”) and the technical specifications related thereto within the relevant contractual cancellation dates, the Company has exercised its contractual right and cancelled the SBCs for excessive delay in delivery and consequently demanded from the Shipbuilder the refunds of the advances of USD 11.16 million per Vessel paid to the Shipbuilder, along with interest thereon.

Since the above refunds were not made by the Shipbuilder, the Company has submitted the Letters of Demand to the Guarantor Bank, Export-Import Bank of China, Jiangsu Branch (“CEXIM”), against the Irrevocable Letters of Guarantee provided to the Company by the Bank in accordance with the SBCs to seek full refund of the abovementioned advances, along with interest thereon.

Thereafter, the Company received notices of arbitration from the Shipbuilder by which the disputes in connection with these Vessels have been referred to arbitration proceedings in London. Therefore, as per the terms of the Irrevocable Letters of Guarantee and the SBCs, the refunds of the advances to the Company are subject to the final arbitration award and the Irrevocable Letters of Guarantee related to these four Vessels have been automatically extended until 90 days after the final arbitration award has been published.

Further, during the year 2015, the Shipbuilder claimed a default by the Company and cancelled three SBCs for three 64,000 DWT bulk carriers bearing Hull nos. SAM14023B, SAM14027B and SAM14028B, which cancellations are currently disputed by the Company.

Details of the Cancellation of the Shipbuilding Contracts cancelled by the Company and by the Shipbuilder are as follows:

| Hull No. | Shipbuilding Contract date | Cancelled by | Date of Cancellation Notice | Date of Notice of Arbitration |
|-----------|----------------------------|-----------------|-----------------------------|-------------------------------|
| SAM14017B | 24 February 2014 | The Company | 11 September 2015 | 25 September 2015 |
| SAM14018B | 24 February 2014 | The Company | 11 September 2015 | 25 September 2015 |
| SAM14019B | 26 February 2014 | The Company | 16 November 2015 | 24 November 2015 |
| SAM14020B | 26 February 2014 | The Company | 16 November 2015 | 24 November 2015 |
| SAM14023B | 26 February 2014 | The Shipbuilder | 15 September 2015 | 7 December 2015 |
| SAM14027B | 26 February 2014 | The Shipbuilder | 20 November 2015 | Not yet received |
| SAM14028B | 26 February 2014 | The Shipbuilder | 20 November 2015 | Not yet received |

18.4 Settlement Agreements of the Shipbuilding Contracts

On 9 October 2015, the Company and Taizhou Sanfu Ship Engineering Co. Ltd. (“Sanfu”) (the Company and Sanfu are jointly referred to as the “Parties”) have executed two settlement agreements to capture the terms of the amicable settlements reached between the Parties (“Settlement Agreements”) with respect to disputes arising between the Parties in relation to the two shipbuilding contracts dated 20 December 2013 for two 63,345 DWT bulk vessels bearing hull nos. SF130124 and SF130125 (each a “Vessel” and jointly, the “Vessels”) executed by and between the Company (as the “Buyer” therein) and Sanfu (as the “Seller” therein; hereinafter referred to as the “Contracts” jointly and “Contract” individually).

The key terms of the Settlement Agreements are as follows:

| | |
|---|---|
| Dispute | A dispute has arisen between the Parties as to whether the Buyer is entitled to damages (excluding liquidated damages under Article III.3 of the Contract) for breach of the Contract and/or Specifications by reason of the Vessel’s fuel oil consumption (“FOC”), and if so, in what amount. |
| Resolution of the Dispute | The Dispute shall be resolved by joint reference by both Parties to arbitration which will be held in London, England. The Parties agree that only the following questions shall be referred to the appointed arbitrators (“Tribunal”) in relation to the Dispute: 1. Whether the Buyer is entitled to damages (excluding liquidated damages under Article III.3 of the Contract) for breach of the Contract and/or specifications related thereto by reason of the Vessel’s FOC, and if so, in what amount. 2. What are the legal costs, expenses and disbursements payable by either Party to the other (if any). |
| New Contract Price & payment terms | The Contract Price is reduced to USD 25,500,000 per Vessel (Previously USD 27,477,500 per Vessel). The conditions regarding payment of the remaining instalments are amended as follows: 1. Addition of New Fourth Instalment of USD 4,000,000 which shall be paid to Sanfu on New Delivery Date, immediately prior to delivery of the Vessel. 2. Amendment of the delivery instalment (New Fifth Instalment) to USD 14,630,625 payable on delivery of each Vessel. |
| New Delivery Date | The Seller shall deliver the Vessel with full title guarantee and free of any encumbrances and the Buyer (or its nominated subsidiary) shall take delivery of the Vessel bearing Hull No. SF130124 on 27 October 2015 and of the Vessel bearing Hull No. SF130125 on 28 October 2015. |

| | |
|-----------------------------------|--|
| Unsecured Corporate Credit | <p>Upon the receipt of each of the New Fourth Instalments from the Company, Sanfu shall extend to the Company an Unsecured Corporate Credit of USD 4,000,000 per Vessel.</p> <p>The repayment of this Unsecured Corporate Credit shall be conditional upon the Tribunal's award or the order of any competent court on appeal, in the manner set out hereunder.</p> <ul style="list-style-type: none"> • In the event that the Tribunal's award or the order of any competent court on appeal is in Sanfu's favour and no damages are awarded to the Company, the Company shall repay to Sanfu the Unsecured Corporate Credit within one year of the date of such award or such order (as the case may be), plus interest at the rate of 6.00% per annum from the New Delivery Date to the date of repayment. • In the event that the Tribunal's award or the order of any competent court on appeal is in the Company's favour and damages are awarded to the Company, the Company shall, within one year of the date of such award or such order (as the case may be), repay to Sanfu the difference between the Unsecured Corporate Credit and the amount of the damages assessed by the Tribunal or any competent court on appeal, without interest. • Should the sum of damages assessed by the Tribunal or any competent court on appeal to be payable by Sanfu to the Company be equal to or greater than the Unsecured Corporate Credit, neither the Company nor Sanfu shall pay/repay any sums to each other pursuant to the Settlement Agreement in connection with the Dispute which would be considered as closed. • After the repayment has been made as per the terms mentioned above, the Unsecured Corporate Credit shall be considered as fully settled by both Parties and neither of the Parties shall be entitled to any claims in respect of the Unsecured Corporate Credit thereafter. |
|-----------------------------------|--|

18.5 Delivery of vessels under the Shipbuilding Contracts with Taizhou Sanfu Ship Engineering Co. Ltd., China

During the year ended 31 December 2015, 2 dry bulk vessels were completed and delivered to 2 local subsidiaries as detailed below.

| Delivery date | Subsidiary's name | Hull No. | Cost of vessel construction and other direct costs |
|-----------------|--------------------------|----------|---|
| 27 October 2015 | Precious Venus Limited | SF130124 | USD 26.28 million (or approximately Baht 948.24 million) |
| 28 October 2015 | Precious Neptune Limited | SF130125 | USD 26.04 million (or approximately Baht 939.82 million) |

During the year 2014 the Group recognised gains from cancellation of shipbuilding contract as detailed below.

Submission the Letter of Demand for Hull No. 342

On 30 June 2014, the Company issued the letter to ABG Shipyard Ltd. (“Shipbuilder”) under Shipbuilding Contract for Hull No. 342 (“SBC”) to procure extensions to all the Letters of Guarantee by no later than 30 June 2014. Since the Shipbuilder failed to fulfill the Shipbuilder’s obligation in accordance with the SBC, on 4 July 2014, the Company then invoked the Guarantees available with the Company and submitted the Letters of Demand (Claim) against the Irrevocable Letters of Guarantee and Performance Guarantee to an Indian Bank in India (“Guarantor”) in accordance with the SBC. Subsequently, on 15 July 2014, the Company received USD 19.37 million (or approximately Baht 621.83 million) towards the claim for Hull No. 342 from the Guarantor and recorded gains on Cancellation of Shipbuilding Contract of USD 1.23 million (or approximately Baht 39.55 million) in the consolidated and separate income statements for the year ended 31 December 2014.

19. Deferred financial fees

Movements of the deferred financial fees account during the years ended 31 December 2015 and 2014 are summarised below.

| | (Unit: Thousand Baht) | | | |
|---|------------------------|----------------|--------------------|----------------|
| | Consolidated financial | | Separate financial | |
| | statements | | statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Balance at beginning of year | 124,191 | 97,337 | 120,954 | 75,457 |
| Additions | 120,517 | 135,241 | 120,489 | 125,782 |
| Transfer to present as a deduction against long-term loans | (39,643) | (41,791) | (4,438) | (374) |
| Transfer to subsidiaries as a borrower | - | - | (31,981) | (13,452) |
| Write-off deferred financial fee | (4,211) | (74,774) | (4,211) | (74,774) |
| Transfer from other current assets | - | 8,008 | - | 8,008 |
| Translation adjustment | 16,688 | 170 | 16,729 | 307 |
| Balance at end of year | <u>217,542</u> | <u>124,191</u> | <u>217,542</u> | <u>120,954</u> |

During the year 2015, the Group has written off Baht 4.21 million (2014: Baht 74.77 million) in the consolidated financial statements and separate financial statements being a part of the deferred financial fees paid in earlier years due to the prepayment, cancellation, reduction and expiration 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. Deferred contract costs

Movements of the deferred contract costs account during the years ended 31 December 2015 and 2014 are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|------------------------------|-----------------------------------|----------------|
| | 2015 | 2014 |
| Balance at beginning of year | 266,734 | 167,768 |
| Additions | 3,574 | 106,256 |
| Amortisation for the period | (19,307) | (9,418) |
| Translation adjustment | 24,761 | 2,128 |
| Balance at end of year | <u>275,762</u> | <u>266,734</u> |

21. Long-term loan facilities

As at 31 December 2015 and 2014, 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 | | | | Total | | |
| Facility 1 | | Facility 2 | | Facility 3 | | Facility 4 | | Facility 5 | | Facility 6 | | Facility 8 | | Facility 9 | | Facility 1 | | Facility 2 | | Total | | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| Long-term loans | 1,250,929 | 1,244,032 | 1,956,291 | 1,973,561 | 1,262,852 | 1,238,133 | 651,558 | 637,637 | 636,083 | 161,387 | 2,679,743 | 1,392,549 | 676,804 | 36,783 | 487,196 | - | 3,697,409 | 3,694,331 | 1,661,346 | 1,706,000 | 14,960,211 | 12,084,413 |
| Add (less): Deferred financial fees | (5,410) | (6,399) | (26,814) | (32,046) | (19,190) | (20,441) | (4,334) | (4,588) | (3,878) | (1,041) | (9,839) | (6,005) | (10,249) | (373) | (198) | - | (82,041) | (98,203) | 11,939 | (2,015) | (150,014) | (171,111) |
| Total | 1,245,519 | 1,237,633 | 1,929,477 | 1,941,515 | 1,243,662 | 1,217,692 | 647,224 | 633,049 | 632,205 | 160,346 | 2,669,904 | 1,386,544 | 666,555 | 36,410 | 486,998 | - | 3,615,368 | 3,596,128 | 1,673,285 | 1,703,985 | 14,810,197 | 11,913,302 |
| Less: Current portion | (110,586) | (100,925) | (201,604) | (183,669) | (91,274) | (83,258) | (46,230) | (42,203) | (70,245) | (12,026) | (2,669,904) | (78,484) | (37,780) | - | (486,998) | - | (215,795) | (123,085) | (1,673,285) | (188,322) | (5,603,701) | (811,972) |
| Long-term loans - net of current portion | 1,134,933 | 1,136,708 | 1,727,873 | 1,757,846 | 1,152,388 | 1,134,434 | 600,994 | 590,846 | 561,960 | 148,320 | - | 1,308,060 | 628,775 | 36,410 | - | - | 3,399,573 | 3,473,043 | - | 1,515,663 | 9,206,496 | 11,101,330 |

(Unit: Thousand Baht)

Separate financial statements

| Loan facility for financing the construction and acquisition of new vessels | | | | | | |
|---|---------|------------|-----------|-------|-----------|--------|
| Facility 8 | | Facility 9 | | Total | | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| Long-term loans | 120,814 | 36,783 | 487,196 | - | 608,010 | 36,783 |
| Less: Deferred financial fees | (2,062) | (373) | (198) | - | (2,260) | (373) |
| Total | 118,752 | 36,410 | 486,998 | - | 605,750 | 36,410 |
| Less: Current portion | - | - | (486,998) | - | (486,998) | - |
| Long-term loans - net of current portion | 118,752 | 36,410 | - | - | 118,752 | 36,410 |

As at 31 December 2015, the Group had outstanding bank loans amounting to Baht 4,343.19 million on the basis of which the Group is unable to maintain certain financial covenants under the loan agreements. The Group has been in discussions with the Banks for requesting waivers of the testing of certain financial covenants for a certain period. In order to report its financial position in accordance with generally accepted accounting standards, as at 31 December 2015 the Group has presented the balance of these loans as current liabilities.

The details of each loan facility are summarised as follows.

21.1 Loan facilities for financing the construction and acquisition 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 which was to be paid quarterly. 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 drew 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.

On 16 June 2014, DNB Asia Ltd. as agent and security agent of the facility has approved the amendment of financial covenant regarding to the maintenance of funded debt to EBITDA ratio from not exceeding 5:1 to be not exceeding 6:1 during 30 June 2014 to 31 December 2016.

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

| Facility / Description | Post-delivery facility |
|-----------------------------------|---|
| Final maturity | 10 years from delivery of the first vessel (15 March 2020) |
| Repayment | 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) 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 6:1
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group

Following the breach of the security coverage ratio, on 23 July 2015, DNB Asia Ltd. as Agent and Security agent of the facility has agreed that the borrowers may provide a cash collateral of USD 13,449,779 (apart from the vessels already mortgaged as security) to maintain a minimum security coverage ratio of not less than 125% of the aggregate amount outstanding as per loan agreement. The borrowers have arranged such cash collateral which can be released after 90 business days from 27 July 2015 provided that the security coverage ratio exceeds 130% of the aggregate amount outstanding after the release and there is no continuing default.

Further, the Agent has approved the waiver of the testing of the financial covenant regarding the funded debt to EBITDA ratio up to 31 December 2015 or any date to be notified by the agent ("Temporary Waiver Period").

The above approvals have been granted subject to the Company complying with the following conditions:

- a) The Company cannot pay any dividends or make any other distributions to any shareholder during Temporary Waiver Period or thereafter until the borrowers are in compliance with all the covenants within this loan agreement;
- b) The Company must submit cashflow forecasts every month for the next three months until the borrowers are in compliance with all the covenants within this loan agreement.

As of 27 July 2015, the Company complied with the above conditions and the waiver is now effective.

Facility 2

On 14 October 2011, 4 indirect subsidiaries incorporated in Singapore (“SPCs”) 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 which is to be paid quarterly.

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

On 11 June 2014, ING Bank N.V., Singapore Branch approved the amendment of financial covenant regarding the maintenance of funded debt to EBITDA ratio from not exceeding 5:1 to be not exceeding 6:1 and maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Group, if funded debt to EBITDA is more than 5:1 but less than or equal to 6:1 and maintenance of a minimum free cash balance of USD 100,000 per vessel if funded debt to EBITDA is no more than 5:1 during 30 June 2014 to 31 December 2016.

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

| Facility / Description | Post-delivery facility |
|---------------------------|---|
| Final maturity | 8 years after final drawdown of each vessel tranche (10 January 2021) |
| 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. |

| Facility / Description | Post-delivery facility |
|---------------------------|---|
| Security | a) Pledge of shares of the borrowers b) 1st priority mortgage on the vessels c) 1st priority assignment of earnings and time charters d) 1st priority pledge over the earnings accounts with the security agent e) 1st priority assignment of all insurances and requisition compensation of the vessels f) Corporate guarantee from the Company g) All the above post-delivery securities to be cross collateralised |

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 6:1
- c) maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Precious Group, if funded debt to EBITDA is more than 5:1 but less than or equal to 6:1 and maintenance of a minimum free cash balance of USD 100,000 per vessel if funded debt to EBITDA is no more than 5:1

Following the breach of the security coverage ratio, on 23 July 2015, ING Bank N.V., Singapore Branch ("ING") and DNB Asia Ltd. ("DNB") approved that the minimum security coverage ratio may revert to 125% from 130% of the aggregate amount outstanding for the remainder of the facility period and also agreed that the borrowers may provide a cash collateral of USD 11,415,000 (apart from the vessels already mortgaged as security) to maintain a minimum security coverage ratio of not less than 125% of the aggregate amount outstanding. The borrowers arranged such cash collateral which can be released after 90 business days from 27 July 2015 provided that security coverage ratio exceeds 130% of the aggregate amount outstanding after the release and there is no continuing default.

Further, ING and DNB also approved the following:

- 1) the minimum free cash balance reverts to USD 100,000 per vessel from USD 200,000 per vessel owned by the Group for the period up to 31 December 2015 or any date to be notified by the agent ("Temporary Waiver Period").
- 2) the waiver on testing of the financial covenant regarding the funded debt to EBITDA ratio during the Temporary Waiver Period.

The above approvals have been granted subject to the Company complying with the following conditions:

- a) The Company cannot pay any dividends or make any other distributions to any shareholder during the Temporary Waiver Period or thereafter until the borrowers are in compliance with all the covenants within this loan agreement;
- b) The Company must submit cashflow forecasts every month for the next three months until the borrowers are in compliance with all the covenants within this loan agreement.

As of 27 July 2015, the Company complied with the above conditions and the waiver is now effective.

Further, the borrowers have been notified to remedy a further security shortfall within 31 January 2016. The borrowers are in discussions with ING and made certain suggestions to the banks to remedy the security shortfall, one of which is to apply the above mentioned cash collateral of USD 11,415,000 to prepay the loan outstanding.

Facility 3

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. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

| Facility / Description | Post-delivery facility | | |
|----------------------------------|--|------------------------|--------------------------|
| 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. | | |
| Drawdown | USD 19,344,000 or 80% of the contract price to be made available in a single disbursement for each vessel loan part of which will be used to repay the pre-delivery facility. | | |
| Final maturity | 10 years after drawdown of each vessel loan | | |
| Repayment | For each Vessel, in 39 equal quarterly installments and a balloon repayment together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel. | | |
| | Detail of repayment | ABC Two Company | ABC Three Company |
| | Installments | USD 319,650 | USD 322,400 |
| | The remaining together with the final installments | USD 6,712,650 | USD 6,770,400 |
| | Final installment dates | 2 April 2024 | 1 July 2024 |
| Security | <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 Company 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 Company and ABC Three Company 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%.

On 24 June 2014, ABC Two Company entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.18 million, from floating interest rate (LIBOR) to fixed interest rate at 2.39% per annum for interest payable during the period from 24 June 2014 to 2 April 2024 with Bangkok Bank Plc. (Singapore Branch).

On 16 July 2014, ABC Three Company entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.34 million, from floating interest rate (LIBOR) to fixed interest rate at 2.35% per annum for interest payable during the period from 16 July 2014 to 1 July 2024 with Bangkok Bank Plc. (Singapore Branch).

Facility 4

On 9 April 2014, ABC Four Pte. Limited ("ABC Four Company"), a subsidiary of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 19.34 million Term Loan Facility with Bangkok Bank Plc. (Singapore Branch) to finance up to 80% of the Contract Price of 1 new Cement Carrier. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

| Facility / Description | Post-delivery facility |
|-------------------------------|---|
| Loan Facility | USD 19,344,000 or 80% of the Contract Price to be made available in a single disbursement, part of which will be used to repay the pre-delivery facility. |
| Drawdown | 100% of the post-delivery facility amount is to be drawn upon delivery of the vessel. |
| Final maturity | 10 years after full drawdown of the loan facility but not later than 28 April 2025. |
| Repayment | To be repaid in 39 quarterly installments of USD 322,400 from the end of the first quarter after the delivery of vessel and a final installment of USD 6,770,400 at the end of the Term (1 October 2024) |
| Security | a) 1st priority mortgage on the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel c) 1st priority assignment of Time Charter contract d) 1st priority charge over the Earnings Account and Retention Account e) Corporate guarantee from ABC Company f) Corporate guarantee from the Company for up to USD 8 million |

The loan agreement contains covenants that, among other things, require ABC Four Company to maintain certain financial ratios which include:

- a) maintain Equity Ratio of no less than 20%
- b) maintain EBITDA of no less than 1.1 times of Total Debt Service

On 5 September 2014, ABC Four Company entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.34 million, from floating interest rate (LIBOR) to fixed interest rate at 2.33% per annum for interest payable during the period from 5 September 2014 to 1 October 2024 with Bangkok Bank Plc. (Singapore Branch).

Facility 5

On 22 May 2014, ABC One Pte. Limited ("ABC One Company"), a subsidiary of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 19.58 million Term Loan Facility with TMB Bank Plc. to finance up to 80% of the Contract Price of 1 new Cement Carrier. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

| Facility / Description | Pre-delivery facility | Post-delivery facility |
|-------------------------------|--|--|
| Loan Facility | USD 4,896,000 or 20% of the Contract Price | USD 19,584,000 or 80% of the Contract Price to be made available in a single disbursement, part of which will be used to repay the pre-delivery facility. |
| Drawdown | Up to 10% of the Contract Price but not more than USD 2,448,000 on Keel Laying milestone and up to 10% of the Contract Price but not more than USD 2,448,000 on Launching milestone | 100% of the post-delivery facility amount is to be drawn upon delivery of the vessel. |
| Final maturity | Delivery of vessel | 10 years after full drawdown of the loan facility but not later than 30 November 2024. |
| Repayment | To be repaid in one lump sum (from post-delivery facility) upon delivery of vessel | To be repaid in 40 quarterly installments of USD 489,600 from the end of the first quarter after the delivery of vessel |
| Security | <ul style="list-style-type: none"> a) 1st priority assignment of the shipbuilding contract b) 1st priority assignment of the refund guarantee c) Pledge of the shares of ABC One Company held by ABC Company d) Corporate guarantee from the Company and ABC Company | <ul style="list-style-type: none"> a) 1st priority mortgage on the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel c) 1st priority assignment of Time Charter contracts d) 1st priority charge over the Earnings Account and Retention Account e) Corporate guarantee from ABC Company f) Corporate guarantee from the Company for up to USD 8 million |

The loan agreement contains covenants that, among other things, require ABC One Company to maintain certain financial ratios which include:

- a) maintain Equity Ratio of no less than 20%
- b) maintain EBITDA of no less than 1.1 times of Total Debt Service

On 25 August 2014, ABC One Company entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.58 million, from floating interest rate (LIBOR) to fixed interest rate at 2.35% per annum for interest payable during the period from 31 January 2015 to 31 December 2024 with TMB Bank Plc.

Facility 6

On 29 May 2014, the Company executed a USD 81.50 million Term Loan Facility with Export-Import Bank of Thailand to finance up to 80% of the Contract Price of new Dry Bulk Carriers ordered for construction by the Company. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

On 18 December 2014, Export-Import Bank of Thailand has approved the amendment of financial covenant regarding to the maintenance of net funded debt to EBITDA ratio from not exceeding 5:1 to be not exceeding 6:1 during 31 December 2014 to 31 December 2016.

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

| | |
|-----------------------|--|
| Loan Facility | Up to USD 81,500,000 in multiple drawdowns |
| Drawdown | 80% of the contract price to be drawn upon delivery of each vessel |
| Final maturity | 10 years after full drawdown of the loan facility but not later than 30 December 2025 |
| Repayment | The loan shall be repaid in 39 equal quarterly installments of 1/55th of each drawdown amount, beginning from the end of the next quarter after the respective each drawdown with balance amount repayable at the end of the 40th quarter. |
| Security | a) 1st priority mortgage on the financed vessels b) Pledge of shares of the Subsidiary Borrowers |

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 Debt Service Coverage Ratio at least 1.1:1
- b) maintenance of Net Funded Debt to EBITDA ratio not exceeding 6:1
- c) maintenance of Debt to Equity ratio not exceeding 2:1

On 14 July 2015, Export-Import Bank of Thailand has approved the amendment of the financial covenant regarding the maintenance of net funded debt to EBITDA ratio from not exceeding 6:1 to be not exceeding 13.5:1 and debt service coverage ratio at least 1.1:1 to be at least 0.4:1 for the period starting from 1 January 2015 to 31 December 2015.

On 19 November 2015, the Company cancelled the undrawn balance loan facility amounting to USD 3.26 million.

Facility 7

On 30 September 2014, the Company executed a USD 41.85 million Term Loan Facility with Norddeutsche Landesbank Girozentrale, Singapore Branch to finance up to 75% of the Contract Price of 2 new 64,000 DWT Ultramax Dry Bulk Carriers (Hull Nos. SAM14019B and SAM14020B), ordered by the Company from Sainity Marine Corporation Ltd., China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

| | |
|-----------------------|--|
| Loan Facility | Up to USD 41,850,000 divided into two vessel loans ("Vessel Loan" or "Vessel Loans") |
| Drawdown | The lower of USD 20,925,000 or 75% of the market value of each vessel to be drawn upon delivery of each vessel. |
| Final maturity | 8 years after drawdown of each Vessel Loan |
| Repayment | The loans shall be repaid over 8 years, in 32 equal quarterly installments of USD 348,750 per vessel, beginning from three calendar months after each drawdown (to be made on or around delivery date of the relevant vessel) and a balloon repayment of USD 9,765,000 per vessel on each of the final installments. |
| Security | a) 1st priority mortgage on the vessels b) Pledge of shares of the Subsidiary Borrowers c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrowers d) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessels e) 1st priority assignment of the shipbuilders' warranties of the vessels |

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 funded debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of funded debt to EBITDA ratio not exceeding 6:1 between the date of the loan agreement and ending on 30 June 2017, and thereafter not exceeding 5:1
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group

On 3 July 2015, Norddeutsche Landesbank Girozentrale (Singapore Branch) has approved the waiver of the testing of the financial covenant regarding funded debt to EBITDA ratio from 31 March 2015 to 31 December 2016.

Facility 8

On 13 November 2014, the Company executed a USD 200.00 million Secured Loan Facility with DNB Asia Ltd. (“DNB”) and the Export-Import Bank of China (“CEXIM”). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

| Facility / Description | Pre-delivery facility | Post-delivery facility | |
|------------------------|---|---|--------|
| Purpose | To provide pre-delivery and post-delivery financing up to 75% of the Contract Price of the respective Dry Bulk Vessels (“Vessel” or “Vessels”) ordered with Shanhaiguan New Shipbuilding Industry Co. Ltd. (“SHG”) and Sainty Marine Corporation Ltd. (“Sainty”), China: | | |
| | Vessel No. | Hull Nos. | DWT |
| | Vessel One | BC385-11 | 38,500 |
| | Vessel Two | BC385-12 | 38,500 |
| | Vessel Three | SAM14021B | 64,000 |
| | Vessel Four | SAM14022B | 64,000 |
| | Vessel Five | SAM14023B | 64,000 |
| | Vessel Six | SAM14024B | 64,000 |
| | Vessel Seven | SAM14025B | 64,000 |
| | Vessel Eight | SAM14026B | 64,000 |
| | Vessel Nine | SAM14027B | 64,000 |
| | Vessel Ten | SAM14028B | 64,000 |
| Loan Facility | The Maximum Loan Amount of USD 200.00 million is divided into ten vessel loans (“Vessel Loan” or “Vessel Loans”) comprised of Pre-delivery facility and Post-delivery facility. | | |
| | a) for Vessel One and Two: up to USD 3,347,700 each; b) for Vessel Three, Four, Seven, Eight, Nine and Ten: up to USD 4,185,000 each; and c) for Vessel Five and Six: up to USD 4,110,000 each. Total loan facilities for Pre-delivery are up to USD 40,025,400. | a) for each of Vessel One and Two: up to lesser of (i) USD 16,738,500 and (ii) 75% of the Market Value of the relevant Vessel; b) for each of Vessel Loans Three, Four, Seven, Eight, and Nine: up to lesser of (i) USD 20,900,000 and (ii) 75% of the Market Value of the relevant Vessel; c) for each of Vessel Five and Six: up to lesser of (i) USD 20,550,000 and (ii) 75% of the Market Value of the relevant Vessel; and d) for Vessel Ten: Up to lesser of (i) USD 20,923,000 and (ii) 75% of the Market Value of this Vessel. | |

| Facility / Description | Pre-delivery facility | Post-delivery facility |
|------------------------|---|---|
| Drawdown | <p>On Keel Laying milestone</p> <p>a) for Vessel One and Two: USD 1,115,900 each;</p> <p>b) for Vessel Three, Four, Seven, Eight, Nine and Ten: USD 1,395,000 each; and</p> <p>c) for Vessel Five and Six: USD 1,370,000 each.</p> <p>On Launching milestone</p> <p>a) for Vessel One and Two: USD 2,231,800 each;</p> <p>b) for Vessel Three, Four, Seven, Eight, Nine and Ten: USD 2,790,000 each; and</p> <p>c) for Vessel Five and Six: USD 2,740,000 each.</p> | 100% of the Post-delivery facility amount is to be drawn upon delivery of each vessel. |
| Final maturity | Delivery of each vessel | The earlier of (i) the 7th anniversary of the delivery date of the last Vessel and (ii) 27 September 2023. |
| Repayment | To be repaid in one lump sum upon delivery of each vessel from the proceeds of the respective Post-delivery facility. | <p>Each Post-delivery facility shall be repaid in quarterly installments, beginning from the end of the next quarter after the respective each drawdown, based on a 15-year profile as follows:</p> <p>a) USD 278,975 for each of Vessel One and Two;</p> <p>b) USD 348,333 for each of Vessel Three, Four, Seven, Eight and Nine;</p> <p>c) USD 342,500 for each of Vessel Five and Six;</p> <p>d) USD 348,717 for Vessel Ten.</p> <p>All amounts outstanding under each Post-delivery facility after the above quarterly installments have been paid shall be repaid in full and the respective Post-delivery facility shall be reduced to zero on the Termination Date by way of a single Balloon Repayment of all such amounts.</p> |
| Security | <p>a) 1st priority assignment of refund guarantees</p> <p>b) 1st priority assignment of the shipbuilding contracts</p> | <p>a) 1st priority mortgage on the vessels</p> <p>b) Pledge of shares of the Subsidiary Borrowers</p> <p>c) 1st priority assignment of the Earnings Accounts of the Subsidiary Borrowers</p> <p>d) 1st priority assignment of all insurances and requisition compensation of the vessels</p> |

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 funded debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of funded debt to EBITDA ratio not exceeding 6:1 between the date of the loan agreement and ending on 30 June 2017, and thereafter not exceeding 5:1
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group

On 24 August 2015, the Company along with its indirect subsidiaries in Singapore, Precious Glories Pte. Ltd. and Precious Wisdom Pte. Ltd., as Joint Borrowers, have executed a Supplemental Deed in relation to the loan agreement signed on 13 November 2014 for the financing of the two 38,500 DWT Handysize Dry Bulk Carriers ordered with Shanhaiguan New Shipbuilding Industry Co. Ltd. ("SHG Vessels") and eight new 64,000 DWT Ultramax Dry Bulk Carriers ordered with Sainty Marine Corporation Ltd. ("Sainty Vessels"; together with SHG Vessels as "Vessels"). The main amendments are as follows:

| | |
|-------------------------|---|
| Vessel Tranche: | The Pre-Delivery Tranches for the Sainty Vessels have been cancelled. However, the Pre-Delivery Tranches for the SHG Vessels and the Post-Delivery Tranches for all the Vessels remain unchanged. |
| Waived Covenant: | The waiver on testing of the financial covenant regarding the funded debt to EBITDA ratio up to 31 December 2015. |

The above amendments have been granted subject to the Company complying with the following conditions:

- a) The Company cannot pay any dividends or make any other distributions to any shareholder until the Company is in compliance with all covenants, including the Waived Covenant.
- b) The Company must submit cashflow forecasts every month for the next three month period until the Joint Borrowers are in compliance with all the covenants within this loan agreement.

The Company complied with all conditions precedent and the Supplemental Deed has been effective since 1 September 2015.

Facility 9

On 2 December 2014, the Company and 5 subsidiaries (Precious Seas Limited, Precious Stars Limited, Precious Hills Limited, Precious Mountains Limited and Precious Resorts Limited (“Subsidiaries”)) executed a Credit Facility Agreement with Krung Thai Bank Public Company Limited to finance certain pre-delivery payments under the Shipbuilding Contracts of up to USD 13.50 million. The loan carries interest at LIBOR plus margin which is to be paid monthly.

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

| | |
|----------------------|---|
| Loan Facility | Up to USD 13,500,000 in multiple drawdowns |
| Drawdown | A minimum of USD 1,000,000, with increments of multiples of USD 100,000 while not exceeding the relevant pre-delivery payment to be drawn within 6 months from the date of loan agreement. |
| Maturity Date | 12 months after first drawdown of the loan facility (“Maturity Date”), with the option to request for a further 12 months extension |
| Repayment | The loan shall be repaid in one lump sum on the Maturity Date or if extended, then paid in equal quarterly installments starting from the quarter after the Maturity Date. |
| Security | a) Pledge of all issued shares of the Subsidiaries b) 1st priority mortgage on vessels of the Subsidiaries c) 1st priority assignment of all earnings, insurance policies and requisition compensation of the vessels |

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 Debt Service Coverage Ratio at least 1.1:1
- b) maintenance of Debt to Equity ratio not exceeding 2:1
- c) maintenance of Debt to EBITDA ratio not exceeding 6:1
- d) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 12 May 2015, Krung Thai Bank PLC. has approved the waiver of the testing of the financial covenant regarding the debt to EBITDA ratio and debt service coverage ratio from 31 March 2015 to 31 December 2015.

On 26 January 2016, the maturity date, the Company has repaid all the outstanding of the above loan.

Facility 10

On 29 December 2014, the Company has executed a USD 42.00 million Secured Loan Facility with BNP Paribas to finance up to 75% of the Contract Price of 2 new 64,000 DWT Ultramax Dry Bulk Vessels (Hull Nos. SF130128 and SF130129), ordered by the Company from Taizhou Sanfu Ship Engineering Co., Ltd. China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

| | |
|-----------------------|--|
| Loan Facility | Up to USD 42,000,000 divided into two vessel loans ("Vessel Loan" or "Vessel Loans") |
| Drawdown | The lower of USD 21,000,000 or 75% of the market value of each vessel to be drawn upon delivery of each vessel. |
| Final maturity | 8 years after drawdown of each Vessel Loan |
| Repayment | Each Vessel Loan shall be repaid over 8 years, in 32 quarterly installments beginning from three calendar months after each drawdown. The 1st to 16th such quarterly installment shall be an amount of USD 350,000 and the 17th to 32nd such quarterly installment shall be an amount of USD 525,000, along with a balloon repayment of USD 7,000,000 on the due date of each of the final installments of the respective Vessel Loan. |
| Security | a) 1st priority mortgage on the vessels b) Pledge of shares of the Subsidiary Borrowers c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrowers d) 1st priority assignment of all insurance and requisition compensation of the vessels |

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 funded debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of funded debt to EBITDA ratio not exceeding 6:1 between the date of the loan agreement and ending on 30 June 2017, and thereafter not exceeding 5:1
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group

On 15 July 2015, BNP Paribas has approved the waiver of the testing of the financial covenant regarding funded debt to EBITDA ratio from 31 March 2015 to 31 December 2016.

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.

On 27 June 2014, Krung Thai Bank Plc. as the facility agent of the original facility has approved the amendment of financial covenant regarding to the maintenance of funded debt to EBITDA ratio from not exceeding 5:1 to be not exceeding 6:1 during 30 June 2014 to 31 December 2015. Thanachart Bank Plc. as the facility agent of the another USD 50.00 million facility has approved the amendment of financial covenant regarding to the maintenance of funded debt to EBITDA ratio from not exceeding 5:1 to be not exceeding 6:1 during 30 June 2014 to 31 December 2016.

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 6:1
- 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

On 14 May 2015, Krung Thai Bank PLC. as the facility agent of the original facility and Thanachart Bank PLC. as the facility agent of the other USD 50 million facility have approved the waiver of the testing of the financial covenants regarding the debt to EBITDA ratio and debt service coverage ratio from 31 March 2015 to 31 December 2015.

On 21 September 2015, Thanachart Bank Plc. has approved the waiver of the testing of such financial covenants up to 31 December 2016.

Facility 2

On 17 February 2012, the Company executed a USD 100.00 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 which is to be paid quarterly. 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.

On 18 December 2014, Export-Import Bank of Thailand has approved the amendment of financial covenant regarding to the maintenance of net funded debt to EBITDA ratio from not exceeding 5:1 to be not exceeding 6:1 during 31 December 2014 to 31 December 2016.

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 6:1
- c) maintenance of debt service coverage ratio of at least 1.1:1

As at 31 December 2014, the balanced loan facility of USD 35.18 million was expired.

On 14 July 2015, Export-Import Bank of Thailand has approved the amendment of the financial covenants regarding the maintenance of net funded debt to EBITDA ratio from not exceeding 6:1 to be not exceeding 13.5:1 and debt service coverage ratio at least 1.1:1 to be at least 0.4:1 for the period starting from 1 January 2015 to 31 December 2015.

The Group's bank loan facilities and the undrawn loan balances as at 31 December 2015 and 2014 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 | |
|---|---|---|--|--|--------|----------------------|--------|
| | | | | 2015 | 2014 | 2015 | 2014 |
| 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 | 54.50 | - | - |
| Facility 2 | ING Bank N.V. (Singapore Branch) and DNB Asia Ltd. | 4 indirect subsidiaries in Singapore | LIBOR + margin | 84.96 | 84.96 | - | - |
| Facility 3 | Bangkok Bank Plc. (Singapore Branch) | ABC Two Pte. Limited and ABC Three Pte. Limited | LIBOR + margin | 38.69 | 38.69 | - | - |
| Facility 4 | Bangkok Bank Plc. (Singapore Branch) | ABC Four Pte. Limited | LIBOR + margin | 19.34 | 19.34 | - | - |
| Facility 5 | TMB Bank Plc. | ABC One Pte. Limited | LIBOR + margin | 19.58 | 19.58 | - | 14.69 |
| Facility 6 | Export-Import Bank of Thailand | The Company and subsidiaries | LIBOR + margin | 81.50 | 81.50 | - | 37.66 |
| Facility 7 | Norddeutsche Landesbank Girozentrale (Singapore Branch) | The Company and subsidiaries in Singapore | LIBOR + margin | 41.85 | 41.85 | 41.85 | 41.85 |
| Facility 8 | DNB Asia Ltd. and Export-Import Bank of China | The Company and subsidiaries in Singapore | LIBOR + margin | 199.20 | 200.00 | 179.91 | 198.88 |
| Facility 9 | Krung Thai Bank Plc. | The Company and 5 local subsidiaries | LIBOR + margin | 13.50 | 13.50 | - | 13.50 |
| Facility 10 | BNP Paribas | The Company and subsidiaries in Singapore | LIBOR + margin | 42.00 | 42.00 | 42.00 | 42.00 |

(Unit: Million USD)

| Facility | Bank | Borrower | Interest rate per loan/amendment agreement | Maximum facility amount per loan/amendment agreement | | Undrawn loan balance | |
|--|---|------------------------------------|--|--|--|----------------------|------|
| | | | | 2015 | 2014 | 2015 | 2014 |
| Loan facilities for purchasing of vessels | | | | | | | |
| Facility 1 | Krung Thai Bank Plc. and 2 other banks, total 3 banks | The Company and local subsidiaries | MLR-1 for Thai Baht loan and LIBOR + margin for USD loan | USD 142.00 Million and Baht 1,502.35 million | USD 142.00 million and Baht 1,502.35 million | - | - |
| Facility 2 | Export-Import Bank of Thailand | The Company and subsidiaries | LIBOR + margin | 64.82 | 64.82 | - | - |

22. Provision for maritime claims

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|------------------------------|-----------------------------------|----------|
| | 2015 | 2014 |
| Balance at beginning of year | 181,705 | 175,621 |
| Increase during the year | 106,271 | 92,192 |
| Decrease during the year | (104,958) | (86,721) |
| Translation adjustment | 18,860 | 613 |
| Balance at end of year | 201,878 | 181,705 |

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 | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Provision for long-term employee benefits at beginning of year | 73,285 | 76,562 | 66,728 | 70,297 |
| Included in profit or loss: | | | | |
| Current service cost | 4,029 | 3,839 | 3,768 | 3,611 |
| Interest cost | 1,804 | 1,691 | 1,732 | 1,622 |
| Included in other comprehensive income: | | | | |
| Actuarial (gain) loss arising from | | | | |
| Financial assumptions changes | 5,733 | - | 5,248 | - |
| Experience adjustments | (2,365) | - | (2,816) | - |
| Benefits paid during the year | (187) | (1,335) | - | (1,335) |
| Transfer to accrued expenses | - | (7,360) | - | (7,360) |
| Translation adjustment | 119 | (112) | 78 | (107) |
| Provision for long-term employee benefits at end of year | 82,418 | 73,285 | 74,738 | 66,728 |

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

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Administrative expenses | 4,512 | 4,306 | 4,182 | 4,011 |
| Management remuneration including perquisites | 1,321 | 1,224 | 1,318 | 1,222 |
| Total expenses recognised in the income statement | 5,833 | 5,530 | 5,500 | 5,233 |

The Company and its subsidiaries expect to pay Baht 10.06 million of long-term employee benefits during the next year (Separate financial statements: Baht 5.69 million) (2014: Baht 0.19 million, separate financial statements: None).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2014: 14 years, separate financial statements: 14 years).

Significant actuarial assumptions are summarised below:

| | (Unit: percent per annum) | | | |
|----------------------|---------------------------|------|--------------------|------|
| | Consolidated financial | | Separate financial | |
| | statements | | statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Discount rate | 2.90 | 3.80 | 2.90 | 3.80 |
| Salary increase rate | 6.50 | 6.50 | 6.50 | 6.50 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

| | (Unit: Thousand Baht) | | | |
|----------------------|------------------------|----------|--------------------|----------|
| | Consolidated financial | | Separate financial | |
| | statements | | statements | |
| | Increase | Decrease | Increase | Decrease |
| | 1.0% | 1.0% | 1.0% | 1.0% |
| Discount rate | (5,555) | 6,359 | (5,059) | 5,763 |
| Salary increase rate | 6,069 | (5,427) | 5,500 | (4,942) |

24. Share capital

On 6 March 2015, the Board of Directors' Meeting No. 3/2015 of the Company and 10 April 2015, the Extraordinary General Meeting No. 1/2015 of the Company's shareholders have approved the increase of the Company's registered share capital by Baht 571,736,330 divided into 571,736,330 ordinary shares at the par value of Baht 1.00 per share from the existing registered capital of Baht 1,039,520,600 divided into 1,039,520,600 ordinary shares at the par value of Baht 1.00 per share to the new registered capital of Baht 1,611,256,930 divided into 1,611,256,930 ordinary shares at the par value of Baht 1.00 per share, 571,736,330 new ordinary shares at the par value of Baht 1.00 per share, to be allocated as follows:

1) Rights offering

Not more than 519,760,300 new ordinary shares are to be offered to the Company's existing shareholders at a ratio of 2 existing ordinary shares to 1 newly issued ordinary share, at an offering price of Baht 4 per share.

2) Warrants to purchase ordinary shares of the Company No. 1 ("PSL-W1")

Not more than 51,976,030 new ordinary shares are to be reserved to support the exercise of PSL-W1, which are registered and transferable warrants as discussed in Note 25 to the financial statements.

Subsequently, the Company issued 519,760,297 ordinary shares, and the Company registered its paid-up increased share capital of Baht 519,760,297 with the Ministry of Commerce on 9 June 2015. Therefore, the current paid-up share capital of the Company is Baht 1,559,280,897.

25. Warrants

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

| | |
|-----------------------------|--|
| Number of warrants issued : | 51,975,666 units |
| Offering price : | Baht 0 per unit |
| Offering method : | Allocation proportionately to existing shareholders of the Company who subscribe and make subscription payment for the Rights Offering at the offering ratio of 10 newly issued ordinary shares to 1 unit of the warrant |
| Exercise ratio and price : | 1 unit of the warrant per 1 newly issued ordinary share at a price of Baht 17.50 per share |

| | | |
|---------------------|---|---|
| Term of the warrant | : | Not exceeding 3 years from the initial issuance date of warrants |
| Expiry date | : | 15 June 2018 |
| Period of exercise | : | On the last day of each calendar quarter after the 2 nd anniversary from the issuance date (16 June 2017) until the date of expiration of the Warrants. Accordingly, the first and the last exercise dates shall be 30 June 2017 and 15 June 2018, respectively. |

26. 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.

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.

27. 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 2015, the Company set aside Baht 1.75 million (2014: Baht 1.75 million) to a reserve for CSR activities and reversed Baht 1.99 million (2014: Baht 1.27 million) from the reserve when the Company made related payments against the reserve.

28. Expenses by nature

Significant expenses by nature are as follows.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-----------|----------------------|---------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Salary, wages and other benefits of employees and crews | 1,854,287 | 1,508,011 | 238,424 | 180,015 |
| Rental expenses from operating lease agreements | 5,145 | 5,293 | 3,979 | 3,854 |

29. Income tax

No corporate income tax was payable for the year 2014, since the Company had tax losses brought forward from previous years.

Local subsidiaries

- a) 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.
- b) Corporate income tax for the year ended 31 December 2015 has been calculated at a rate of 20% (2014: 20%) on net profit, after adding back certain provisions and expenses which are disallowed for tax computation purposes.

Overseas subsidiaries and associate

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 2015 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 2,596.31 million (2014: Baht 1,199.42 million) (the Company Baht 102.94 million, 2014: Baht 124.04 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.

Details of expiry date of unused tax losses are summarised as below:

| | (Unit: Thousand Baht) | | | |
|------------------|-----------------------|----------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| 31 December 2016 | 84,709 | 84,642 | - | - |
| 31 December 2017 | 72,013 | 65,213 | - | - |
| 31 December 2018 | 232,581 | 230,613 | - | - |
| 31 December 2019 | 16,884 | 29,018 | 15,020 | 28,830 |
| 31 December 2020 | 322,908 | - | - | - |
| | <u>729,095</u> | <u>409,486</u> | <u>15,020</u> | <u>28,830</u> |

As at 31 December 2015, 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 1,365.75 million (2014: Baht 595.89 million).

30. 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 local 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 2015, the subsidiaries have 16 vessels (2014: 16 vessels) under investment promoted operations.

Revenues and expenses for 2015 and 2014 (before eliminating related transactions), classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

| | Non-promoted operations | | | | | | | | | |
|--------------------|-------------------------|-------------|---|-------------|-------------|-------------|-------------------------------|-------------|-------|------|
| | Promoted operations | | Operations exempted from corporate income tax in accordance with the Director-General's Notification on Income Tax No. 72 | | | | Other non-promoted operations | | Total | |
| | 2015 | 2014 | 2015 | | 2014 | | 2015 | 2014 | 2015 | 2014 |
| | | | | | | | | | | |
| Revenues | 1,449,731 | 1,726,759 | 1,297,852 | 1,732,712 | 1,968,919 | 2,250,768 | 4,716,502 | 5,710,239 | | |
| Costs and expenses | (2,000,108) | (1,691,918) | (1,919,338) | (1,892,223) | (3,194,138) | (1,580,001) | (7,113,584) | (5,164,142) | | |

31. Earnings per share

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

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

No calculation of diluted earnings per share for the year ended 31 December 2015 was required since the exercise price of the warrant exceeded the fair value of the Company's ordinary shares.

32. 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 2015 and 2014.

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | | | | |
|--|-----------------------------------|-----------|----------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|
| | Time charter | | Voyage charter | | Total | | Elimination | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Hire income | 2,919,614 | 3,308,675 | - | - | 2,919,614 | 3,308,675 | - | (1,025) | 2,919,614 | 3,307,650 |
| Freight income | - | - | 1,658,300 | 1,534,519 | 1,658,300 | 1,534,519 | (328,932) | (267,142) | 1,329,368 | 1,267,377 |
| Total vessel operating income | 2,919,614 | 3,308,675 | 1,658,300 | 1,534,519 | 4,577,914 | 4,843,194 | (328,932) | (268,167) | 4,248,982 | 4,575,027 |
| Voyage disbursements | - | - | (661,547) | (475,753) | (661,547) | (475,753) | 328,932 | 268,167 | (332,615) | (207,586) |
| Bunker consumption | - | - | (494,669) | (535,747) | (494,669) | (535,747) | - | - | (494,669) | (535,747) |
| Total voyage expenses | - | - | (1,156,216) | (1,011,500) | (1,156,216) | (1,011,500) | 328,932 | 268,167 | (827,284) | (743,333) |
| Net vessel operating income/time charter equivalent income | 2,919,614 | 3,308,675 | 502,084 | 523,019 | 3,421,698 | 3,831,694 | - | - | 3,421,698 | 3,831,694 |

For the year 2015, the Group has revenues from one major customer for amount of Baht 874.64 million.

For the year 2014, the Group has revenues from one major customer for amount of Baht 472.96 million.

33. 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. The contributions for the year 2015 amounting to approximately Baht 4.33 million (2014: Baht 3.68 million) were recognised as expenses. (Separate financial statements: Baht 3.56 million, 2014: Baht 3.32 million).

34. 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 2014 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 June 2014 | Board of Directors' meeting on 31 July 2014 | 1,039,388,799 | 131,801 | 0.10 | 103.94 | 29 August 2014 |
| b) Interim dividend based on the retained earnings as of 31 March 2014 | Board of Directors' meeting on 30 April 2014 | 1,039,393,299 | 127,301 | 0.10 | 103.94 | 29 May 2014 |
| c) Final dividend based on the retained earnings as of 31 December 2013 | Annual General Meeting of the shareholders on 31 March 2014 | 1,039,385,799 | 134,801 | 0.10 | 103.94 | 11 April 2014 |
| Total | | | | <u>0.30</u> | <u>311.82</u> | |

35. Commitments and contingent liabilities

35.1 Shipbuilding contracts commitments

As at 31 December 2015 and 2014, the Group had future minimum payment commitments under shipbuilding contracts as detailed below.

| | 2015 | | 2014 | |
|--------------|---------------|------------------------------|---------------|------------------------------|
| | (Million USD) | (Equivalent to Million Baht) | (Million USD) | (Equivalent to Million Baht) |
| The Company | 461.69 | 16,661.83 | 525.57 | 17,324.32 |
| Subsidiaries | - | - | 14.69 | 484.16 |
| Total | 461.69 | 16,661.83 | 540.26 | 17,808.48 |

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

As at 31 December 2015 and 2014, 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 |
|---|---|----------------------------|---------------|---|------------------------------|
| | | 2015 | 2014 | | |
| | | (Million USD) | (Million USD) | | |
| Loan facilities for financing the construction and acquisition of new vessels (Newbuildings) | | | | | |
| Facility 5 | 0.60% per annum of undrawn loan balance | - | 14.69 | Every three months until the end of the drawdown period | Upon delivery of vessel |
| Facility 6 | 0.70% per annum of undrawn loan balance | - | 37.66 | Every three months until the end of the drawdown period | Upon delivery of each vessel |
| Facility 7 | 1.02% per annum of undrawn loan balance | 41.85 | 41.85 | Every three months until the end of the drawdown period | Upon delivery of each vessel |
| Facility 8 | 1.00% per annum of undrawn loan balance | 179.91 | 198.88 | Every three months until the end of the drawdown period | Upon delivery of each vessel |
| Facility 9 | 0.50% per annum of undrawn loan balance | - | 13.50 | Every three months until the end of the drawdown period | 2 June 2015 |
| Facility 10 | 1.00% per annum of undrawn loan balance | 42.00 | 42.00 | Every three months until the end of the drawdown period | Upon delivery of each vessel |

35.3 Uncalled portion of other long-term investment

As at 31 December 2015, the Company has no commitment in respect of the uncalled portion of other long-term investment (TMN Company Limited) (31 December 2014: Baht 5.06 million).

35.4 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 2015. 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 4 Long-Term Charter Contracts to ABC One Pte. Limited, ABC Two Pte. Limited, ABC Three Pte. Limited, and ABC Four Pte. Limited.

As discussed in Note 18 to the financial statements, during the year ended 31 December 2015, the last cement carrier was completed and delivered to ABC One Pte. Limited and then delivered to charterer under Long-Term Time Charter Contract on 26 January 2015. As a result, as at 31 December 2015, there were no commitments of fine payable under the Long-Term Time Charter Contract.

35.5 Commitment from option deed agreement

As part of the Share Sale and Purchase Agreement between the Company (“the Buyer”) and Varada Marine Pte. Ltd. (“the Seller”) dated 18 January 2013 to purchase one ordinary share of jointly controlled entity, Associated Bulk Carriers Pte. Limited (“ABC Company”), which currently is the Company’s subsidiary. 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 7.50% 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.

On 6 January 2015, the last cement carrier was delivered to ABC One Pte. Limited, one of ABC Company's subsidiaries. The commitment under the option deed agreement expired on 5 April 2015.

36. Financial instruments

36.1 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 and other 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 2015 | | | | | | | | | | |
| | Fixed interest rate | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) | | | |
| | Within 1 year | 1-5 years | Over 5 years | | | | Fixed | Floating | | |
| | | | | | | USD | USD | Baht | | |
| <u>Financial assets</u> | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | 452,249 | 1,259 | 453,508 | - | 0.04 - 0.30 | 0.37 - 0.38 | |
| Trade and other receivables | - | - | - | - | 240,952 | 240,952 | - | - | - | |
| Total | - | - | - | 452,249 | 242,211 | 694,460 | | | | |
| <u>Financial liabilities</u> | | | | | | | | | | |
| Trade accounts payable | - | - | - | - | 98,883 | 98,883 | - | - | - | |
| Long-term loans | 291,328 | 2,004,250 | 2,016,938 | 10,497,681 | - | 14,810,197 | 4.85 - 5.33 | 1.52 - 3.18 | 5.76 | |
| Total | 291,328 | 2,004,250 | 2,016,938 | 10,497,681 | 98,883 | 14,910,080 | | | | |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | | | | |
|--|--|--|------------------------|----------------------|-----------|------------------------|-------------|-------------|--|
| As at 31 December 2015 | | | | | | | | | |
| | Fixed interest rate with maturity date within 1 year | Fixed interest rate with maturity date at call | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) | | | |
| | | | | | | Fixed | Floating | | |
| | | | | | | USD | USD | Baht | |
| <u>Financial assets</u> | | | | | | | | | |
| Cash and cash equivalents | - | - | 51,747 | 616 | 52,363 | - | 0.04 - 0.30 | 0.37 - 0.38 | |
| Trade and other receivables | - | - | - | 3,886,261 | 3,886,261 | - | - | - | |
| Short-term loans to a subsidiary | - | - | - | 1,703,382 | 1,703,382 | - | - | - | |
| Long-term loans to a subsidiary | - | - | - | 350,132 | 350,132 | - | - | - | |
| Total | - | - | 51,747 | 5,940,391 | 5,992,138 | | | | |
| <u>Financial liabilities</u> | | | | | | | | | |
| Trade accounts payable | - | - | - | 11,544 | 11,544 | - | - | - | |
| Advances received from related parties | - | - | - | 1,381,956 | 1,381,956 | - | - | - | |
| Long-term loans | - | - | 605,749 | - | 605,749 | - | 2.91 - 3.18 | - | |
| Total | - | - | 605,749 | 1,393,500 | 1,999,249 | | | | |

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | |
|-----------------------------------|---------------------|-----------|--------------|------------------------|----------------------|------------|------------------------|-------------------|-------------|
| As at 31 December 2014 | | | | | | | | | |
| | Fixed interest rate | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) | | |
| | Within 1 year | 1-5 years | Over 5 years | | | | Fixed USD | Floating USD Baht | |
| <u>Financial assets</u> | | | | | | | | | |
| Cash and cash equivalents | - | - | - | 533,508 | 1,494 | 535,002 | - | 0.10 - 0.30 | 0.37 - 0.50 |
| Trade and other receivables | - | - | - | - | 317,561 | 317,561 | - | - | - |
| Total | - | - | - | 533,508 | 319,055 | 852,563 | | | |
| <u>Financial liabilities</u> | | | | | | | | | |
| Trade accounts payable | - | - | - | - | 128,024 | 128,024 | - | - | - |
| Long-term loans | 112,503 | 1,495,117 | 1,980,848 | 8,324,834 | - | 11,913,302 | 4.85 - 5.33 | 1.36 - 3.00 | 6.00 |
| Total | 112,503 | 1,495,117 | 1,980,848 | 8,324,834 | 128,024 | 12,041,326 | | | |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | | | | |
|--|--|--|------------------------|----------------------|-----------|------------------------|-------------------|-------------|--|
| As at 31 December 2014 | | | | | | | | | |
| | Fixed interest rate with maturity date within 1 year | Fixed interest rate with maturity date at call | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) | | | |
| | | | | | | Fixed USD | Floating USD Baht | | |
| <u>Financial assets</u> | | | | | | | | | |
| Cash and cash equivalents | - | - | 83,217 | 860 | 84,077 | - | 0.10 - 0.30 | 0.37 - 0.50 | |
| Trade and other receivables | - | - | - | 1,503,991 | 1,503,991 | - | - | - | |
| Short-term loans to a subsidiary | - | - | - | 1,661,335 | 1,661,335 | - | - | - | |
| Long-term loans to a subsidiary | - | - | - | 319,807 | 319,807 | - | - | - | |
| Total | - | - | 83,217 | 3,485,993 | 3,569,210 | | | | |
| <u>Financial liabilities</u> | | | | | | | | | |
| Trade accounts payable | - | - | - | 98,394 | 98,394 | - | - | - | |
| Advances received from related parties | - | - | - | 1,403,844 | 1,403,844 | - | - | - | |
| Long-term loans | - | - | 36,410 | - | 36,410 | - | 2.74 | - | |
| Total | - | - | 36,410 | 1,502,238 | 1,538,648 | | | | |

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 | | Financial liabilities | | Average exchange rate | |
|------------------|-------------------|-----------|-----------------------|-----------|-----------------------------------|--------|
| | as at 31 December | | as at 31 December | | as at 31 December | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (Million) | (Million) | (Million) | (Million) | (USD per 1 foreign currency unit) | |
| Baht loan | - | - | 845.07 | 970.27 | 0.0278 | 0.0302 |

Foreign currency swap contracts outstanding are summarised below.

| As at 31 December 2015 | | | |
|------------------------|-------------------|-----------------------------------|--|
| Bought amount | Sold amount | Contractual exchange rate | Contractual maturity date |
| | | (USD per 1 foreign currency unit) | |
| Baht 845.07 million | USD 25.82 million | 0.0302, 0.0309 | Quarterly corresponding to the loan repayment schedule upto September 2022 |
| As at 31 December 2014 | | | |
| Bought amount | Sold amount | Contractual exchange rate | Contractual maturity date |
| | | (USD per 1 foreign currency unit) | |
| Baht 970.27 million | USD 29.64 million | 0.0302, 0.0309 | Quarterly corresponding to the loan repayment schedule upto September 2022 |

36.2 Fair values of financial 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.

37. 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 2015, the Group's debt-to-equity ratio was 0.97:1 (2014: 0.83:1) and the Company's was 0.14:1 (2014: 0.12:1) which is calculated from USD functional currency financial statements.

38. Event after the reporting period

- a) On 6 January 2016, a bulk carrier under a shipbuilding contract with Shanhaiguan New Shipbuilding Industry Co., Ltd., China, was completed and delivered to the Company's indirect subsidiary incorporated in Singapore (Precious Wisdom Pte. Limited). The contract price of the vessel with Hull No. BC385-12 is USD 22.32 million or approximately Baht 803.73 million.
- b) On 22 January 2016, the Company issued 3,590,000 Unsubordinated and Unsecured Debentures of par value Baht 1,000 each by way of a public offering and has accordingly received the aggregate proceeds of Baht 3,590 million. The maturity of the debentures will be 5 years at the interest rate of 5.25% per annum. The interest payment will be quarterly. The issuance of the debentures was approved by the Meeting of the Board of Directors of the Company and the Extraordinary General Meeting of Shareholders No.2/2015 on 6 October 2015 and on 5 November 2015, respectively.

Since the functional currency of the Company is US Dollars, with a view to covering the currency risk on the Thai Baht denominated liability of the Company, the entire proceeds of Baht 3,590 million were swapped into US Dollars, amounting to USD 99.72 million on 22 January 2016 vide a Cross Currency Swap entered into by the Company.

- c) On 27 January 2016, Precious Diamonds Limited, (“the local subsidiary”) entered into a Memorandum of Agreement with an overseas company to sell one vessel for USD 1.45 million.

The vessel was already delivered to the buyer and the subsidiary already received the selling price (net of direct selling expense) of USD 1.36 million (or approximately Baht 49.02 million) on 5 February 2016.

- d) On 29 January 2016, the Company cancelled 2 Shipbuilding Contracts (“SBCs”) bearing Hull nos. SAM14021B and SAM14022B (“Vessel”) ordered from Sainty Marine Corporation Ltd., China (“Shipbuilder”) because the Vessels were not delivered in time pursuant to the terms of the SBCs.

The Company has exercised its contractual right and cancelled the SBCs and consequently demanded from the Shipbuilder the refunds of the advances of USD 5.58 million per Vessel paid to the Shipbuilder, along with interest thereon.

Since the above refunds were not made by the Shipbuilder, on 2 February 2016, the Company has submitted the Letters of Demand to the Guarantor Bank, Export-Import Bank of China, Jiangsu Branch (“CEXIM”), against the Irrevocable Letters of Guarantee provided to the Company by CEXIM in accordance with the SBCs to seek full refund of the abovementioned advances, along with interest thereon.

Subsequently, on 3 February 2016, the Company received notices of arbitration from the Shipbuilder by which the disputes in connection with the cancellations of the SBCs have been referred to arbitration proceedings in London. Therefore, as per the terms of the Irrevocable Letters of Guarantee and the SBCs, the refunds of the advances to the Company are subject to the final arbitration award and the Irrevocable Letters of Guarantee related to these two Vessels have been automatically extended until 90 days after the final arbitration award has been published.

- e) On 8 February 2016, the Meeting of the Board of Directors of the Company approved and resolved to propose for shareholders’ approval, the issuance and offering of debentures amounting to not exceeding Baht 10,000 million (or equivalent) apart from the issued debentures mentioned in Note 38 b). The maturity of the debentures will not exceed 20 years. The interest rate will depend on the appropriate prevailing market conditions at such time the debentures are issued and offered. The terms and conditions of debentures shall be subject to the Law, Regulations, Notification, or any related announcements at the time of each issuance and offering.

39. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2015 and 2014 and income statements for the years ended 31 December 2015 and 2014 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Thousand USD)

| | Consolidated | | Separate | |
|--|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 12,567 | 16,230 | 1,451 | 2,551 |
| Current investment | - | - | - | - |
| Trade and other receivables | 6,677 | 9,634 | 107,687 | 45,626 |
| Short-term loans to a subsidiary | - | - | 47,200 | 50,400 |
| Bunker oil | 3,959 | 3,504 | - | - |
| Other current assets | | | | |
| Advances to vessel masters | 3,603 | 4,089 | - | - |
| Claim recoverables | 555 | 922 | - | - |
| Others | 1,156 | 1,199 | 626 | 472 |
| Total other current assets | 5,314 | 6,210 | 626 | 472 |
| Total current assets | 28,517 | 35,578 | 156,964 | 99,049 |
| Non-current assets | | | | |
| Restricted bank deposits | 24,865 | - | - | - |
| Long-term loans to a subsidiary | - | - | 9,702 | 9,702 |
| Investments in subsidiaries | - | - | 246,149 | 246,062 |
| Investment in associate held by a subsidiary | 2,374 | 2,900 | - | - |
| Other long-term investment | 568 | 417 | 568 | 417 |
| Property, plant and equipment | 701,880 | 669,567 | 185 | 165 |
| Intangible assets | 56 | 85 | 56 | 84 |
| Other non-current assets | | | | |
| Claim recoverables - maritime claims | 4,025 | 4,384 | - | - |
| Advances for vessel constructions | 123,352 | 121,779 | 122,941 | 111,061 |
| Deferred financial fees | 6,028 | 3,767 | 6,028 | 3,669 |
| Deferred contract costs | 7,641 | 8,092 | - | - |
| Others | 87 | 93 | 66 | 73 |
| Total other non-current assets | 141,133 | 138,115 | 129,035 | 114,803 |
| Total non-current assets | 870,876 | 811,084 | 385,695 | 371,233 |
| Total assets | 899,393 | 846,662 | 542,659 | 470,282 |

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Thousand USD)

| | Consolidated | | Separate | |
|---|----------------------|----------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Liabilities and shareholders' equity | | | | |
| Current liabilities | | | | |
| Trade and other payables | | | | |
| Trade and other payables | 2,740 | 3,884 | 320 | 2,985 |
| Advances received from related parties | - | - | 38,293 | 42,588 |
| Accrued crew accounts | 3,555 | 3,443 | - | - |
| Accrued expenses | 4,760 | 4,722 | 411 | 667 |
| Accrued employee bonus | 957 | 430 | 836 | 391 |
| Total trade and other payables | 12,012 | 12,479 | 39,860 | 46,631 |
| Advances received from charterers | 1,255 | 522 | - | - |
| Current portion of long-term loans | 155,276 | 24,633 | 13,495 | - |
| Income tax payable | 11 | 113 | - | - |
| Other current liabilities | 734 | 657 | 204 | 187 |
| Total current liabilities | 169,288 | 38,404 | 53,559 | 46,818 |
| Non-current liabilities | | | | |
| Payables to cross currency swap contracts | 2,294 | 74 | - | - |
| Long-term loans - net of current portion | 255,108 | 336,782 | 3,291 | 1,105 |
| Provision for maritime claims | 5,594 | 5,512 | - | - |
| Unsecured corporate credit | 8,000 | - | 8,000 | - |
| Provision for long-term employee benefits | 2,284 | 2,223 | 2,071 | 2,024 |
| Total non-current liabilities | 273,280 | 344,591 | 13,362 | 3,129 |
| Total liabilities | 442,568 | 382,995 | 66,921 | 49,947 |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Registered share capital | 52,598 | 35,308 | 52,598 | 35,308 |
| Issued and paid-up share capital | 51,055 | 35,308 | 51,055 | 35,308 |
| Paid-in capital | | | | |
| Premium on ordinary shares | 63,284 | 16,135 | 63,284 | 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 | 14,460 | - | - |
| Corporate social responsibility reserve | 519 | 527 | 519 | 527 |
| Unappropriated | 321,940 | 391,438 | 353,259 | 360,744 |
| Other components of shareholders' equity | (2,001) | (1,787) | - | - |
| Equity attributable to owner of the Company | 456,878 | 463,702 | 475,738 | 420,335 |
| Non-controlling interests of the subsidiaries | (53) | (35) | - | - |
| Total shareholders' equity | 456,825 | 463,667 | 475,738 | 420,335 |
| Total liabilities and shareholders' equity | 899,393 | 846,662 | 542,659 | 470,282 |

Precious Shipping Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2015

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

| | Consolidated | | Separate | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | |
| Vessel operating income | | | | |
| Hire income | 84,672 | 101,639 | - | - |
| Freight income | 38,534 | 39,024 | - | - |
| Total vessel operating income | 123,206 | 140,663 | - | - |
| Service income | 221 | 321 | 2,645 | 2,854 |
| Gains on sales of vessel and equipment | - | 825 | 21 | - |
| Gains on cancellation of shipbuilding contracts | - | 1,232 | - | 1,232 |
| Gain on disposal of current investment | 143 | - | - | - |
| Interest income | 60 | 160 | 36 | 185 |
| Exchange gains | - | 133 | - | 60 |
| Other income | 1 | 1 | - | 1 |
| Dividend received | - | - | - | 21,600 |
| Total revenues | 123,631 | 143,335 | 2,702 | 25,932 |
| Expenses | | | | |
| Vessel operating costs | | | | |
| Vessel running expenses | 65,502 | 60,898 | - | - |
| Voyage disbursements | 9,638 | 6,391 | - | - |
| Bunker consumption | 14,420 | 16,516 | - | - |
| Total vessel operating costs | 89,560 | 83,805 | - | - |
| Depreciation | 43,701 | 38,968 | 73 | 76 |
| Cost of services | 152 | 143 | - | - |
| Losses on sales of vessels | 7,806 | - | - | - |
| Loss on impairment of assets | 23,445 | - | - | - |
| Administrative expenses | 8,370 | 5,328 | 6,393 | 4,452 |
| Management remuneration including perquisites | 2,818 | 2,436 | 2,620 | 2,344 |
| Bad debts and doubtful accounts | 198 | 63 | - | - |
| Exchange losses | 767 | - | 849 | - |
| Total expenses | 176,817 | 130,743 | 9,935 | 6,872 |
| Profit (loss) before share of profit from investment in associate, finance cost and income tax expenses | (53,186) | 12,592 | (7,233) | 19,060 |
| Share of profit from investment in associate held by a subsidiary | 230 | 234 | - | - |
| Profit (loss) before finance cost and income tax expenses | (52,956) | 12,826 | (7,233) | 19,060 |
| Finance cost | (16,405) | (15,366) | (190) | (3,703) |
| Profit (loss) before income tax expenses | (69,361) | (2,540) | (7,423) | 15,357 |
| Income tax expenses | (49) | (68) | - | - |
| Profit (loss) for the year | (69,410) | (2,608) | (7,423) | 15,357 |
| Profit (loss) attributable to: | | | | |
| Equity holders of the Company | (69,409) | (2,542) | (7,423) | 15,357 |
| Non-controlling interests of the subsidiaries | (1) | (66) | - | - |
| Profit (loss) for the year | (69,410) | (2,608) | (7,423) | 15,357 |
| Basic earnings per share | | | | |
| Profit (loss) attributable to equity holders of the Company | (0.0521) | (0.0024) | (0.0056) | 0.0148 |
| Weighted average number of ordinary shares (Thousand shares) | 1,332,865 | 1,039,521 | 1,332,865 | 1,039,521 |

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 8 February 2016.