

Precious Shipping Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of Precious Shipping Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Precious Shipping Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Precious Shipping Public Company Limited for the same period.

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 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to note 17.8 to the financial statements regarding the cancellation of the Shipbuilding Contracts and the uncertainty regarding the outcome of arbitration proceedings. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The Group has entered into agreements with a large number of customers and these include both Time Charter and Voyage Charter type agreements, whereby the freight rates fluctuate in line with global market rates. In addition, the economic slowdown has directly resulted in more intense competition in the shipping industry. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select service agreements to assess whether revenue recognition, was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual revenue recognition transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenue transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of vessels

The Group recorded impairment loss on vessels totaling Baht 567 million as an expense during the year, which is a significant amount in relation to administration costs. In determining the impairment loss, management had to exercise judgement with respect to its projections of future operating performance, plans for management of assets of companies in the group, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss recorded on vessels.

I assessed the management's identification of cash generating units and selection of a financial model, by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing plans and cash flow projections for the Group, based on the understanding I gained of the process by which the figures were arrived at; comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgment in estimating cash flow projections, and comparison of the long-term growth rate of the Group with economic and industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
- The assumptions and approaches used by management in calculating the fair value of vessels.

I considered the scope and probability of potential changes in the key assumptions and in particular the growth rates applied in preparing the cash flow projections, by comparing them to economic and industry forecasts. In addition, I reviewed the disclosure of information with respect to impairment of vessels.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Ms. Vissuta Jariyathanakorn.

Vissuta Jariyathanakorn
Certified Public Accountant (Thailand) No. 3853

EY Office Limited
Bangkok: 8 February 2017

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6	2,676,310,435	453,507,794	2,145,249,277	52,362,535
Current portion of restricted bank deposits	10	36,069,571	-	-	-
Trade and other receivables	7	139,994,839	240,951,914	4,629,331,757	3,886,261,431
Short-term loan to a subsidiary	9	-	-	-	1,703,381,920
Bunker oil		40,734,457	142,870,647	-	-
Other current assets					
Advances to vessel masters		90,986,420	130,043,279	-	-
Claim recoverables		24,241,889	20,020,793	-	-
Others		92,684,869	41,724,032	20,361,495	22,582,819
Total other current assets		207,913,178	191,788,104	20,361,495	22,582,819
Total current assets		3,101,022,480	1,029,118,459	6,794,942,529	5,664,588,705
Non-current assets					
Restricted bank deposits - net of current portion	10	354,923,612	897,335,050	-	-
Long-term loans to subsidiaries	11	-	-	5,543,080,951	350,131,597
Investments in subsidiaries	12	-	-	7,391,484,350	8,883,168,996
Investment in associate held by a subsidiary	13	86,236,899	85,676,340	-	-
Other long-term investment	14	20,335,373	20,481,741	20,335,373	20,481,741
Receivables from cross currency swap contracts		-	-	28,892,498	-
Property, plant and equipment	15	25,671,524,342	25,329,890,038	5,406,637	6,686,425
Intangible assets	16	1,178,561	2,034,055	1,178,559	2,027,544
Other non-current assets					
Claim recoverables - maritime claims		111,873,693	145,256,940	-	-
Advances for vessel constructions	17	2,712,400,780	4,451,615,064	2,701,134,188	4,436,780,935
Deferred financial fees	18	-	217,541,606	-	217,541,606
Deferred contract costs	19	253,466,358	275,762,198	-	-
Others		3,067,955	3,107,467	2,396,188	2,395,665
Total other non-current assets		3,080,808,786	5,093,283,275	2,703,530,376	4,656,718,206
Total non-current assets		29,215,007,573	31,428,700,499	15,693,908,744	13,919,214,509
Total assets		32,316,030,053	32,457,818,958	22,488,851,273	19,583,803,214

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables					
Trade and other payables	8	37,847,911	98,883,068	245,304	11,544,003
Advances received from related parties	8	-	-	1,739,800,011	1,381,955,629
Accrued crew accounts		95,737,376	128,272,679	-	-
Accrued expenses		140,485,237	171,791,550	49,830,338	14,846,485
Accrued employee bonus		34,054,992	34,530,011	29,290,439	30,162,476
Total trade and other payables		308,125,516	433,477,308	1,819,166,092	1,438,508,593
Advances received from charterers		13,872,247	45,297,395	-	-
Current portion of long-term loans	20	887,344,495	5,603,701,289	-	486,997,656
Income tax payable		66,271	379,652	-	-
Other current liabilities		18,575,112	26,492,807	8,814,404	7,373,406
Total current liabilities		1,227,983,641	6,109,348,451	1,827,980,496	1,932,879,655
Non-current liabilities					
Payables to cross currency swap contracts		35,813,830	82,803,510	-	-
Long-term loans - net of current portion	20	10,846,818,205	9,206,495,265	-	118,751,647
Debentures	21	5,524,293,751	-	5,524,293,751	-
Provision for maritime claims	22	162,781,593	201,878,185	-	-
Unsecured corporate loans	17.6	801,558,738	288,708,800	801,558,738	288,708,800
Provision for long-term employee benefits	23	84,213,450	82,417,640	79,856,350	74,737,902
Total non-current liabilities		17,455,479,567	9,862,303,400	6,405,708,839	482,198,349
Total liabilities		18,683,463,208	15,971,651,851	8,233,689,335	2,415,078,004

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital	24				
Registered share capital					
1,611,256,930 ordinary shares of Baht 1 each		1,611,256,930	1,611,256,930	1,611,256,930	1,611,256,930
Issued and paid-up share capital					
1,559,280,897 ordinary shares of Baht 1 each		1,559,280,897	1,559,280,897	1,559,280,897	1,559,280,897
Paid-in capital					
Premium on ordinary shares		1,967,716,593	1,967,716,593	1,967,716,593	1,967,716,593
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	16,119,179	16,349,679	16,119,179	16,349,679
Unappropriated		8,813,492,306	11,478,160,540	8,626,377,640	11,361,856,460
Other components of shareholders' equity		476,208,770	666,853,827	1,809,269,757	1,987,123,709
Equity attributable to owners of the Company		13,632,535,617	16,488,079,408	14,255,161,938	17,168,725,210
Non-controlling interests of the subsidiaries		31,228	(1,912,301)	-	-
Total shareholders' equity		13,632,566,845	16,486,167,107	14,255,161,938	17,168,725,210
Total liabilities and shareholders' equity		32,316,030,053	32,457,818,958	22,488,851,273	19,583,803,214
		-	-	-	-

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

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Directors
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Precious Shipping Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenues					
Vessel operating income					
Hire income		2,877,621,600	2,919,613,883	-	-
Freight income		804,795,152	1,329,368,563	-	-
Total vessel operating income		3,682,416,752	4,248,982,446	-	-
Service income	8	7,417,603	7,672,324	96,599,675	91,225,858
Gains on sales of equipment		-	-	394,616	743,414
Gains on cancellation of shipbuilding contracts	17.8	2,851,210	-	2,851,210	-
Gain on disposal of current investment		-	5,117,873	-	-
Interest income		46,672,085	2,089,705	44,728,455	1,242,665
Exchange gains		45,425,600	-	47,928,580	-
Other income		7,001,804	53,260	3,343	4,122
Total revenues		3,791,785,054	4,263,915,608	192,505,879	93,216,059
Expenses					
Vessel operating costs					
Vessel running expenses		2,010,834,546	2,256,496,685	-	-
Voyage disbursements		243,229,708	332,614,743	-	-
Bunker consumption		231,894,232	494,669,175	-	-
Total vessel operating costs		2,485,958,486	3,083,780,603	-	-
Depreciation	15	1,366,395,482	1,505,204,048	2,499,923	2,517,746
Cost of services		5,239,468	5,212,221	-	-
Loss on sales of vessels	15	680,285,679	279,033,309	-	-
Loss on impairment of assets	15	566,558,861	840,771,294	-	-
Loss on impairment of investments in subsidiaries	12	-	-	2,205,262,526	-
Administrative expenses	8	260,251,101	289,445,453	213,201,630	220,376,290
Management remuneration including perquisites	8	88,196,978	96,527,119	79,084,164	89,738,783
Bad debts and doubtful accounts		25,022,204	6,330,760	32,885,487	-
Exchange losses		-	25,369,407	-	28,230,449
Total expenses		5,477,908,259	6,131,674,214	2,532,933,730	340,863,268
Loss before share of profit from investment in associate, finance cost and income tax expense		(1,686,123,205)	(1,867,758,606)	(2,340,427,851)	(247,647,209)
Share of profit from investment in associate held by a subsidiary	13.1	3,287,595	8,242,996	-	-
Loss before finance cost and income tax expense		(1,682,835,610)	(1,859,515,610)	(2,340,427,851)	(247,647,209)
Finance cost		(980,089,221)	(564,630,173)	(395,281,469)	(6,561,175)
Loss before income tax expense		(2,662,924,831)	(2,424,145,783)	(2,735,709,320)	(254,208,384)
Income tax expense	29	(62,476)	(1,657,760)	-	-
Loss for the year		(2,662,987,307)	(2,425,803,543)	(2,735,709,320)	(254,208,384)

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2016	2015	2016	2015
Loss attributable to:				
Equity holders of the Company	(2,664,898,734)	(2,425,783,474)	(2,735,709,320)	(254,208,384)
Non-controlling interests of the subsidiaries	1,911,427	(20,069)	-	-
Loss for the year	<u>(2,662,987,307)</u>	<u>(2,425,803,543)</u>	<u>(2,735,709,320)</u>	<u>(254,208,384)</u>
Basic earnings per share	31			
Loss attributable to equity holders of the Company	<u>(1.71)</u>	<u>(1.82)</u>	<u>(1.75)</u>	<u>(0.19)</u>
Weighted average number of ordinary shares (Shares)	<u>1,559,280,897</u>	<u>1,332,864,768</u>	<u>1,559,280,897</u>	<u>1,332,864,768</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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loss for the year	<u>(2,662,987,307)</u>	<u>(2,425,803,543)</u>	<u>(2,735,709,320)</u>	<u>(254,208,384)</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(1,688,523)</u>	<u>(13,315,998)</u>	<u>-</u>	<u>-</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(1,688,523)</u>	<u>(13,315,998)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss	-	(3,547,908)	-	(2,562,245)
Exchange differences on translation of functional currency to presentation currency financial statements	<u>(188,924,432)</u>	<u>1,569,561,168</u>	<u>(177,853,952)</u>	<u>1,493,958,799</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(188,924,432)</u>	<u>1,566,013,260</u>	<u>(177,853,952)</u>	<u>1,491,396,554</u>
Other comprehensive income for the year	<u>(190,612,955)</u>	<u>1,552,697,262</u>	<u>(177,853,952)</u>	<u>1,491,396,554</u>
Total comprehensive income for the year	<u><u>(2,853,600,262)</u></u>	<u><u>(873,106,281)</u></u>	<u><u>(2,913,563,272)</u></u>	<u><u>1,237,188,170</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>(2,855,543,791)</u>	<u>(872,970,034)</u>	<u>(2,913,563,272)</u>	<u>1,237,188,170</u>
Non-controlling interests of the subsidiaries	<u>1,943,529</u>	<u>(136,247)</u>	<u>-</u>	<u>-</u>
	<u><u>(2,853,600,262)</u></u>	<u><u>(873,106,281)</u></u>	<u><u>(2,913,563,272)</u></u>	<u><u>1,237,188,170</u></u>

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Unappropriated	Other components of shareholders' equity - other comprehensive income	Exchange differences on translation of financial statements	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Corporate social responsibility reserve						
				Statutory reserve								
				The Company	Subsidiaries							
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	
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)	
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)	
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	
Balance as at 1 January 2016	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	
Loss for the year	-	-	-	-	-	-	(2,664,898,734)	-	(2,664,898,734)	1,911,427	(2,662,987,307)	
Other comprehensive income for the year	-	-	-	-	-	-	-	(190,645,057)	(190,645,057)	32,102	(190,612,955)	
Total comprehensive income for the year	-	-	-	-	-	-	(2,664,898,734)	(190,645,057)	(2,855,543,791)	1,943,529	(2,853,600,262)	
Appropriated to corporate social responsibility reserve (Note 27)	-	-	-	-	-	(230,500)	230,500	-	-	-	-	
Balance as at 31 December 2016	1,559,280,897	1,967,716,593	172,445,812	103,952,060	523,320,000	16,119,179	8,813,492,306	476,208,770	13,632,535,617	31,228	13,632,566,845	
	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	

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 2016

(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 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
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
Increase in share capital (Note 24)	519,760,297	1,556,286,848	-	-	-	-	-	2,076,047,145
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	16,349,679	11,361,856,460	1,987,123,709	17,168,725,210
Balance as at 1 January 2016	1,559,280,897	1,967,716,593	172,445,812	103,952,060	16,349,679	11,361,856,460	1,987,123,709	17,168,725,210
Loss for the year	-	-	-	-	-	(2,735,709,320)	-	(2,735,709,320)
Other comprehensive income for the year	-	-	-	-	-	-	(177,853,952)	(177,853,952)
Total comprehensive income for the year	-	-	-	-	-	(2,735,709,320)	(177,853,952)	(2,913,563,272)
Appropriated to corporate social responsibility reserve (Note 27)	-	-	-	-	(230,500)	230,500	-	-
Balance as at 31 December 2016	1,559,280,897	1,967,716,593	172,445,812	103,952,060	16,119,179	8,626,377,640	1,809,269,757	14,255,161,938
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Loss before tax	(2,662,924,831)	(2,424,145,783)	(2,735,709,320)	(254,208,384)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,367,223,477	1,506,180,785	3,321,524	3,480,570
Bad debt and doubtful accounts	25,022,204	6,330,760	32,885,487	-
Write-off equipment	21	102,046	21	102,046
Losses (gains) on sales of vessels and equipment	679,890,697	278,187,849	(394,616)	(845,459)
Loss on impairment of assets	566,558,861	840,771,294	-	-
Loss on impairment of investments in subsidiaries	-	-	2,205,262,526	-
Gains on cancellation of shipbuilding contracts	(2,851,210)	-	(2,851,210)	-
Gain on disposal of current investment	-	(5,117,873)	-	-
Write-off deferred financial fees	182,252,939	4,211,396	182,252,939	4,211,396
Amortisation of deferred contract costs	20,007,429	19,307,157	-	-
Share of profit from investment in associate held by a subsidiary	(3,287,595)	(8,242,996)	-	-
Provision for maritime claims (reversal)	(5,219,799)	14,856,874	-	-
Provision for long-term employee benefits	9,025,730	5,832,868	7,794,236	5,499,505
Unrealised exchange gains	(73,401,759)	(3,612,102)	(72,805,683)	(5,368,043)
Amortised financial fees to interest expenses	80,635,697	71,852,060	-	-
Interest expense	691,764,498	477,817,291	206,844,982	-
Amortisation of deferred debentures issuing cost	4,088,071	-	4,088,071	-
Interest income	(39,725,191)	-	(39,725,191)	-
Profit (loss) from operating activities before changes in operating assets and liabilities	839,059,239	784,331,626	(209,036,234)	(247,128,369)
Operating assets (increase) decrease				
Trade and other receivables	14,657,819	154,374,769	(2,100,998,340)	(1,530,146,202)
Bunker oil	70,149,988	(23,192,399)	-	-
Other current assets	(24,915,996)	33,826,456	2,465,457	(3,999,138)
Other non-current assets	45,228	(3,602,776)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(157,434,757)	81,097,207	343,727,076	(124,653,476)
Advances received from charterers	(30,506,343)	24,217,286	-	-
Other current liabilities	(7,424,338)	2,158,781	1,504,505	805,115
Non-current liabilities	(7,045,138)	(186,772)	(2,585,366)	-
Cash flows from (used in) operating activities	696,585,702	1,053,024,178	(1,964,922,902)	(1,905,122,070)
Cash paid for corporate income tax and withholding tax deducted at source	(3,315,981)	(7,251,571)	(2,127,536)	(1,988,543)
Net cash flows from (used in) operating activities	693,269,721	1,045,772,607	(1,967,050,438)	(1,907,110,613)

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
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	(1,449,036,088)	(2,884,984,975)	(1,304,541)	(3,440,786)
Cash received from sales of vessels and equipment	681,670,982	124,345,011	404,333	845,500
Cash paid for advances for vessel constructions and other direct costs	(1,240,457,102)	(1,536,637,858)	(1,218,133,883)	(1,523,840,105)
Cash received from amendment/cancellation of shipbuilding contracts	697,927,302	428,898,424	697,927,302	428,898,424
Cash paid for other long-term investment	-	(5,065,215)	-	(5,065,215)
Cash paid for investments in subsidiaries	-	-	(785,600,000)	(2,999,400)
Cash received from non-controlling interests of subsidiaries	-	600	-	35
Decrease in short-term loans to a subsidiary	-	-	145,893,300	104,161,920
Cash received from unsecured corporate loan	504,231,180	288,708,800	504,231,180	288,708,800
Dividend received from associate held by a subsidiary	-	18,506,246	-	-
Net cash flows used in investing activities	(805,663,726)	(3,561,111,094)	(656,582,309)	(712,730,827)
Cash flows from financing activities				
Decrease (increase) in restricted bank deposits	489,422,535	(897,335,050)	-	-
Cash paid for interest expense and commitment fee	(645,511,684)	(493,844,112)	(160,592,167)	(15,948,289)
Cash paid for deferred financial fees	(27,552,650)	(126,200,855)	(27,552,650)	(126,172,834)
Cash received from long-term loans	1,366,616,419	2,874,319,731	-	629,322,567
Repayment of long-term loans	(1,544,183,384)	(1,047,978,566)	(599,466,438)	(112,009,690)
Prepayment of long-term loans	(2,810,654,508)	(125,145,493)	-	-
Cash received from share capital increase	-	2,076,047,145	-	2,076,047,145
Cash received from debentures	5,527,759,452	-	5,527,759,452	-
Dividend paid to non-controlling interests of the subsidiary	-	(627,747)	-	-
Net cash flows from financing activities	2,355,896,180	2,259,235,053	4,740,148,197	2,451,238,899
Increase (decrease) in translation adjustments	(20,699,534)	174,609,555	(23,628,708)	136,888,110
Net increase (decrease) in cash and cash equivalents	2,222,802,641	(81,493,879)	2,092,886,742	(31,714,431)
Cash and cash equivalents at beginning of year	453,507,794	535,001,673	52,362,535	84,076,966
Cash and cash equivalents at end of year	2,676,310,435	453,507,794	2,145,249,277	52,362,535
	-	-	-	-

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Supplemental cash flows information				
Non-cash transactions				
Transfer of interest expenses and commitment fee				
to advances for vessel constructions	1,239,929	16,249,398	1,239,929	16,170,867
Amortisation of financial fees to advances				
for vessel constructions	206,197	2,785,226	206,197	2,785,226
Transfer of deferred financial fees to present as a deduction from long-term loans	50,601,901	39,643,477	-	4,438,429
Transfer of deferred financial fees to subsidiaries in proportion to the drawdown amount	-	-	50,601,901	31,980,881
Transfer of advances for vessel constructions to vessel and equipment of subsidiaries	2,268,025,928	982,442,243	2,242,280,951	634,595,827
Actuarial loss	-	3,547,908	-	2,562,245
Conversion of short-term loan to subsidiary to long-term loan to subsidiaries	-	-	1,525,971,100	-
Conversion of advance receivable from subsidiary to long-term loan to subsidiaries	-	-	3,619,745,400	-

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 2016

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	
			2016 %	2015 %
<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	99.98
36. Precious Venus Limited	Shipowner	Thailand	99.99	99.98
37. Precious Neptune Limited	Shipowner	Thailand	99.99	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	
			2016 %	2015 %
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
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. Associated Bulk Carriers Pte. Limited	Holding company	Singapore	100.00	100.00
<u>Subsidiaries held by subsidiaries</u>				
47. Precious Projects Pte. Limited	Investment holding company	Singapore	100.00	100.00
48. PSL Investments Limited	Holding company***	Mauritius	-	100.00
49. International Lighterage Limited	Holding company***	Mauritius	-	100.00
50. Regidor Pte. Ltd.	Maritime business *	Singapore	100.00	100.00
51. Precious Forests Pte. Ltd.	Shipowner	Singapore	100.00	100.00
52. Precious Fragrance Pte. Ltd.	Shipowner	Singapore	100.00	100.00
53. Precious Thoughts Pte. Ltd.	Shipowner	Singapore	100.00	100.00
54. Precious Comforts Pte. Ltd.	Shipowner	Singapore	100.00	100.00
55. Precious Sparks Pte. Ltd.	Shipowner	Singapore	100.00	100.00
56. Precious Visions Pte. Ltd.	Shipowner	Singapore	100.00	100.00
57. Precious Bridges Pte. Ltd.	Shipowner	Singapore	100.00	100.00
58. Precious Tides Pte. Ltd.	Shipowner	Singapore	100.00	100.00
59. Precious Skies Pte. Ltd.	Shipowner	Singapore	100.00	100.00
60. Precious Grace Pte. Ltd.	Shipowner	Singapore	100.00	100.00
61. Precious Sonnets Pte. Ltd.	Shipowner	Singapore	100.00	100.00
62. Precious Glories Pte. Ltd.	Shipowner	Singapore	100.00	100.00
63. Precious Wisdom Pte. Ltd.	Shipowner	Singapore	100.00	100.00
64. ABC One Pte. Ltd.	Shipowner	Singapore	100.00	100.00
65. ABC Two Pte. Ltd.	Shipowner	Singapore	100.00	100.00
66. ABC Three Pte. Ltd.	Shipowner	Singapore	100.00	100.00
67. ABC Four Pte. Ltd.	Shipowner	Singapore	100.00	100.00
<u>Associate held by a subsidiary</u>				
68. International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40

*Business suspended

**Under liquidation process

***Completed the liquidation process in the year 2016

- 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

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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 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 financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

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.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring 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.

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.

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	
	2016	2015	2016	2015
Cash	1,102	752	1,090	740
Bank deposits	2,675,208	452,756	2,144,159	51,623
Total	2,676,310	453,508	2,145,249	52,363

As at 31 December 2016, bank deposits carried interest between 0.00% and 0.30% per annum for USD savings deposits and between 0.37% and 0.38% per annum for Baht savings deposits (2015: 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).

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	137,420	152,798	-	-
3 - 6 months	2,571	2,339	-	-
6 - 12 months	4	25,621	-	-
Over 12 months	24,560	23	-	-
Total	164,555	180,781	-	-
Less: Allowance for doubtful debts	(24,560)	(23)	-	-
Total trade receivables - unrelated parties, net	139,995	180,758	-	-
<u>Other receivables - unrelated parties</u>				
Receivable from sales of vessel (Note 15)				
	-	60,194	-	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 8)	-	-	4,629,332	3,886,261
Total other receivables	-	60,194	4,629,332	3,886,261
Total trade and other receivables - net	139,995	240,952	4,629,332	3,886,261

8. Related party transactions

In addition to relationship between the Company and its subsidiaries as stated in Note 9, 11 and 12 to the financial statements and its associate as stated in Note 13 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
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)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	77,040	85,314	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	19,560	5,912	3% of vessels' selling price
Condominium rental expenses	-	-	7,009	7,699	Market price
Sales of new building vessels (as part of advances for vessel construction and other direct cost)	-	-	2,242,281	634,596	At cost
Transaction with associate					
Dividend received	-	18,506	-	-	As declared
Transactions with related companies					
Air ticket expenses	6,605	8,578	1,700	2,213	Market price
Rental and service expenses	5,963	6,856	4,026	5,240	Market price
Computer purchases	-	1,080	-	746	Market price

The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related parties are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Other receivables - related parties (Note 7)				
Subsidiaries	-	-	4,629,332	3,886,261
Total other receivables - related parties	-	-	4,629,332	3,886,261
Trade and other payables - related parties				
Subsidiaries	-	-	1,739,800	1,381,956
Related companies	215	1,986	69	1,043
Total trade and other payables - related parties	215	1,986	1,739,869	1,382,999

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 2016 and 2015, the Group had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	85,808	95,206	76,981	88,421
Post-employment benefits	2,389	1,321	2,103	1,318
Total	88,197	96,527	79,084	89,739

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.

9. Short-term loan to a subsidiary

As at 31 December 2015, short-term loan to a wholly owned subsidiary, Precious Shipping (Singapore) Pte. Limited ("PSSP"), was in the form of a promissory note in US Dollar, amounting to USD 47.20 million (2016: None), 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.

On 30 December 2016, the Company has executed an agreement to extend the period of repayment of this promissory note to 3 years, therefore the amounts are converted to long-term loans to subsidiary as presented in Note 11 to financial statements.

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

	(Unit: Thousand Baht)	
	Separate financial statements	
	2016	2015
Balance at beginning of year	1,703,382	1,661,335
Decrease	(145,894)	(104,162)
Convert to long-term loan to subsidiary	(1,525,971)	-
Translation adjustment	(31,517)	146,209
Balance at end of year	-	1,703,382

10. Restricted bank deposits

As at 31 December 2016, the Group placed deposits at banks of USD 10.91 million (or equivalent Baht 390.99 million) as cash collateral for 3 loan facilities as mentioned in Note 20 to the financial statements (31 December 2015: USD 24.86 million (or equivalent Baht 897.34 million)).

11. Long-term loans to subsidiaries

Long-term loans to subsidiaries consisted of the following.

- 1) As at 31 December 2016, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited (“ABC Company”), are in the form of promissory notes amounting to USD 9.70 million (2015: USD 9.70 million), bearing no interest and are due at call. The Company does not intend to call for the loans repayment in the foreseeable future; therefore, the loans are classified as long-term loans.

The above loan 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

- 2) On 30 December 2016, the Company has executed an agreement to extend the period of repayment of advance receivables and short-term loan to PSSP amounting to USD 145 million to 3 years.

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

	(Unit: Thousand Baht)	
	Separate	
	financial statements	
	2016	2015
Balance at beginning of the year	350,132	319,807
Convert from advance receivables	3,619,746	-
Convert from short-term loans to subsidiary	1,525,971	-
Translation adjustment	47,232	30,325
Balance at end of the year	<u>5,543,081</u>	<u>350,132</u>

12. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2016	2015	2016	2015	2016	2015
			%	%		
Precious Metals Limited	275,000	275,000	99.99	99.99	379,650	382,383
Precious Wishes Limited	230,000	230,000	99.99	99.99	323,178	325,505
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	301,889	304,062
Precious Minerals Limited	230,000	230,000	99.99	99.99	274,516	276,492
Precious Lands Limited	306,000	306,000	99.99	99.99	347,421	349,922
Precious Rivers Limited	234,000	234,000	99.99	99.99	228,347	229,990
Precious Lakes Limited	184,000	184,000	99.99	99.99	200,379	201,821
Precious Seas Limited	100,000	100,000	99.99	99.99	140,512	141,524
Precious Stars Limited	105,000	105,000	99.99	99.99	147,538	148,600
Precious Oceans Limited	175,000	175,000	99.99	99.99	245,896	247,666
Precious Planets Limited	270,000	270,000	99.99	99.99	333,422	335,822
Precious Diamonds Limited	205,000	205,000	99.99	99.99	208,746	210,248
Precious Sapphires Limited	144,000	144,000	99.99	99.99	141,624	142,644
Precious Emeralds Limited	366,000	366,000	99.99	99.99	339,594	342,038
Precious Rubies Limited	259,360	259,360	99.99	99.99	283,540	285,581
Precious Opals Limited	249,360	249,360	99.99	99.99	274,446	276,421
Precious Garnets Limited	379,000	379,000	99.99	99.99	350,269	352,790
Precious Pearls Limited	173,000	173,000	99.99	99.99	200,059	201,499
Precious Flowers Limited	336,000	336,000	99.99	99.99	385,729	388,505
Precious Forests Limited	286,000	96,000	99.99	99.99	299,881	107,903
Precious Trees Limited	202,000	202,000	99.99	99.99	234,102	235,787
Precious Ponds Limited	124,000	124,000	99.99	99.99	140,810	141,823
Precious Ventures Limited	202,000	202,000	99.99	99.99	253,930	255,758
Precious Capitals Limited	200,000	200,000	99.99	99.99	281,025	283,047
Precious Jasmines Limited	147,000	147,000	99.99	99.99	190,926	192,300
Precious Orchids Limited	217,000	217,000	99.99	99.99	215,753	217,306
Precious Lagoons Limited	140,000	140,000	99.99	99.99	196,717	198,133
Precious Cliffs Limited	140,000	140,000	99.99	99.99	196,717	198,133
Precious Hills Limited	140,000	140,000	99.99	99.99	196,717	198,133
Precious Mountains Limited	140,000	140,000	99.99	99.99	196,717	198,133
Precious Resorts Limited	140,000	140,000	99.99	99.99	196,717	198,133
Precious Cities Limited	170,000	170,000	99.99	99.99	223,692	225,303
Precious Comets Limited	141,000	141,000	99.99	99.99	149,561	150,637
Precious Ornaments Limited	156,000	156,000	99.99	99.99	164,145	165,326
Precious Moons Limited	1,000	1,000	99.98	99.98	1,094	1,102
Precious Venus Limited	298,800	1,000	99.99	99.98	303,824	1,019
Precious Neptune Limited	298,800	1,000	99.99	99.98	303,824	1,019
Nedtex Limited	2,500	2,500	69.99	69.99	911	917

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2016	2015	2016	2015	2016	2015
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	5,901	5,943
Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	-	-
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	358	361
Precious Shipping (Mauritius) Limited	-	250	-	100.00	-	361
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	375,883	378,589
Precious Shipping (UK) Limited	250	250	100.00	100.00	358	361
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	388,555	391,351
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					9,624,873	8,890,391
Less: Allowance for loss on investments in subsidiaries					(2,233,389)	(7,222)
Total investments in subsidiaries - net					7,391,484	8,883,169

As at 31 December 2016, the Company has pledged the shares of 31 subsidiaries amounting to Baht 6,249.90 million (net of allowance for loss on investments) (2015: 34 subsidiaries amounting to Baht 8,392.82 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 20 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.

2016

- During the year 2016, the Company invested in 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 Venus Limited	19 April 2016	100.00	2.98	297.80
Precious Neptune Limited	19 April 2016	100.00	2.98	297.80
Precious Forests Limited	14 December 2016	100.00	1.90	190.00

2. On 23 June 2016, the meeting of the Extraordinary General Meeting of Precious Shipping (Mauritius) Limited approved the voluntary winding up of the company since it is not making any further investments and has no intention to carry on its activities. Subsequently, on 26 December 2016, Precious Shipping (Mauritius) Limited has completed its liquidation process.
3. On 11 October 2016 and 22 November 2016, PSL Investments Limited and International Lighterage Limited, the Company's subsidiaries in Mauritius have now completed their liquidation processes, respectively.
4. On 13 December 2016, the Extraordinary General Meeting of Nedtex Ltd. and Precious Storage Terminal Ltd. passed the resolutions to close the companies due to absence of any operations.
5. The allowance for loss on investments in subsidiaries in the separate financial statements applied for the subsidiaries which sold their vessels during the years 2015 - 2016 and have no recent plan for the replacements was USD 62.14 million (or approximately Baht 2,226.58 million).

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 (Baht)	No. of shares (Shares)	Total value (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.

<u>Company's name</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage indirectly owned by the Company</u>
<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.

13. Investment in associate held by a subsidiary

13.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

<u>Associate's name</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Consolidated financial statements</u>					
			<u>Shareholding percentage</u>		<u>Cost</u>		<u>Carrying amounts based on equity method</u>	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			<u>%</u>	<u>%</u>				
International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40	<u>73,010</u>	<u>73,536</u>	<u>86,237</u>	<u>85,676</u>

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	
	2016	2015	2016	2015
International Seaports (Haldia) Private Limited	3,288	8,243	-	18,506

Share of profit from investment in associate held by a subsidiary for the years ended 31 December 2016 and 2015, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2016 and 2015, respectively.

13.2 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Thousand INR	Thousand INR								
International Seaports (Haldia) Private Limited	440,580	440,580	426,321	422,154	41,335	39,670	363,377	458,576	14,679	36,799

14. 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.

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.

15. 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 2016	264,707	34,478,634	816,181	35,294,815	65,526	15,408	15,502	35,655,958
Acquisitions/transfer in	3,491	3,605,535	105,383	3,710,918	46	1,265	1,342	3,717,062
Disposals/transfer out/write-off	-	(7,761,335)	(516,091)	(8,277,426)	(908)	(1,613)	-	(8,279,947)
Translation adjustment	(1,806)	(338,002)	(12,026)	(350,028)	(478)	(114)	(83)	(352,509)
31 December 2016	266,392	29,984,832	393,447	30,378,279	64,186	14,946	16,761	30,740,564
Accumulated depreciation								
1 January 2016	242,234	8,750,923	398,488	9,149,411	62,629	11,760	13,945	9,479,979
Depreciation for the year	557	1,145,301	217,403	1,362,704	1,192	1,184	758	1,366,395
Depreciation on disposals/transfer out/ write-off	-	(5,332,590)	(408,832)	(5,741,422)	(898)	(1,613)	-	(5,743,933)
Translation adjustment	(1,722)	(148,414)	(5,923)	(154,337)	(440)	(81)	(86)	(156,666)
31 December 2016	241,069	4,415,220	201,136	4,616,356	62,483	11,250	14,617	4,945,775
Allowance for impairment loss								
1 January 2016	-	846,089	-	846,089	-	-	-	846,089
Increase during the year	-	561,408	5,151	566,559	-	-	-	566,559
Disposals/transfer out/write-off	-	(1,268,055)	(4,113)	(1,272,168)	-	-	-	(1,272,168)
Translation adjustment	-	(17,338)	123	(17,215)	-	-	-	(17,215)
31 December 2016	-	122,104	1,161	123,265	-	-	-	123,265
Net book value								
1 January 2016	22,473	24,881,622	417,693	25,299,315	2,897	3,648	1,557	25,329,890
31 December 2016	25,323	25,447,508	191,150	25,638,658	1,703	3,696	2,144	25,671,524
Depreciation for the year 2016								1,366,395

(Unit: Thousand Baht)

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	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)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
Cost				
1 January 2016	28,686	13,902	11,801	54,389
Acquisitions/transfer in	40	1,265	-	1,305
Disposals/transfer out/write-off	(908)	(1,613)	-	(2,521)
Translation adjustment	(216)	(103)	(84)	(403)
31 December 2016	27,602	13,451	11,717	52,770
Accumulated depreciation				
1 January 2016	26,371	10,488	10,844	47,703
Depreciation for the year	1,001	956	543	2,500
Depreciation on disposals/ transfer out/write-off	(899)	(1,613)	-	(2,512)
Translation adjustment	(183)	(76)	(69)	(328)
31 December 2016	26,290	9,755	11,318	47,363
Net book value				
1 January 2016	2,315	3,414	957	6,686
31 December 2016	1,312	3,696	399	5,407
Depreciation for the year 2016				2,500

(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

During the current year, local subsidiaries have sold and delivered 13 vessels (2015: 3 vessels) and had losses on sales of vessels totaling USD 19.34 million (or approximately Baht 680.29 million) (2015: USD 7.81 million (or approximately Baht 279.03 million)) as presented in the consolidated income statement.

As at 31 December 2016, certain condominium units 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 319.86 million (2015: Baht 321.53 million) in the consolidated financial statements and Baht 39.26 million (2015: Baht 41.71 million) in the separate financial statements.

As at 31 December 2016, the subsidiaries have mortgaged 35 vessels (2015: 41 vessels) with net book value of Baht 24,708.39 million (2015: Baht 23,048.68 million) with banks to secure long-term loans as referred to in Note 20 to the financial statements.

As at 31 December 2016, the Group performed impairment reviews in respect of the vessels expected to be sold in 2017 and recorded allowance for impairment loss of USD 3.44 million (or approximately Baht 123.27 million) (31 December 2015: 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.

16. Intangible assets

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

	(Unit: Thousand Baht)			
	Consolidated		Separated	
	financial statements		financial statements	
	2016	2015	2016	2015
Cost				
Cost at beginning of year	60,523	55,281	60,451	55,215
Translation adjustment	(432)	5,242	(432)	5,236
Cost at end of year	60,091	60,523	60,019	60,451
Accumulated amortisation				
Accumulated amortisation at beginning of year	58,489	52,486	58,423	52,439
Amortisation for the year	828	977	822	963
Translation adjustment	(405)	5,026	(405)	5,021
Accumulated amortisation at end of year	58,912	58,489	58,840	58,423
Net book value as at 31 December	1,179	2,034	1,179	2,028
Amortisation for the year	828	977	822	963

17. Advances for vessel constructions

As at 31 December 2016, the Group has balance of advances for vessel constructions amounting to USD 75.70 million (or approximately Baht 2,712.40 million), which related to the following shipbuilding contracts.

- Two Shipbuilding Contracts with Taizhou Sanfu Ship Engineering Co., Ltd. for hull nos. SF130127 and SF130130, which are under construction. The details of contract price and expected delivery date are mentioned in Note 17.6 (2) and Note 17.7 to the financial statements.
- Nine Shipbuilding Contracts with Sainty Marine Corporation for hull nos. SAM14017B - SAM14023B and SAM14027B - SAM14028B, which are under arbitration process. The details are mentioned in Note 17.8 to the financial statements.

Movements of the advances for vessel constructions account during the years ended 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		Financial statements	
	2016	2015	2016	2015
Balance at beginning of year	4,451,615	4,014,210	4,436,781	3,660,903
Additions	1,137,585	1,326,761	1,137,585	1,326,761
Capitalisation of finance cost	1,240	16,249	1,240	16,171
Amortisation of financial fees	206	2,785	206	2,785
Other direct costs	102,872	112,432	80,549	99,634
Novation/cancellation of shipbuilding contracts	(655,557)	(428,898)	(655,557)	(428,898)
Transfer to cost of vessels and equipment of subsidiaries	(2,268,026)	(982,442)	(2,242,281)	(634,596)
Translation adjustment	(57,534)	390,518	(57,389)	394,021
Balance at end of year	<u>2,712,401</u>	<u>4,451,615</u>	<u>2,701,134</u>	<u>4,436,781</u>

During the year ended 31 December 2016, the amount of borrowing costs capitalised was Baht 1.24 million (2015: Baht 16.25 million) in the consolidated financial statements and Baht 1.24 million (2015: Baht 16.17 million) in the separate financial statements. The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 2.91% - 3.43% (2015: 2.72% - 3.18%) in the consolidated financial statements and was 2.91% - 3.43% (2015: 2.78% - 3.18%) in the separate financial statements.

During the year 2016 and 2015, there were delivery of vessels and amended/cancelled of shipbuilding contracts as detailed below.

17.1 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, a cement carrier was completed and delivered to the Company's indirect subsidiary incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
6 January 2015	ABC One Pte. Limited	CC200-04	USD 25.55 million (or approximately Baht 831.82 million)

17.2 Delivery of vessel under the Shipbuilding Contract with Shanhaiguan New Shipbuilding Industry Co., Ltd., China

During the year ended 31 December 2016 and 2015, 2 dry bulk vessels were completed and delivered to the Company's 2 indirect subsidiaries incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
30 April 2015	Precious Glories Pte. Limited	BC385-11	USD 22.95 million (or approximately Baht 775.30 million)
6 January 2016	Precious Wisdom Pte. Limited	BC385-12	USD 23.02 million (or approximately Baht 811.10 million)

17.3 Delivery of vessel under the Shipbuilding Contract with Taizhou Sanfu Ship Engineering Co., Ltd., China

During the year ended 31 December 2016 and 2015, 3 dry bulk vessels were completed and delivered to 2 local subsidiaries and 1 indirect subsidiary incorporated in Singapore 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 26.69 million (or approximately Baht 963.17 million)
28 October 2015	Precious Neptune Limited	SF130125	USD 26.46 million (or approximately Baht 954.75 million)
7 July 2016	Precious Skies Pte. Limited	SF130126	USD 26.21 million (or approximately Baht 909.43 million)

17.4 Delivery of vessel under the Shipbuilding Contract with Jiangsu Ruihai International Trade Co., Ltd. and Taizhou Sanfu Ship Engineering Co., Ltd., China

During the year ended 31 December 2016, 2 dry bulk vessels were completed and delivered to the Company's 1 indirect subsidiary incorporated in Singapore and 1 local subsidiary as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
21 April 2016	Precious Tides Pte. Limited	SF130128	USD 25.99 million (or approximately Baht 914.34 million)
8 October 2016	Precious Forests Limited	SF130129	USD 26.17 million (or approximately Baht 937.78 million)

17.5 Amendments for Shipbuilding Contracts in 2015

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

17.6 Settlement Agreements of the Shipbuilding Contracts

- 1) 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	<p>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:</p> <ol style="list-style-type: none"> 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	<p>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:</p> <ol style="list-style-type: none"> 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.

	<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 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.
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2) On 31 March 2016, the Company, Taizhou Sanfu Ship Engineering Co. Ltd. ("Sanfu") and Jiangsu Ruihai International Trade Co. Ltd. ("JSRH") (jointly referred to as the "Parties") have executed four settlement agreements ("Settlement Agreements") to capture the terms of the amicable settlements reached between the Parties for the eight shipbuilding contracts ("Contract" or "Contracts") for construction of eight 63,345 DWT bulk carrier vessels bearing hull nos. SF130126 to SF130133 ("Vessel" or "Vessels"). The key terms of the Settlement Agreements are as follows:

- Contract Price for each of Hull Nos. SF130126, SF130127, SF130128 and SF130129 ("Four Remaining Vessels") shall be reduced to USD 25 million per vessel;
- On delivery date of each of the Four Remaining Vessels, Sanfu and JSRH shall provide the Company an unsecured corporate loan of an amount of USD 6 million per vessel. The repayment of these unsecured corporate loans shall be based on the outcome of the disputes as set out in the two settlement agreements dated 9 October 2015 for Hull Nos. SF130124 and SF130125 in a logical manner; and
- The advances paid under the four Contracts for Hull Nos. SF130130, SF130131, SF130132 and SF130133 plus interest thereon shall be refunded to the Company by way of the application to the respective final installments payable against delivery of each of the Four Remaining Vessels. After the refunds, the three Contracts for Hull Nos. SF130131, SF130132 and SF130133 will be terminated but one Contract for Hull No. SF130130 will be amended.

On 17 November 2016, the Company and Taizhou Sanfu Ship Engineering Co. Ltd. (“Sanfu”) (jointly referred to as the “Parties”) have executed the second override settlement agreement for Hull No. SF130127 (“Second Settlement Agreement”). The key terms of the Second Settlement Agreement are as follows:

1. The Parties agreed and fixed the delivery date of SF130127 for between 4 and 7 April 2017 (exact date shall be mutually agreed later).
2. The advance paid under the Contract for Hull No. SF130133 plus interest upto 25 November 2016 to be refunded to the Company and applied as partial repayment of unsecured corporate loan for SF130129. After the refund, the Contract for Hull No. SF130133 to be terminated.
3. On the delivery date of SF130127, the unsecured corporate loan for SF130129 to be reinstated to USD 6 million.

During the year 2016, the Company recorded USD 1.12 million (or approximately Baht 39.72 million) as interest income on outstanding advances paid for Hull nos. SF130130, SF130131, SF130132 and SF130133.

As of 31 December 2016, three contracts for building 3 new vessels with Hull Nos. SF130131, SF130132 and SF130133 were cancelled.

17.7 Amendment for the Shipbuilding Contracts in 2016

On 21 April 2016, the Company and Taizhou Sanfu Ship Engineering Co. Ltd. (“Sanfu”) (jointly referred to as the “Parties”) executed an amending agreement (“Amending Agreement”) in relation to the Shipbuilding Contract dated 20 December 2013 (“Shipbuilding Contract”) for construction of one 63,345 DWT Bulk Carrier with Hull No. SF130130 (“Vessel”). The key terms of the Amending Agreement are as follows:

1. Contract Price shall be reduced to USD 18 million. However, the Contract Price will be adjusted as per the market value of the Vessel prior to the actual delivery date. The Parties shall equally share the difference between the market value prevailing at the time of delivery of the Vessel and the Contract Price (“Adjusted Contract Price”).
2. Payment terms shall be amended as follows:
 - (a) 1st Instalment
USD 3.51 million shall become due and be paid by the Buyer within five banking days after the Buyer’s receipt of a Refund Guarantee to guarantee the refund of the 1st Instalment.

(b) 2nd Instalment

USD 3.60 million shall become due and be paid by the Buyer within five banking days of the later to occur of: (i) the Buyer's receipt of a Refund Guarantee to guarantee the refund of the 2nd Instalment and (ii) the actual delivery date of the vessel with Hull No. SF130129 to be delivered under another shipbuilding contract dated 17 March 2014 between the Company as the Buyer and Sanfu and Jiangsu Ruihai International Trade Co., Ltd., collectively as the Seller.

(c) 3rd Instalment

The Adjusted Contract Price minus the 1st and 2nd Instalments shall become due and payable concurrently with the delivery of the Vessel.

3. Delivery Date shall be amended to not before 10 January 2018.

It may be noted that conditions on 2 (a) need to be fulfilled by both parties on or before 18 October 2016, failing which, the Amending Agreement and the Shipbuilding Contract shall be null and void.

On 17 November 2016, the Parties have executed a Memorandum of Agreement ("MOA") which is effective retroactively from 18 October 2016. The key terms of the MOA are as follows:

1. The Parties agreed to extend the deadline for the fulfilment of certain conditions related to extension of refund guarantee from 18 October 2016 to 30 May 2017.
2. No installments for SF130130 to become due before 1 May 2017.

17.8 Cancellation of the Shipbuilding Contracts

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

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

The Company submitted Letters of Demand to the Guarantor Bank, Export-Import Bank of China, Jiangsu Branch (“CEXIM”), against the Irrevocable Letters of Guarantee provided to the Company by CEXIM in accordance with the SBCs to seek full refund of the abovementioned advances, along with interest thereon. During the year 2016, the Company received the refund of the advances along with interest thereon for three vessels bearing hull nos. SAM14024B, SAM14025B and SAM14026B amounting in aggregate to USD 8.81 million from CEXIM since neither party invoked arbitration in respect of these vessels.

For the vessels for which the Company has received notices of arbitration from the Shipbuilder, as per the terms of the Irrevocable Letters of Guarantee and the SBCs, the refund of the advances to the Company will remain subject to the final arbitration award and the Irrevocable Letters of Guarantee related to these vessels are automatically extended until 90 days after the final arbitration award has been published.

As of 31 December 2016, details of the cancellations of the SBCs by the Company and by the Shipbuilder (under dispute by the Company) (not including the three vessels for which we received the refunds from CEXIM aforesaid) are as follows:

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

18. Deferred financial fees

Movements of the deferred financial fees account during the years ended 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balance at beginning of year	217,542	124,191	217,542	120,954
Additions	18,976	120,517	18,976	120,489
Transfer to present as a deduction against long-term loans	(50,602)	(39,643)	-	(4,438)
Transfer to subsidiaries as a borrower	-	-	(50,602)	(31,981)
Write-off deferred financial fee	(182,253)	(4,211)	(182,253)	(4,211)
Translation adjustment	(3,663)	16,688	(3,663)	16,729
Balance at end of year	-	217,542	-	217,542

During the year 2016, the Group has written off Baht 182.25 million (2015: Baht 4.21 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.

19. Deferred contract costs

Movements of the deferred contract costs account during the years ended 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Balance at beginning of year	275,762	266,734
Additions	-	3,574
Amortisation for the period	(20,007)	(19,307)
Translation adjustment	(2,289)	24,761
Balance at end of year	253,466	275,762

20. Long-term loan facilities

As at 31 December 2016 and 2015, long-term loans accounts are presented below.

(Unit: Thousand Baht)

Consolidated financial statements																								
Loan facilities for financing the construction and acquisition of new vessels																				Loan facilities for purchasing of vessels				
	Facility 1		Facility 2		Facility 3		Facility 4		Facility 5		Facility 6		Facility 8		Facility 9		Facility 10		Facility 1		Facility 2		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Long-term loans	730,946	1,250,929	1,333,476	1,956,291	1,161,807	1,262,852	600,694	651,558	561,367	636,083	2,456,709	2,679,743	938,876	676,804	-	487,196	864,864	-	1,827,640	3,697,409	1,376,214	1,661,346	11,852,593	14,960,211
Add (less): Deferred financial fees	(3,919)	(5,410)	(20,713)	(26,814)	(16,051)	(19,190)	(3,653)	(4,334)	(3,081)	(3,878)	25,197	(9,839)	(18,407)	(10,249)	-	(198)	(36,237)	-	(64,162)	(82,041)	22,596	11,939	(118,430)	(150,014)
Total	727,027	1,245,519	1,312,763	1,929,477	1,145,756	1,243,662	597,041	647,224	558,286	632,205	2,481,906	2,669,904	920,469	666,555	-	486,998	828,627	-	1,763,478	3,615,368	1,398,810	1,673,285	11,734,163	14,810,197
Less: Current portion	-	(110,586)	-	(201,604)	(90,749)	(91,274)	(45,926)	(46,230)	(69,786)	(70,245)	(206,084)	(2,669,904)	(17,567)	(37,780)	-	(486,998)	(56,644)	-	(122,825)	(215,795)	(277,764)	(1,673,285)	(887,345)	(5,603,701)
Long-term loans - net of current portion	727,027	1,134,933	1,312,763	1,727,873	1,055,007	1,152,388	551,115	600,994	488,500	561,960	2,275,822	-	902,902	628,775	-	-	771,983	-	1,640,653	3,399,573	1,121,046	-	10,846,818	9,206,496

(Unit: Thousand Baht)

Separate financial statements

Loan facility for financing the construction and acquisition of new vessels						
	Facility 8		Facility 9		Total	
	2016	2015	2016	2015	2016	2015
Long-term loans	-	120,814	-	487,196	-	608,010
Less: Deferred financial fees	-	(2,062)	-	(198)	-	(2,260)
Total	-	118,752	-	486,998	-	605,750
Less: Current portion	-	-	-	(486,998)	-	(486,998)
Long-term loans - net of current portion	-	118,752	-	-	-	118,752

The details of each loan facility are summarised as follows.

20.1 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. (“DNB”) as agent and security agent of the facility approved the amendment of the 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) 1st priority assignment of requisition compensation in respect of the vessels d) 1st priority assignment of all insurance proceeds e) 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 27 July 2015, the borrowers provided 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. Such cash collateral 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 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 monthly cashflow forecasts 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.

On 31 May 2016, following a further security shortfall and the breach of the Funded Debt to EBITDA covenant, the borrowers made a prepayment of USD 13,251,665 from cash collateral to cure the security shortfall. Out of such prepayment amount, USD 8,463,245 was applied in direct order for 11 repayment installments and the remaining was applied to the balloon repayment.

In light of the above, DNB agreed to the following:

- (i) the minimum Security ratio shall remain at 125% for the remainder of the facility period;

- (ii) the waiver on testing of the financial covenant regarding the Funded Debt to EBITDA ratio will extend for a further period up to 31 December 2016.

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

- a) The Company is not allowed to pay dividends or make any other distributions to its shareholders up to such time until the borrowers are in compliance with all the original terms and conditions of this loan agreement, notwithstanding the waivers thereof;
- b) The Company must submit monthly cashflow forecasts for the next three months until the borrowers are in compliance with all the covenants within this loan agreement.

The borrowers complied with the above conditions and the waiver is now effective.

Further, on 10 October 2016, DNB notified the borrowers that there was a further security shortfall.

On 7 November 2016, the borrowers provided additional cash collateral of USD 3,776,886 to cure the security shortfall. On 10 November 2016, the value of security increased to over 130% of total loan outstanding, and the borrowers then requested and received USD 2,051,667 from a release of cash collateral. Further on 18 January 2017, the additional USD 1,006,667 was also released from cash collateral.

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 (“ING”) and DNB Asia Ltd. (“DNB”) to finance up to 80% of the total acquisition cost of the 4 new Supramax 57,000 DWT Dry Bulk vessels ordered by each indirect subsidiary to be built in China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

On 11 June 2014, ING approved the amendment of the 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.
Security	<ul style="list-style-type: none"> 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 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 and 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 the 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.

On 4 April 2016, following the notification from ING to remedy a further security shortfall, the borrowers made a prepayment of USD 15,576,000 which consisted of the utilization of cash collateral of USD 11,415,000 already deposited with them and an additional amount of USD 4,161,000 to cure the security shortfall. Such prepayment amount was applied in direct order of maturity of the repayment instalments.

In light of the above, ING agreed to the following:

- (i) the minimum Security ratio shall remain at 125% for the remainder of the facility period;
- (ii) the minimum free cash balance shall remain at USD 100,000 per vessel owned by the Group for the remainder of the facility period;
- (iii) the waiver on testing of the financial covenant regarding the Funded Debt to EBITDA ratio will remain for a further period up to 31 December 2016.

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

- a) The Company is not allowed to pay dividends or make any other distributions to its shareholders up to such time until the borrowers are in compliance with all the original terms and conditions of this loan agreement, notwithstanding the waivers thereof;

- b) The Company must submit monthly cashflow forecasts for the next three months until the borrowers are in compliance with all the covenants within this loan agreement.

The borrowers have complied with the above conditions and the waiver is now effective.

Further, on 4 October 2016, ING notified the borrowers that there was a further security shortfall.

On 30 December 2016, the borrowers provided additional cash collateral of USD 5,360,000 to cure the security shortfall.

Facility 3

On 15 February 2012, ABC Two Pte. Limited and ABC Three Pte. Limited ("ABC Two and ABC Three"), SPC subsidiaries of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 45.60 million Term Loan Facility with Bangkok Bank PLC. (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 and ABC Three 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

Facility / Description	Post-delivery facility		
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	ABC Three
	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) Pledge of shares of borrowers f) Corporate guarantee from ABC Company g) 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 and ABC Three to maintain certain financial ratios which include:

- a) Debt Service Coverage Ratio 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 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 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"), 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	<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 contract d) 1st priority charge over the Earnings Account and Retention Account e) Pledge of shares of the borrowers f) Corporate guarantee from ABC Company g) Corporate guarantee from the Company for up to USD 8 million

The loan agreement contains covenants that, among other things, require ABC Four 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 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"), 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	Post-delivery facility
Loan Facility	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	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 30 November 2024.
Repayment	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 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 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 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 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 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.

On 26 April 2016, Export-Import Bank of Thailand approved the waiver of the testing of the financial covenants regarding the net Funded Debt to EBITDA ratio and Debt Service coverage Ratio for the period starting from 1 January 2016 to 31 December 2016 with the condition that the Company is not allowed to pay dividends or make any other distributions to its shareholders in the year 2016.

In relation to this facility and Facility 2 of item 20.2 Loan facilities for purchasing of vessels, on 26 December 2016, the borrowers were notified to remedy a security shortfall. On 2 February 2017 the borrowers made a prepayment of USD 4.99 million, applied in direct order of maturity of the repayment instalments and on 7 February 2017, 1 vessel was mortgaged as additional security to cure the security shortfall.

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 Sainty 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	<ul style="list-style-type: none"> 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) approved the waiver of the testing of the financial covenant regarding funded debt to EBITDA ratio from 31 March 2015 to 31 December 2016.

On 27 February 2016, the loan facility had expired without any drawings and was automatically cancelled.

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	Seller
	Vessel One	BC385-11	38,500	SHG
	Vessel Two	BC385-12	38,500	SHG
	Vessel Three	SAM14021B	64,000	Sainty
	Vessel Four	SAM14022B	64,000	Sainty
	Vessel Five	SAM14023B	64,000	Sainty
	Vessel Six	SAM14024B	64,000	Sainty
	Vessel Seven	SAM14025B	64,000	Sainty
	Vessel Eight	SAM14026B	64,000	Sainty
	Vessel Nine	SAM14027B	64,000	Sainty
	Vessel Ten	SAM14028B	64,000	Sainty

Facility / Description	Pre-delivery facility	Post-delivery facility
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.
Drawdown	On Keel Laying milestone a) for Vessel One and Two: USD 1,115,900 each; b) for Vessel Three, Four, Seven, Eight, Nine and Ten: USD 1,395,000 each; and c) for Vessel Five and Six: USD 1,370,000 each. On Launching milestone a) for Vessel One and Two: USD 2,231,800 each; b) for Vessel Three, Four, Seven, Eight, Nine and Ten: USD 2,790,000 each; and c) for Vessel Five and Six: USD 2,740,000 each.	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.

Facility / Description	Pre-delivery facility	Post-delivery facility
Repayment	To be repaid in one lump sum upon delivery of each vessel from the proceeds of the respective Post-delivery facility.	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: a) USD 278,975 for each of Vessel One and Two; b) USD 348,333 for each of Vessel Three, Four, Seven, Eight and Nine; c) USD 342,500 for each of Vessel Five and Six; d) USD 348,717 for Vessel Ten. 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.
Security	a) 1st priority assignment of refund guarantees b) 1st priority assignment of the shipbuilding contracts	a) 1st priority mortgage on the vessels b) Pledge of shares of the Subsidiary Borrowers c) 1st priority assignment of the Earnings Accounts of the Subsidiary Borrowers d) 1st priority assignment of all insurances 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 24 August 2015, the Company along with its indirect subsidiaries in Singapore, Precious Glories Pte. Ltd. and Precious Wisdom Pte. Ltd., as Joint Borrowers, 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 monthly cashflow forecasts for the next three months 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.

On 17 February 2016, the Company cancelled the undrawn balance loan facility amounting to USD 166.52 million.

On 31 May 2016, following a security shortfall and the breach of the Funded Debt to EBITDA covenant, the borrowers provided cash collateral of USD 3,150,000 and a prepayment of USD 2,500,000 to cure the security shortfall. Such prepayment amount was applied in direct order of maturity of the repayment instalments. The financial covenant regarding the Funded Debt to EBITDA ratio has been waived for a further period up to 31 December 2017.

Further, on 26 October 2016, the borrowers were notified of a further security shortfall.

On 7 November 2016, the borrowers provided additional cash collateral of USD 478,906 to cure the security shortfall.

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 PCL. 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 main details 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. 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 repaid all the outstandings of the above loan.

Facility 10

On 29 December 2014, the Company executed a USD 42.00 million Secured Loan Facility with BNP Paribas (“BNP”) 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.

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

On 29 April 2016, the Company and Precious Tides Pte. Ltd. executed a Supplemental Deed with BNP to amend certain terms of the loan facility. After the amendment, the main details of the loan facility are summarised as follows.

Loan Facility	Up to USD 37,500,000 divided into two vessel loans for Vessel Hull no. SF130128 and SF130126 (“Vessel Loan” or “Vessel Loans”)
Drawdown	Up to the lower of USD 18,750,000 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 312,500 and the 17th to 32nd such quarterly installment shall be an amount of USD 468,750, along with a balloon repayment of USD 6,250,000 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.

20.2 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, certain terms and conditions of the Loan Agreement were amended.

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 approved the amendment of the financial covenant regarding 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 other USD 50.00 million facility has approved the amendment of the financial covenant regarding 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 50.00 million facility 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. approved the waiver of the testing of such financial covenants up to 31 December 2016.

On 7 June 2016, Krung Thai Bank PLC. as the facility agent approved the waiver of the testing of the financial covenants regarding the Debt to EBITDA ratio and Debt Service Coverage ratio up to 31 December 2016. During the temporary waiver period from 1 January 2016 to 31 December 2016 the Company had to follow the following conditions:

- a) The Company is not allowed to pay dividends or make any other distributions to its shareholders;
- b) The Company must submit monthly cashflow forecasts for the next three months;
- c) The Company shall not have any other defaults;
- d) The Company shall maintain a ratio of Total Liabilities to Equity not exceeding 1.5;
- e) The Company shall maintain Debt Service Coverage ratio with cash not less than 1.0;
- f) The Company has to comply with additional conditions *pari passu* with the conditions the Company receives from any other lenders.

On 25 July 2016, Thanachart Bank PLC. as the facility agent of the other USD 50.00 million facility approved the waiver of the testing of such financial covenants up to 31 December 2017.

Further, on 29 September 2016, Krung Thai Bank PLC. approved the Company's request to maintain a ratio of Total Liabilities to Equity not exceeding 1.8:1 from 1 January 2016 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 an 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 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 balance loan facility of USD 35.18 million was expired.

On 14 July 2015, Export-Import Bank of Thailand 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.

On 26 April 2016, Export-Import Bank of Thailand approved the waiver of the testing of the financial covenants regarding the Net Funded Debt to EBITDA ratio and Debt Service Coverage ratio for the period starting from 1 January 2016 to 31 December 2016 on the condition that the Company was not allowed to pay dividends or make any other distributions to its shareholders during that period.

The Group's bank loan facilities and the undrawn loan balances as at 31 December 2016 and 2015 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	
				2016	2015	2016	2015
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	-	-
Facility 6	Export-Import Bank of Thailand	The Company and subsidiaries	LIBOR + margin	78.24	78.24	-	-
Facility 7	Norddeutsche Landesbank Girozentrale (Singapore Branch)	The Company and subsidiaries in Singapore	LIBOR + margin	-	41.85	-	41.85
Facility 8	DNB Asia Ltd. and Export-Import Bank of China	The Company and subsidiaries in Singapore	LIBOR + margin	30.00	199.20	-	179.91
Facility 9	Krung Thai Bank PLC.	The Company and 5 local subsidiaries	LIBOR + margin	-	13.50	-	-
Facility 10	BNP Paribas	The Company and subsidiaries in Singapore	LIBOR + margin	24.75	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	
				2016	2015	2016	2015
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	-	-

21. Debentures

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 No.7/2015 on 6 October 2015 and the Extraordinary General Meeting of Shareholders No.2/2015 on 5 November 2015.

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

Further, on 9 December 2016, the Company issued 1,960,000 Unsubordinated and Unsecured Debentures of par value Baht 1,000 each by way of a Private Placement to Institutional Investors and High Net Worth Investors (“II&HNW”) and accordingly received the aggregate proceeds of Baht 1,960 million. The maturity of the debentures will be 3.5 years at the interest rate of 5.00% per annum. The interest payment will be quarterly. The issuance of the debentures was approved by the Annual General Meeting of Shareholders No.1/2016 on 30 March 2016 and the Meeting of the Executive Board of Directors No. 8/2016 on 11 July 2016.

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

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

As at 31 December 2016 details of long-term debentures are as follows.

						(Unit: Thousand Baht)
Series	Maturity date	No. of units	Par value	Interest rate	Term of interest payment	Carrying amount 31 December 2016
		(Thousand units)	(Baht)	(% p.a.)		
1	Entirely redeemed on 22 January 2021 (5 years)	3,590	1,000	5.25	Quarterly	3,590,000
2	Entirely redeemed on 9 June 2020 (3.5 years)	1,960	1,000	5.00	Quarterly	1,960,000
Total						5,550,000
Less: Deferred debenture issuing costs						(25,718)
Translation adjustment						12
Long-term debenture - net						<u>5,524,294</u>

22. Provision for maritime claims

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Balance at beginning of year	201,878	181,705
Increase during the year	54,780	106,271
Decrease during the year	(92,149)	(104,958)
Translation adjustment	(1,727)	18,860
Balance at end of year	<u>162,782</u>	<u>201,878</u>

23. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	82,418	73,285	74,738	66,728
Included in profit or loss:				
Current service cost	6,676	4,029	5,669	3,768
Interest cost	2,349	1,804	2,125	1,732
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	(7,044)	(187)	(2,585)	-
Translation adjustment	(186)	119	(91)	78
Provision for long-term employee benefits at end of year	84,213	82,418	79,856	74,738

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Administrative expenses	6,635	4,512	5,691	4,182
Management remuneration including perquisites	2,390	1,321	2,103	1,318
Total expenses recognised in the income statement	9,025	5,833	7,794	5,500

The Group expects to pay Baht 7.38 million of long-term employee benefits during the next year (Separate financial statements: Baht 7.19 million) (2015: Baht 10.06 million, separate financial statements: Baht 5.69 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2015: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.90	2.90	2.90	2.90
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 2016 and 2015 are summarised below:

	(Unit: Thousand Baht)			
	31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(5,624)	6,438	(5,346)	6,089
Salary increase rate	6,144	(5,494)	5,811	(5,222)

	(Unit: Thousand Baht)			
	31 December 2015			
	Consolidated financial statements		Separate financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 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 2016, the Company set aside Baht 1.75 million (2015: Baht 1.75 million) to a reserve for CSR activities and reversed Baht 1.98 million (2015: Baht 1.99 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	
	2016	2015	2016	2015
Salary, wages and other benefits of employees and crews	1,685,561	1,854,287	226,796	238,424
Rental expenses from operating lease agreements	5,370	5,145	3,878	3,979

29. Income tax

No corporate income tax was payable for the year 2016, 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 2016 has been calculated at a rate of 20% (2015: 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 2016 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 6,452.82 million (2015: Baht 2,596.31 million) (the Company Baht 2,556.53 million, 2015: Baht 102.94 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	financial statements	financial statements
	2016	2015	2016	2015
31 December 2017	71,343	72,013	-	-
31 December 2018	232,546	232,581	-	-
31 December 2019	16,850	16,884	15,020	15,020
31 December 2020	212,765	322,908	-	-
31 December 2021	1,313,255	-	228,263	-
	<u>1,846,759</u>	<u>644,386</u>	<u>243,283</u>	<u>15,020</u>

As at 31 December 2016, 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 1,314.88 million (2015: Baht 1,365.75 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 2016, the subsidiaries have 19 vessels (2015: 16 vessels) under investment promoted operations.

Revenues and expenses for 2016 and 2015 (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				Total	
			Other non-promoted operations					
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	1,353,955	1,449,731	301,377	1,297,852	2,162,386	1,968,919	3,817,718	4,716,502
Costs and expenses	(2,069,276)	(2,000,108)	(1,212,702)	(1,919,338)	(5,394,382)	(3,194,138)	(8,676,360)	(7,113,584)

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 2016 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 2016 and 2015.

(Unit: Thousand Baht)

	Consolidated financial statements									
	Time charter		Voyage charter		Total		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Hire income	2,877,622	2,919,614	-	-	2,877,622	2,919,614	-	-	2,877,622	2,919,614
Freight income	-	-	924,700	1,658,300	924,700	1,658,300	(119,905)	(328,932)	804,795	1,329,368
Total vessel operating income	2,877,622	2,919,614	924,700	1,658,300	3,802,322	4,577,914	(119,905)	(328,932)	3,682,417	4,248,982
Voyage disbursements	-	-	(363,135)	(661,547)	(363,135)	(661,547)	119,905	328,932	(243,230)	(332,615)
Bunker consumption	-	-	(231,894)	(494,669)	(231,894)	(494,669)	-	-	(231,894)	(494,669)
Total voyage expenses	-	-	(595,029)	(1,156,216)	(595,029)	(1,156,216)	119,905	328,932	(475,124)	(827,284)
Net vessel operating income/time charter equivalent income	2,877,622	2,919,614	329,671	502,084	3,207,293	3,421,698	-	-	3,207,293	3,421,698

For the year 2016, the Group has revenues from two major customers for amount of Baht 1,278.33 million.

For the year 2015, the Group has revenues from one major customer for amount of Baht 874.64 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 2016 amounting to approximately Baht 4.66 million (2015: Baht 4.33 million) were recognised as expenses. (Separate financial statements: Baht 3.72 million, 2015: Baht 3.56 million).

34. Commitments and contingent liabilities

34.1 Shipbuilding contracts commitments

As at 31 December 2016 and 2015, the Group had future minimum payment commitments under shipbuilding contracts as detailed below.

	2016		2015	
	(Million USD)	(Equivalent to Million Baht)	(Million USD)	(Equivalent to Million Baht)
The Company	36.13	1,294.59	461.69	16,661.83

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

As at 31 December 2016 and 2015, 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
		2016	2015		
		(Million USD)	(Million USD)		
Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)					
Facility 7	1.02% per annum of undrawn loan balance	-	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	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 10	1.00% per annum of undrawn loan balance	-	42.00	Every three months until the end of the drawdown period	Upon delivery of each vessel

35. Financial instruments

35.1 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, restricted bank deposits, 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 2016									
	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
Financial assets									
Cash and cash equivalents	194,206	-	-	2,480,344	1,760	2,676,310	0.60 - 0.80	0.00 - 0.30	0.37 - 0.38
Trade and other receivables	-	-	-	-	139,995	139,995	-	-	-
Restricted bank deposits	-	-	-	-	390,993	390,993	-	-	-
Total	194,206	-	-	2,480,344	532,748	3,207,298			
Financial liabilities									
Trade accounts payable	-	-	-	-	37,848	37,848	-	-	-
Debentures	-	5,550,000	-	-	-	5,550,000	5.00 - 5.25		
Long-term loans	197,899	1,136,707	1,499,014	8,900,543	-	11,734,163	4.85 - 5.33	1.52 - 3.39	5.76
Total	197,899	6,686,707	1,499,014	8,900,543	37,848	17,322,011			

(Unit: Thousand Baht)

Separate financial statements									
As at 31 December 2016									
	Fixed interest rate with maturity date within 1 year	Fixed interest rate 1 - 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)			
						Fixed	Floating		
						USD	USD	Baht	
Financial assets									
Cash and cash equivalents	179,606	-	1,964,550	1,093	2,145,249	0.60 - 0.80	0.00 - 0.30	0.37 - 0.38	
Trade and other receivables	-	-	-	4,629,332	4,629,332	-	-	-	
Long-term loans to subsidiaries	-	-	-	5,543,081	5,543,081	-	-	-	
Total	179,606	-	1,964,550	10,173,506	12,317,662				
Financial liabilities									
Trade accounts payable	-	-	-	245	245	-	-	-	
Advances received from related parties	-	-	-	1,739,800	1,739,800	-	-	-	
Debentures	-	5,550,000	-	-	5,550,000	5.00 - 5.25	-	-	
Total	-	5,550,000	-	1,740,045	7,290,045				

(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	
	1 year	years	5 years				USD	USD	Baht
Financial assets									
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	-	-	-
Restricted bank deposits	-	-	-	-	897,335	897,335	-	-	-
Total	-	-	-	452,249	1,139,546	1,591,795	-	-	-
Financial liabilities									
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	14,909,080			

(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	
Financial assets									
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				
Financial liabilities									
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				

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	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht loan	-	-	719.87	845.07	0.0278	0.0276
Baht Debenture	-	-	3,590.00	-	0.0278	-
Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht Debenture	-	-	3,590.00	-	0.0278	-

Foreign currency swap contracts outstanding are summarised below.

As at 31 December 2016			
Bought amount	Sold amount	Contractual exchange rate	Contractual maturity date
(USD per 1 foreign currency unit)			
The Company			
Baht 3,590.00 million	USD 99.72 Million	0.0278	January 2021
Subsidiaries			
Baht 719.87 million	USD 21.99 Million	0.0302, 0.0309	Quarterly corresponding to the loan repayment schedule upto September 2022

As at 31 December 2015			
Bought amount	Sold amount	Contractual exchange rate	Contractual maturity date
		(USD per 1 foreign currency unit)	
<u>Subsidiaries</u>			
Baht 845.07 million	USD 25.82 million	0.0302, 0.0309	Quarterly corresponding to the loan repayment schedule upto September 2022

35.2 Fair values of financial instruments

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

36. 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 2016, the Group's debt-to-equity ratio was 1.37:1 (2015: 0.97:1) and the Company's was 0.58:1 (2015: 0.14:1) which is calculated from USD functional currency financial statements.

37. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2016 and 2015 and income statements for the years ended 31 December 2016 and 2015 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Assets				
Current assets				
Cash and cash equivalents	74,693	12,567	59,872	1,451
Current portion of restricted bank deposits	1,007	-	-	-
Trade and other receivables	3,907	6,677	129,200	107,687
Short-term loan to a subsidiary	-	-	-	47,200
Bunker oil	1,137	3,959	-	-
Other current assets				
Advances to vessel masters	2,539	3,603	-	-
Claim recoverables	677	555	-	-
Others	2,587	1,156	568	626
Total other current assets	5,803	5,314	568	626
Total current assets	86,547	28,517	189,640	156,964
Non-current assets				
Restricted bank deposits - net of current portion	9,905	24,865	-	-
Long-term loans to subsidiaries	-	-	154,702	9,702
Investments in subsidiaries	-	-	206,289	246,149
Investment in associate held by a subsidiary	2,407	2,374	-	-
Other long-term investment	568	568	568	568
Receivables from cross currency swap contracts	-	-	806	-
Property, plant and equipment	716,467	701,880	151	185
Intangible assets	33	56	33	56
Other non-current assets				
Claim recoverables - maritime claims	3,122	4,025	-	-
Advances for vessel constructions	75,700	123,352	75,386	122,941
Deferred financial fees	-	6,028	-	6,028
Deferred contract costs	7,074	7,641	-	-
Others	86	87	67	66
Total other non-current assets	85,982	141,133	75,453	129,035
Total non-current assets	815,362	870,876	438,002	385,695
Total assets	901,909	899,393	627,642	542,659

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade and other payables	1,056	2,740	7	320
Advances received from related parties	-	-	48,556	38,293
Accrued crew accounts	2,672	3,555	-	-
Accrued expenses	3,921	4,760	1,391	411
Accrued employee bonus	950	957	817	836
Total trade and other payables	8,599	12,012	50,771	39,860
Advances received from charterers	387	1,255	-	-
Current portion of long-term loans	24,765	155,276	-	13,495
Income tax payable	2	11	-	-
Other current liabilities	518	734	246	204
Total current liabilities	34,271	169,288	51,017	53,559
Non-current liabilities				
Payables to cross currency swap contracts	1,000	2,294	-	-
Long-term loans - net of current portion	302,724	255,108	-	3,291
Debentures	153,439	-	153,439	-
Provision for maritime claims	4,543	5,594	-	-
Unsecured corporate loans	22,371	8,000	22,371	8,000
Provision for long-term employee benefits	2,350	2,284	2,228	2,071
Total non-current liabilities	486,427	273,280	178,038	13,362
Total liabilities	520,698	442,568	229,055	66,921
Shareholders' equity				
Share capital				
Registered share capital	52,598	52,598	52,598	52,598
Issued and paid-up share capital	51,055	51,055	51,055	51,055
Paid-in capital				
Premium on ordinary shares	63,284	63,284	63,284	63,284
Premium on treasury stock	4,819	4,819	4,819	4,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	2,802	2,802	2,802	2,802
- subsidiaries	14,460	14,460	-	-
Corporate social responsibility reserve	509	519	509	519
Unappropriated	246,344	321,940	276,118	353,259
Other components of shareholders' equity	(2,063)	(2,001)	-	-
Equity attributable to owner of the Company	381,210	456,878	398,587	475,738
Non-controlling interests of the subsidiaries	1	(53)	-	-
Total shareholders' equity	381,211	456,825	398,587	475,738
Total liabilities and shareholders' equity	901,909	899,393	627,642	542,659

Precious Shipping Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2016

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

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues				
Vessel operating income				
Hire income	81,624	84,672	-	-
Freight income	22,801	38,534	-	-
Total vessel operating income	104,425	123,206	-	-
Service income	211	221	2,741	2,645
Gains on sales of equipment	-	-	11	21
Gains on cancellation of shipbuilding contracts	81	-	81	-
Gain on disposal of current investment	-	143	-	-
Interest income	1,317	60	1,262	36
Exchange gains	1,278	-	1,349	-
Other income	197	1	-	-
Total revenues	<u>107,509</u>	<u>123,631</u>	<u>5,444</u>	<u>2,702</u>
Expenses				
Vessel operating costs				
Vessel running expenses	57,002	65,502	-	-
Voyage disbursements	6,897	9,638	-	-
Bunker consumption	6,561	14,420	-	-
Total vessel operating costs	70,460	89,560	-	-
Depreciation	38,729	43,701	71	73
Cost of services	149	152	-	-
Loss on sales of vessels	19,344	7,806	-	-
Loss on impairment of assets	16,151	23,445	-	-
Loss on impairment of investments in subsidiaries	-	-	62,142	-
Administrative expenses	7,376	8,370	6,043	6,393
Management remuneration including perquisites	2,500	2,818	2,242	2,620
Bad debts and doubtful accounts	703	198	932	-
Exchange losses	-	767	-	849
Total expenses	<u>155,412</u>	<u>176,817</u>	<u>71,430</u>	<u>9,935</u>
Loss before share of profit from investment in associate, finance cost and income tax expenses	(47,903)	(53,186)	(65,986)	(7,233)
Share of profit from investment in associate held by a subsidiary	94	230	-	-
Loss before finance cost and income tax expense	(47,809)	(52,956)	(65,986)	(7,233)
Finance cost	(27,741)	(16,405)	(11,165)	(190)
Loss before income tax expense	(75,550)	(69,361)	(77,151)	(7,423)
Income tax expense	(2)	(49)	-	-
Loss for the year	<u>(75,552)</u>	<u>(69,410)</u>	<u>(77,151)</u>	<u>(7,423)</u>
Loss attributable to:				
Equity holders of the Company	(75,606)	(69,409)	(77,151)	(7,423)
Non-controlling interests of the subsidiaries	54	(1)	-	-
Loss for the year	<u>(75,552)</u>	<u>(69,410)</u>	<u>(77,151)</u>	<u>(7,423)</u>
Basic earnings per share				
Loss attributable to equity holders of the Company	<u>(0.0485)</u>	<u>(0.0521)</u>	<u>(0.0495)</u>	<u>(0.0056)</u>
Weighted average number of ordinary shares (Thousand shares)				
	<u>1,559,281</u>	<u>1,332,865</u>	<u>1,559,281</u>	<u>1,332,865</u>

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 8 February 2017.