

Precious Shipping Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## **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 2018, 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 2018, 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 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 15.3 and 31 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. 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.

## **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.

I am responsible for the audit resulting in this independent auditor's report.

Vissuta Jariyathanakorn  
Certified Public Accountant (Thailand) No. 3853

EY Office Limited  
Bangkok: 8 February 2019

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

|  | Note | Consolidated financial statements |                       | Separate financial statements |                       |
|--|------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|  |      | 2018                              | 2017                  | 2018                          | 2017                  |
| <b>Assets</b>                                  |      |                                   |                       |                               |                       |
| <b>Current assets</b>                          |      |                                   |                       |                               |                       |
| Cash and cash equivalents                      | 6    | 1,842,832,325                     | 1,853,617,916         | 496,613,795                   | 1,240,079,848         |
| Trade and other receivables                    | 7    | 254,213,633                       | 193,408,024           | 4,155,580,792                 | 4,249,397,962         |
| Bunker oil                                     |      | 95,946,393                        | 56,022,950            | -                             | -                     |
| Other current assets                           |      |                                   |                       |                               |                       |
| Advances to vessel masters                     |      | 87,397,845                        | 84,983,015            | -                             | -                     |
| Claim recoverables                             |      | 6,221,685                         | 20,131,380            | -                             | -                     |
| Others   |      | 30,541,384                        | 42,428,694            | 12,613,549                    | 12,721,002            |
| Total other current assets                     |      | 124,160,914                       | 147,543,089           | 12,613,549                    | 12,721,002            |
| <b>Total current assets</b>                    |      | <b>2,317,153,265</b>              | <b>2,250,591,979</b>  | <b>4,664,808,136</b>          | <b>5,502,198,812</b>  |
| <b>Non-current assets</b>                      |      |                                   |                       |                               |                       |
| Long-term loans to subsidiaries                | 9    | -                                 | -                     | 5,020,048,960                 | 5,055,800,592         |
| Investments in subsidiaries                    | 10   | -                                 | -                     | 6,498,211,828                 | 6,650,899,606         |
| Investment in associate held by a subsidiary   | 11   | 73,356,329                        | 75,501,585            | -                             | -                     |
| Other long-term investment                     | 12   | 18,416,575                        | 18,547,734            | 18,416,575                    | 18,547,734            |
| Receivables from cross currency swap contracts |      | 565,589,563                       | 527,082,988           | 559,158,376                   | 523,133,316           |
| Property, plant and equipment                  | 13   | 22,409,263,232                    | 23,474,669,693        | 9,440,336                     | 10,649,707            |
| Intangible assets                              | 14   | 6,966                             | 341,799               | 6,964                         | 341,797               |
| Other non-current assets                       |      |                                   |                       |                               |                       |
| Claim recoverables - maritime claims           |      | 51,776,586                        | 51,711,838            | -                             | -                     |
| Advances for vessel constructions              | 15   | 2,203,355,363                     | 2,219,047,152         | 2,195,049,367                 | 2,210,682,003         |
| Deferred contract costs                        | 16   | 193,135,598                       | 212,696,906           | -                             | -                     |
| Others   |      | 4,853,419                         | 3,048,745             | 4,082,536                     | 2,396,889             |
| Total other non-current assets                 |      | 2,453,120,966                     | 2,486,504,641         | 2,199,131,903                 | 2,213,078,892         |
| <b>Total non-current assets</b>                |      | <b>25,519,753,631</b>             | <b>26,582,648,440</b> | <b>14,304,414,942</b>         | <b>14,472,451,644</b> |
| <b>Total assets</b>                            |      | <b>27,836,906,896</b>             | <b>28,833,240,419</b> | <b>18,969,223,078</b>         | <b>19,974,650,456</b> |

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 2018

(Unit: Baht)

|   | Note | Consolidated financial statements |                       | Separate financial statements |                      |
|---|------|-----------------------------------|-----------------------|-------------------------------|----------------------|
|   |      | 2018                              | 2017                  | 2018                          | 2017                 |
| <b>Liabilities and shareholders' equity</b> |      |                                   |                       |                               |                      |
| <b>Current liabilities</b>                  |      |                                   |                       |                               |                      |
| Trade and other payables                    |      |                                   |                       |                               |                      |
| Trade and other payables                    | 8    | 73,773,305                        | 70,335,459            | 663,803                       | 2,582,039            |
| Advances received from related parties      | 8    | -                                 | -                     | 1,726,757,047                 | 1,919,833,061        |
| Accrued crew accounts                       |      | 86,351,026                        | 87,156,665            | -                             | -                    |
| Accrued expenses                            |      | 192,952,188                       | 280,485,486           | 43,037,219                    | 153,631,653          |
| Accrued employee bonus                      |      | 35,608,883                        | 36,197,121            | 25,531,982                    | 25,921,813           |
| Total trade and other payables              |      | 388,685,402                       | 474,174,731           | 1,795,990,051                 | 2,101,968,566        |
| Advances received from charterers           |      | 19,937,516                        | 36,673,234            | -                             | -                    |
| Current portion of long-term loans          | 17   | 1,877,205,466                     | 802,484,941           | -                             | -                    |
| Income tax payable                          |      | 983,695                           | 188,036               | -                             | -                    |
| Other current liabilities                   |      | 21,662,611                        | 20,388,073            | 13,747,298                    | 12,743,670           |
| <b>Total current liabilities</b>            |      | <b>2,308,474,690</b>              | <b>1,333,909,015</b>  | <b>1,809,737,349</b>          | <b>2,114,712,236</b> |
| <b>Non-current liabilities</b>              |      |                                   |                       |                               |                      |
| Long-term loans - net of current portion    | 17   | 7,150,290,378                     | 9,483,366,456         | -                             | -                    |
| Debentures                                  | 18   | 5,510,770,671                     | 5,504,550,244         | 5,510,770,671                 | 5,504,550,244        |
| Provision for maritime claims               | 19   | 59,786,420                        | 83,138,608            | -                             | -                    |
| Provision for long-term employee benefits   | 20   | 112,128,780                       | 92,789,276            | 89,758,318                    | 74,179,665           |
| <b>Total non-current liabilities</b>        |      | <b>12,832,976,249</b>             | <b>15,163,844,584</b> | <b>5,600,528,989</b>          | <b>5,578,729,909</b> |
| <b>Total liabilities</b>                    |      | <b>15,141,450,939</b>             | <b>16,497,753,599</b> | <b>7,410,266,338</b>          | <b>7,693,442,145</b> |

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 2018

(Unit: Baht)

|   | Note | Consolidated financial statements |                       | Separate financial statements |                       |
|---|------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|   |      | 2018                              | 2017                  | 2018                          | 2017                  |
| <b>Shareholders' equity</b>   |      |                                   |                       |                               |                       |
| Share capital   | 21   |                                   |                       |                               |                       |
| 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  |      |                                   |                       |                               |                       |
| 1,559,291,862 ordinary shares of Baht 1 each<br>(2017: 1,559,280,897 ordinary shares<br>of Baht 1 each) |      | 1,559,291,862                     | 1,559,280,897         | 1,559,291,862                 | 1,559,280,897         |
| Paid-in capital   |      |                                   |                       |                               |                       |
| Premium on ordinary shares  | 21   | 1,967,897,516                     | 1,967,716,593         | 1,967,897,516                 | 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   | 23   | 103,952,060                       | 103,952,060           | 103,952,060                   | 103,952,060           |
| - subsidiaries  | 23   | 523,320,000                       | 523,320,000           | -                             | -                     |
| Corporate social responsibility reserve   | 24   | 17,393,326                        | 16,443,099            | 17,393,326                    | 16,443,099            |
| Unappropriated  |      | 9,135,682,800                     | 8,681,784,433         | 7,220,773,166                 | 7,856,617,062         |
| Other components of shareholders' equity  |      | (784,562,105)                     | (689,490,653)         | 517,202,998                   | 604,752,788           |
| Equity attributable to owners of the Company  |      | 12,695,421,271                    | 12,335,452,241        | 11,558,956,740                | 12,281,208,311        |
| Non-controlling interests of the subsidiaries   |      | 34,686                            | 34,579                | -                             | -                     |
| <b>Total shareholders' equity</b>   |      | <b>12,695,455,957</b>             | <b>12,335,486,820</b> | <b>11,558,956,740</b>         | <b>12,281,208,311</b> |
| <b>Total liabilities and shareholders' equity</b>   |      | <b>27,836,906,896</b>             | <b>28,833,240,419</b> | <b>18,969,223,078</b>         | <b>19,974,650,456</b> |
|   |      | -                                 | -                     | -                             | -                     |

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

Directors

Precious Shipping Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2018

(Unit: Baht)

|   | Note | Consolidated financial statements |                      | Separate financial statements |                      |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
|   |      | 2018                              | 2017                 | 2018                          | 2017                 |
| <b>Revenues</b>   |      |                                   |                      |                               |                      |
| Vessel operating income   |      |                                   |                      |                               |                      |
| Hire income   |      | 4,085,563,317                     | 3,691,714,523        | -                             | -                    |
| Freight income  |      | 843,546,625                       | 637,183,971          | -                             | -                    |
| Total vessel operating income   |      | 4,929,109,942                     | 4,328,898,494        | -                             | -                    |
| Service income  | 8    | 3,683,276                         | 3,793,827            | 90,689,351                    | 85,049,366           |
| Gains on sales of vessel and equipment  | 13   | -                                 | 32,152,515           | -                             | 1,999,158            |
| Gains on cancellation of shipbuilding contracts   | 15.3 | -                                 | 6,252,457            | -                             | 6,252,457            |
| Interest income   |      | 37,325,315                        | 23,402,413           | 20,646,823                    | 17,278,107           |
| Other income  |      | 3,926                             | 127,964              | 2,727                         | 376                  |
| <b>Total revenues</b>   |      | <b>4,970,122,459</b>              | <b>4,394,627,670</b> | <b>111,338,901</b>            | <b>110,579,464</b>   |
| <b>Expenses</b>   |      |                                   |                      |                               |                      |
| Vessel operating costs  |      |                                   |                      |                               |                      |
| Vessel running expenses   |      | 1,624,254,113                     | 1,677,104,370        | -                             | -                    |
| Voyage disbursements  |      | 185,096,107                       | 137,583,427          | -                             | -                    |
| Bunker consumption  |      | 256,191,882                       | 175,545,977          | -                             | -                    |
| Total vessel operating costs  |      | 2,065,542,102                     | 1,990,233,774        | -                             | -                    |
| Depreciation  | 13   | 1,184,948,008                     | 1,169,844,139        | 2,961,152                     | 3,514,014            |
| Cost of services  |      | 5,220,213                         | 4,557,421            | -                             | -                    |
| Loss on impairment of investments in subsidiaries   | 10   | -                                 | -                    | 107,056,303                   | 95,134,089           |
| Interest on unsecured corporate loans<br>and other expenses per Settlement Agreements                                 | 15.2 | -                                 | 112,509,641          | -                             | 112,509,641          |
| Administrative expenses   | 8    | 356,103,646                       | 321,580,922          | 230,849,013                   | 259,830,383          |
| Management remuneration including perquisites   | 8    | 96,942,413                        | 82,499,633           | 93,275,087                    | 78,267,087           |
| Bad debts and doubtful accounts (reversal)  |      | (3,639,483)                       | (7,864,461)          | -                             | 2,803,900            |
| Exchange losses   |      | 5,359,659                         | 12,312,931           | 4,403,306                     | 6,337,663            |
| <b>Total expenses</b>   |      | <b>3,710,476,558</b>              | <b>3,685,674,000</b> | <b>438,544,861</b>            | <b>558,396,777</b>   |
| <b>Profit (loss) before share of profit from<br/>investment in associate, finance cost<br/>and income tax expense</b> |      | <b>1,259,645,901</b>              | <b>708,953,670</b>   | <b>(327,205,960)</b>          | <b>(447,817,313)</b> |
| Share of profit from investment in<br>associate held by a subsidiary  | 11.1 | 24,425,838                        | 10,008,710           | -                             | -                    |
| <b>Profit (loss) before finance cost and<br/>income tax expense</b>   |      | <b>1,284,071,739</b>              | <b>718,962,380</b>   | <b>(327,205,960)</b>          | <b>(447,817,313)</b> |
| Finance cost  |      | (825,725,070)                     | (848,243,899)        | (307,299,051)                 | (319,824,573)        |
| <b>Profit (loss) before income tax expense</b>  |      | <b>458,346,669</b>                | <b>(129,281,519)</b> | <b>(634,505,011)</b>          | <b>(767,641,886)</b> |
| Income tax expense  | 26   | (2,142,895)                       | (188,228)            | -                             | -                    |
| <b>Profit (loss) for the year</b>   |      | <b>456,203,774</b>                | <b>(129,469,747)</b> | <b>(634,505,011)</b>          | <b>(767,641,886)</b> |

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 2018**

(Unit: Baht)

|   | Note      | <b>Consolidated financial statements</b> |                      | <b>Separate financial statements</b> |                      |
|---|-----------|--|----------------------|--------------------------------------|----------------------|
|   |           | 2018                                     | 2017                 | 2018                                 | 2017                 |
| <b>Profit (loss) attributable to:</b>                       |           |  |                      |                                      |                      |
| Equity holders of the Company                               |           | 456,203,424                              | (129,476,280)        | (634,505,011)                        | (767,641,886)        |
| Non-controlling interests of the subsidiaries               |           | 350                                      | 6,533                | -                                    | -                    |
| <b>Profit (loss) for the year</b>                           |           | <u>456,203,774</u>                       | <u>(129,469,747)</u> | <u>(634,505,011)</u>                 | <u>(767,641,886)</u> |
| <b>Basic earnings per share</b>                             | <i>28</i> |  |                      |                                      |                      |
| Profit (loss) attributable to equity holders of the Company |           | <u>0.29</u>                              | <u>(0.08)</u>        | <u>(0.41)</u>                        | <u>(0.49)</u>        |
| Weighted average number of ordinary shares (Shares)         |           | <u>1,559,286,575</u>                     | <u>1,559,280,897</u> | <u>1,559,286,575</u>                 | <u>1,559,280,897</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 2018

(Unit: Baht)

|  | Consolidated financial statements |                        | Separate financial statements |                        |
|--|-----------------------------------|------------------------|-------------------------------|------------------------|
|  | 2018                              | 2017                   | 2018                          | 2017                   |
| <b>Profit (loss) for the year</b>  | 456,203,774                       | (129,469,747)          | (634,505,011)                 | (767,641,886)          |
| <b>Other comprehensive income:</b>   |                                   |                        |                               |                        |
| <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                          | (8,600,405)                       | 8,390,446              | -                             | -                      |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods                | (8,600,405)                       | 8,390,446              | -                             | -                      |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>        |                                   |                        |                               |                        |
| Actuarial loss   | (1,354,830)                       | (1,907,673)            | (388,658)                     | (1,794,772)            |
| Exchange differences on translation of functional currency to presentation currency financial statements | (86,471,290)                      | (1,200,577,045)        | (87,549,790)                  | (1,231,000,963)        |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods            | (87,826,120)                      | (1,202,484,718)        | (87,938,448)                  | (1,232,795,735)        |
| <b>Other comprehensive income for the year</b>   | (96,426,525)                      | (1,194,094,272)        | (87,938,448)                  | (1,232,795,735)        |
| <b>Total comprehensive income for the year</b>   | <u>359,777,249</u>                | <u>(1,323,564,019)</u> | <u>(722,443,459)</u>          | <u>(2,000,437,621)</u> |
| <b>Total comprehensive income attributable to:</b>   |                                   |                        |                               |                        |
| Equity holders of the Company  | 359,777,142                       | (1,323,567,370)        | (722,443,459)                 | (2,000,437,621)        |
| Non-controlling interests of the subsidiaries  | 107                               | 3,351                  | -                             | -                      |
|  | <u>359,777,249</u>                | <u>(1,323,564,019)</u> | <u>(722,443,459)</u>          | <u>(2,000,437,621)</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 2018

(Unit: Baht)

| <b>Consolidated financial statements</b>                                   |  |                               |                              |                    |                    |   |                      |  |   |   |                                  |
|--|--|-------------------------------|------------------------------|--------------------|--------------------|---|----------------------|--|---|---|----------------------------------|
| Equity attributable to owners of the Company                               |  |                               |                              |                    |                    |   |                      |  |   |   |                                  |
|  | Issued and<br>paid-up<br>share capital | Premium on<br>ordinary shares | Premium on<br>treasury stock | Retained earnings  |                    |   | Unappropriated       | Exchange<br>differences on<br>translation of financial<br>statements | Total equity<br>attributable to<br>owners of<br>the Company | Equity attributable<br>to non-controlling<br>interests of<br>the subsidiaries | Total<br>shareholders'<br>equity |
|  |  |                               |                              | Appropriated       |                    | Corporate social<br>responsibility<br>reserve |                      |  |   |   |                                  |
|  |  |                               |                              | Statutory reserve  |                    |   |                      |  |   |   |                                  |
|  |  |                               |                              | The Company        | Subsidiaries       |   |                      |  |   |   |                                  |
| <b>Balance as at 1 January 2017</b>  | 1,559,280,897                          | 1,967,716,593                 | 172,445,812                  | 103,952,060        | 523,320,000        | 16,119,179                                    | 8,813,492,306        | 502,692,764  | 13,659,019,611  | 31,228  | 13,659,050,839                   |
| Loss for the year  | -                                      | -                             | -                            | -                  | -                  | -   | (129,476,280)        | -  | (129,476,280)   | 6,533   | (129,469,747)                    |
| Other comprehensive income for the year                                    | -                                      | -                             | -                            | -                  | -                  | -   | (1,907,673)          | (1,192,183,417)  | (1,194,091,090)   | (3,182)   | (1,194,094,272)                  |
| Total comprehensive income for the year                                    | -                                      | -                             | -                            | -                  | -                  | -   | (131,383,953)        | (1,192,183,417)  | (1,323,567,370)   | 3,351   | (1,323,564,019)                  |
| Appropriated to corporate social responsibility reserve (Note 24)          | -                                      | -                             | -                            | -                  | -                  | 323,920                                       | (323,920)            | -  | -   | -   | -                                |
| <b>Balance as at 31 December 2017</b>                                      | <u>1,559,280,897</u>                   | <u>1,967,716,593</u>          | <u>172,445,812</u>           | <u>103,952,060</u> | <u>523,320,000</u> | <u>16,443,099</u>                             | <u>8,681,784,433</u> | <u>(689,490,653)</u>   | <u>12,335,452,241</u>                                       | <u>34,579</u>   | <u>12,335,486,820</u>            |
| <b>Balance as at 1 January 2018</b>  | 1,559,280,897                          | 1,967,716,593                 | 172,445,812                  | 103,952,060        | 523,320,000        | 16,443,099                                    | 8,681,784,433        | (689,490,653)  | 12,335,452,241  | 34,579  | 12,335,486,820                   |
| Profit for the year  | -                                      | -                             | -                            | -                  | -                  | -   | 456,203,424          | -  | 456,203,424   | 350   | 456,203,774                      |
| Other comprehensive income for the year                                    | -                                      | -                             | -                            | -                  | -                  | -   | (1,354,830)          | (95,071,452)   | (96,426,282)  | (243)   | (96,426,525)                     |
| Total comprehensive income for the year                                    | -                                      | -                             | -                            | -                  | -                  | -   | 454,848,594          | (95,071,452)   | 359,777,142   | 107   | 359,777,249                      |
| Issuance of ordinary shares as a result<br>of warrants exercised (Note 21) | 10,965                                 | 180,923                       | -                            | -                  | -                  | -   | -                    | -  | 191,888   | -   | 191,888                          |
| Appropriated to corporate social responsibility reserve (Note 24)          | -                                      | -                             | -                            | -                  | -                  | 950,227                                       | (950,227)            | -  | -   | -   | -                                |
| <b>Balance as at 31 December 2018</b>                                      | <u>1,559,291,862</u>                   | <u>1,967,897,516</u>          | <u>172,445,812</u>           | <u>103,952,060</u> | <u>523,320,000</u> | <u>17,393,326</u>                             | <u>9,135,682,800</u> | <u>(784,562,105)</u>   | <u>12,695,421,271</u>                                       | <u>34,686</u>   | <u>12,695,455,957</u>            |
|  | -                                      | -                             | -                            | -                  | -                  | -   | -                    | -  | -   | -   | -                                |
|  | -                                      | -                             | -                            | -                  | -                  | -   | -                    | -  | -   | -   | -                                |

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

|   | Separate financial statements    |                            |                           |                    |   |                      |   | Other components of shareholders' equity - other comprehensive income | Total shareholders' equity |
|---|----------------------------------|----------------------------|---------------------------|--------------------|---|----------------------|---|---|----------------------------|
|   | Issued and paid-up share capital | Premium on ordinary shares | Premium on treasury stock | Retained earnings  |   |                      | Exchange differences on translation of financial statements |   |                            |
|   |                                  |                            |                           | Statutory reserve  | Appropriated                            |                      |   |   |                            |
|   |                                  |                            |                           |                    | Corporate social responsibility reserve | Unappropriated       |   |   |                            |
| <b>Balance as at 1 January 2017</b>                                     | 1,559,280,897                    | 1,967,716,593              | 172,445,812               | 103,952,060        | 16,119,179                              | 8,626,377,640        | 1,835,753,751   | 14,281,645,932  |                            |
| Loss for the year   | -                                | -                          | -                         | -                  | -                                       | (767,641,886)        | -   | (767,641,886)   |                            |
| Other comprehensive income for the year                                 | -                                | -                          | -                         | -                  | -                                       | (1,794,772)          | (1,231,000,963)   | (1,232,795,735)   |                            |
| Total comprehensive income for the year                                 | -                                | -                          | -                         | -                  | -                                       | (769,436,658)        | (1,231,000,963)   | (2,000,437,621)   |                            |
| Appropriated to corporate social responsibility reserve (Note 24)       | -                                | -                          | -                         | -                  | 323,920                                 | (323,920)            | -   | -   |                            |
| <b>Balance as at 31 December 2017</b>                                   | <u>1,559,280,897</u>             | <u>1,967,716,593</u>       | <u>172,445,812</u>        | <u>103,952,060</u> | <u>16,443,099</u>                       | <u>7,856,617,062</u> | <u>604,752,788</u>  | <u>12,281,208,311</u>   |                            |
| <b>Balance as at 1 January 2018</b>                                     | 1,559,280,897                    | 1,967,716,593              | 172,445,812               | 103,952,060        | 16,443,099                              | 7,856,617,062        | 604,752,788   | 12,281,208,311  |                            |
| Loss for the year   | -                                | -                          | -                         | -                  | -                                       | (634,505,011)        | -   | (634,505,011)   |                            |
| Other comprehensive income for the year                                 | -                                | -                          | -                         | -                  | -                                       | (388,658)            | (87,549,790)  | (87,938,448)  |                            |
| Total comprehensive income for the year                                 | -                                | -                          | -                         | -                  | -                                       | (634,893,669)        | (87,549,790)  | (722,443,459)   |                            |
| Issuance of ordinary shares as a result of warrants exercised (Note 21) | 10,965                           | 180,923                    | -                         | -                  | -                                       | -                    | -   | 191,888   |                            |
| Appropriated to corporate social responsibility reserve (Note 24)       | -                                | -                          | -                         | -                  | 950,227                                 | (950,227)            | -   | -   |                            |
| <b>Balance as at 31 December 2018</b>                                   | <u>1,559,291,862</u>             | <u>1,967,897,516</u>       | <u>172,445,812</u>        | <u>103,952,060</u> | <u>17,393,326</u>                       | <u>7,220,773,166</u> | <u>517,202,998</u>  | <u>11,558,956,740</u>   |                            |
|   | -                                | -                          | -                         | -                  | -                                       | -                    | -   | -   |                            |
|   | -                                | -                          | -                         | -                  | -                                       | -                    | -   | -   |                            |

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

**Precious Shipping Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2018**

(Unit: Baht)

|  | Consolidated financial statements |                      | Separate financial statements |                    |
|--|-----------------------------------|----------------------|-------------------------------|--------------------|
|  | 2018                              | 2017                 | 2018                          | 2017               |
| <b>Cash flows from operating activities</b>  |                                   |                      |                               |                    |
| Profit (loss) before tax   | 458,346,669                       | (129,281,519)        | (634,505,011)                 | (767,641,886)      |
| Adjustments to reconcile profit (loss) before tax<br>to net cash provided by (paid from) operating activities: |                                   |                      |                               |                    |
| Depreciation and amortisation  | 1,185,274,704                     | 1,170,602,334        | 3,287,848                     | 4,272,209          |
| Bad debts and doubtful accounts (reversal)   | (3,639,483)                       | (7,864,461)          | -                             | 2,803,900          |
| Write-off equipment  | 26,648                            | -                    | 26,644                        | -                  |
| Gains on sales of vessel and equipment   | -                                 | (32,152,515)         | -                             | (1,999,158)        |
| Loss on impairment of investments in subsidiaries  | -                                 | -                    | 107,056,303                   | 95,134,089         |
| Gains on cancellation of shipbuilding contracts  | -                                 | (6,252,457)          | -                             | (6,252,457)        |
| Amortisation of deferred contract costs  | 17,986,981                        | 19,119,129           | -                             | -                  |
| Share of profit from investment in associate<br>held by a subsidiary   | (24,425,838)                      | (10,008,710)         | -                             | -                  |
| Reversal of provision for maritime claims  | (8,633,566)                       | (15,714,780)         | -                             | -                  |
| Provision for long-term employee benefits  | 24,507,066                        | 8,710,035            | 21,696,472                    | 7,170,568          |
| Unrealised exchange losses (gains)   | 2,686,672                         | (611,871)            | 876,775                       | (1,396,962)        |
| Amortised financial fees to interest expenses  | 32,262,558                        | 69,791,656           | -                             | -                  |
| Interest expense   | 764,771,012                       | 761,926,834          | 299,195,753                   | 311,460,007        |
| Amortisation of deferred debentures issuing cost   | 6,053,898                         | 6,329,467            | 6,053,898                     | 6,329,467          |
| Interest on unsecured corporate loans<br>and other expenses per Settlement Agreements                          | -                                 | 112,509,641          | -                             | 112,509,641        |
| Write-off withholding tax deducted at source   | 2,833,099                         | 3,661,127            | 1,980,813                     | 3,661,127          |
| Profit (loss) from operating activities before<br>changes in operating assets and liabilities                  | 2,458,050,420                     | 1,950,763,910        | (194,330,505)                 | (233,949,455)      |
| Operating assets (increase) decrease   |                                   |                      |                               |                    |
| Trade and other receivables  | (59,826,006)                      | (62,071,336)         | 61,592,417                    | 847,327,466        |
| Bunker oil   | (40,863,787)                      | (23,558,647)         | -                             | -                  |
| Other current assets   | 8,323,100                         | 41,413,241           | (217,764)                     | 5,186,580          |
| Other non-current assets   | (1,828,383)                       | 23,980               | (1,707,988)                   | -                  |
| Operating liabilities increase (decrease)  |                                   |                      |                               |                    |
| Trade and other payables   | (81,552,741)                      | 80,187,301           | (286,937,831)                 | 323,212,070        |
| Advances received from charterers  | (16,740,032)                      | 25,449,300           | -                             | -                  |
| Other current liabilities  | (833)                             | 2,832,444            | 964,630                       | 4,377,770          |
| Non-current liabilities  | (6,474,893)                       | (1,932,620)          | (6,474,893)                   | (1,932,620)        |
| Cash flows from (used in) operating activities   | 2,259,086,845                     | 2,013,107,573        | (427,111,934)                 | 944,221,811        |
| Cash paid for corporate income tax and<br>withholding tax deducted at source                                   | (3,058,178)                       | (2,680,198)          | (1,718,688)                   | (1,677,685)        |
| <b>Net cash flows from (used in) operating activities</b>  | <b>2,256,028,667</b>              | <b>2,010,427,375</b> | <b>(428,830,622)</b>          | <b>942,544,126</b> |

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 2018**

(Unit: Baht)

|  | <b>Consolidated financial statements</b> |                        | <b>Separate financial statements</b> |                        |
|--|--|------------------------|--------------------------------------|------------------------|
|  | 2018                                     | 2017                   | 2018                                 | 2017                   |
| <b>Cash flows from investing activities</b>  |  |                        |                                      |                        |
| Acquisitions of vessel and equipment and payment of dry-dock and special survey expenses | (288,750,535)                            | (373,328,154)          | (1,881,791)                          | (9,717,180)            |
| Cash received from sales of vessel and equipment   | -  | 76,850,749             | -                                    | 1,999,172              |
| Cash paid for advances for vessel constructions and other direct costs                   | -  | (640,633,619)          | -                                    | (639,120,693)          |
| Cash received from amendment/cancellation of shipbuilding contracts                      | -  | 6,178,415              | -                                    | 6,178,415              |
| Increase in long-term loans to a subsidiary  | -  | -                      | (197,278,200)                        | -                      |
| Decrease in long-term loans to a subsidiary  | -  | -                      | 196,935,000                          | -                      |
| Cash received from unsecured corporate loans   | -  | 329,659,190            | -                                    | 329,659,190            |
| Repayment of unsecured corporate loans   | -  | (1,050,777,600)        | -                                    | (1,050,777,600)        |
| Dividend received from associate held by a subsidiary                                    | 16,523,225                               | 15,481,041             | -                                    | -                      |
| <b>Net cash flows used in investing activities</b>                                       | <b>(272,227,310)</b>                     | <b>(1,636,569,978)</b> | <b>(2,224,991)</b>                   | <b>(1,361,778,696)</b> |
| <b>Cash flows from financing activities</b>  |  |                        |                                      |                        |
| Decrease in restricted bank deposits   | -  | 373,836,318            | -                                    | -                      |
| Cash paid for interest expense   | (764,790,874)                            | (762,402,772)          | (299,215,615)                        | (311,935,945)          |
| Cash paid for deferred financial fees  | -  | (8,523,419)            | -                                    | -                      |
| Cash received from long-term loans   | -  | 500,688,338            | -                                    | -                      |
| Repayment of long-term loans   | (578,456,662)                            | (586,111,666)          | -                                    | -                      |
| Prepayment of long-term loans  | (640,592,240)                            | (466,906,700)          | -                                    | -                      |
| Cash received from share subscription as a result of warrant exercised                   | 191,887                                  | -                      | 191,887                              | -                      |
| <b>Net cash flows used in financing activities</b>                                       | <b>(1,983,647,889)</b>                   | <b>(949,419,901)</b>   | <b>(299,023,728)</b>                 | <b>(311,935,945)</b>   |
| Decrease in translation adjustments  | (10,939,059)                             | (247,130,015)          | (13,386,712)                         | (173,998,914)          |
| <b>Net decrease in cash and cash equivalents</b>   | <b>(10,785,591)</b>                      | <b>(822,692,519)</b>   | <b>(743,466,053)</b>                 | <b>(905,169,429)</b>   |
| Cash and cash equivalents at beginning of year   | 1,853,617,916                            | 2,676,310,435          | 1,240,079,848                        | 2,145,249,277          |
| <b>Cash and cash equivalents at end of year</b>  | <b>1,842,832,325</b>                     | <b>1,853,617,916</b>   | <b>496,613,795</b>                   | <b>1,240,079,848</b>   |
|  | -  | -                      | -                                    | -                      |
| <b>Supplemental cash flows information</b>   |  |                        |                                      |                        |
| Non-cash transactions  |  |                        |                                      |                        |
| Transfer of advances for vessel constructions to vessel and equipment of subsidiaries    | -  | 907,566,931            | -                                    | 904,057,629            |
| Actuarial loss   | 1,354,830                                | 1,907,673              | 388,658                              | 1,794,772              |

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 2018**

#### **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 11 October 2016, 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 |       |
|---|-----------------------|--------------------------|---|-------|
|   |                       |                          | 2018  | 2017  |
|   |                       |                          | %   | %     |
| <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   | 99.99 |
| 37. Precious Neptune Limited            | Shipowner             | Thailand                 | 99.99   | 99.99 |
| 38. Precious Shipping (Panama) S.A.     | Shipowner/ Chartering | Panama                   | 99.99   | 99.99 |

| Company's name   | Nature of business             | Country of incorporation | Percentage directly and indirectly owned by the Company |        |
|--|--------------------------------|--------------------------|---|--------|
|  |                                |                          | 2018  | 2017   |
|  |                                |                          | %   | %      |
| 39. Precious Shipping (Singapore) Pte. Limited         | Holding company/<br>Chartering | Singapore                | 100.00  | 100.00 |
| 40. Precious Shipping (UK) Limited                     | Chartering                     | England                  | 100.00  | 100.00 |
| 41. Great Circle Shipping Agency Limited               | Technical manager of<br>ships  | Thailand                 | 99.99   | 99.99  |
| 42. Associated Bulk Carriers Pte. Limited              | Holding company                | Singapore                | 100.00  | 100.00 |
| <u>Subsidiaries held by subsidiaries</u>               |                                |                          |   |        |
| 43. Precious Projects Pte. Limited                     | Investment holding<br>company  | Singapore                | 100.00  | 100.00 |
| 44. Precious Forests Pte. Ltd.                         | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 45. Precious Fragrance Pte. Ltd.                       | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 46. Precious Thoughts Pte. Ltd.                        | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 47. Precious Comforts Pte. Ltd.                        | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 48. Precious Sparks Pte. Ltd.                          | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 49. Precious Visions Pte. Ltd.                         | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 50. Precious Bridges Pte. Ltd.                         | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 51. Precious Tides Pte. Ltd.                           | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 52. Precious Skies Pte. Ltd.                           | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 53. Precious Grace Pte. Ltd.                           | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 54. Precious Sonnets Pte. Ltd.                         | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 55. Precious Glories Pte. Ltd.                         | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 56. Precious Wisdom Pte. Ltd.                          | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 57. ABC One Pte. Ltd.                                  | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 58. ABC Two Pte. Ltd.                                  | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 59. ABC Three Pte. Ltd.                                | Shipowner                      | Singapore                | 100.00  | 100.00 |
| 60. ABC Four Pte. Ltd.                                 | Shipowner                      | Singapore                | 100.00  | 100.00 |
| <u>Associate held by a subsidiary</u>                  |                                |                          |   |        |
| 61. International Seaports (Haldia)<br>Private Limited | Port development               | India                    | 22.40   | 22.40  |

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

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related Interpretations.

|                         |  |
|-------------------------|--|
| TAS 11 (revised 2017)   | Construction contracts                                       |
| TAS 18 (revised 2017)   | Revenue  |
| TSIC 31 (revised 2017)  | Revenue - Barter Transactions Involving Advertising Services |
| TFRIC 13 (revised 2017) | Customer Loyalty Programmes                                  |
| TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate               |
| TFRIC 18 (revised 2017) | Transfers of Assets from Customers                           |

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**(c) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7                      Financial Instruments: Disclosures

TFRS 9                      Financial Instruments

Accounting standard:

TAS 32                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16                    Hedges of a Net Investment in a Foreign Operation

TFRIC 19                    Extinguishing Financial Liabilities with Equity Instruments

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

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

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### ***Vessel operating income***

Vessel operating income (consisting of Hire income from Time charter and Freight income from Voyage charter) is 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**

Vessels, condominium units, 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                    | 17 - 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 or enterprises 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 Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

*Defined benefit plans*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group 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.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

#### **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, while losses on disposal are determined by reference to the carrying amount and are recorded as a deduction from premium on treasury stock until the premium is eliminated, with the remainder then presented in retained earnings.

#### **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.

## Arbitrations

The Company has disclosed the contingent liabilities in respect of the Arbitrations regarding the cancellation of the Shipbuilding Contracts with Sainty in Note 31 to the financial statements. Based on the opinion of the Company's in-house legal counsel, the Company's management believes that the outcome of the arbitrations is quite uncertain and is unable to reliably estimate the amount of potential liability. Therefore no provisions have been made in respect of the arbitration cases as at the end of reporting period.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

|               | Consolidated financial statements |           | Separate financial statements |           |
|---------------|-----------------------------------|-----------|-------------------------------|-----------|
|               | 2018                              | 2017      | 2018                          | 2017      |
| Cash          | 812                               | 881       | 801                           | 870       |
| Bank deposits | 1,842,020                         | 1,852,737 | 495,813                       | 1,239,210 |
| Total         | 1,842,832                         | 1,853,618 | 496,614                       | 1,240,080 |

As at 31 December 2018, bank deposits carried interest between 0.00% and 1.95% per annum for USD savings deposits and between 0.37% and 0.38% per annum for Baht savings deposits (2017: between 0.00% and 1.00% 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 |           |
|--|-----------------------------------|---------|-------------------------------|-----------|
|  | 2018                              | 2017    | 2018                          | 2017      |
| <u>Trade receivables - unrelated parties</u>     |                                   |         |                               |           |
| Aged on the basis of invoice date                |                                   |         |                               |           |
| Past due   |                                   |         |                               |           |
| Up to 3 months                                   | 250,030                           | 192,588 | -                             | -         |
| 3 - 6 months                                     | 1,574                             | 541     | -                             | -         |
| 6 - 12 months                                    | 1,728                             | 279     | -                             | -         |
| Over 12 months                                   | 882                               | 5,589   | -                             | -         |
| Total  | 254,214                           | 198,997 | -                             | -         |
| Less: Allowance for doubtful debts               | -                                 | (5,589) | -                             | -         |
| Total trade receivables - unrelated parties, net | 254,214                           | 193,408 | -                             | -         |
| <u>Other receivables - related parties</u>       |                                   |         |                               |           |
| Advances to related parties (Note 8)             | -                                 | -       | 4,155,581                     | 4,249,398 |
| Total other receivables                          | -                                 | -       | 4,155,581                     | 4,249,398 |
| Total trade and other receivables - net          | 254,214                           | 193,408 | 4,155,581                     | 4,249,398 |



## 8. Related party transactions

In addition to relationship between the Company and its subsidiaries as stated in Note 9 and 10 to the financial statements and its associate as stated in Note 11 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  |
| Devon Marine Limited                           | Consultancy services for ship chartering      | Related by way of Company Directors' close family member as the related party's shareholder  |

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 |         |  |
|  | 2018                 | 2017   | 2018                 | 2017    |  |
| <b>Transactions with subsidiaries</b>  |                      |        |                      |         |  |
| (Eliminated from consolidated financial statements)  |                      |        |                      |         |  |
| Service income - management fees   | -                    | -      | 90,689               | 82,892  | Fixed rate per vessel per day set with reference to the administrative cost of the Company |
| Service income - commission from vessel sales  | -                    | -      | -                    | 2,157   | 3% of vessels' selling price   |
| Condominium rental expenses  | -                    | -      | 6,780                | 6,877   | Market price   |
| Sales of new building vessel (as part of advances for vessel construction and other direct cost) | -                    | -      | -                    | 904,058 | At cost  |
| <b>Transaction with associate</b>  |                      |        |                      |         |  |
| Dividend received  | 16,523               | 15,481 | -                    | -       | As declared  |
| <b>Transactions with related companies</b>   |                      |        |                      |         |  |
| Air ticket expenses  | 8,581                | 6,728  | 2,506                | 2,099   | Market price   |
| Rental and service expenses  | 11,871               | 10,310 | 9,934                | 9,140   | Market price   |

The balances of the accounts as at 31 December 2018 and 2017 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

|   | Consolidated         |      | Separate             |           |
|---|----------------------|------|----------------------|-----------|
|   | financial statements |      | financial statements |           |
|   | 2018                 | 2017 | 2018                 | 2017      |
| <b>Other receivables - related parties (Note 7)</b> |                      |      |                      |           |
| Subsidiaries  | -                    | -    | 4,155,581            | 4,249,398 |
| Total other receivables - related parties           | -                    | -    | 4,155,581            | 4,249,398 |
| <b>Trade and other payables - related parties</b>   |                      |      |                      |           |
| Subsidiaries  | -                    | -    | 1,726,757            | 1,919,833 |
| Related companies                                   | 285                  | 372  | 12                   | 143       |
| Total trade and other payables - related parties    | 285                  | 372  | 1,726,769            | 1,919,976 |

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

### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses payable to their directors and management as below.

|                              | (Unit: Thousand Baht) |        |                      |        |
|------------------------------|-----------------------|--------|----------------------|--------|
|                              | Consolidated          |        | Separate             |        |
|                              | financial statements  |        | financial statements |        |
|                              | 2018                  | 2017   | 2018                 | 2017   |
| Short-term employee benefits | 84,957                | 80,463 | 81,294               | 76,231 |
| Post-employment benefits     | 11,985                | 2,037  | 11,981               | 2,036  |
| Total                        | 96,942                | 82,500 | 93,275               | 78,267 |

### 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. Long-term loans to subsidiaries**

Long-term loans to subsidiaries consisted of the following.

- 1) As at 31 December 2018, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited ("ABC Company"), are in the form of promissory notes amounting to USD 9.70 million (2017: USD 9.70 million), bearing no interest and are due at call. The Company does not intend to call for the loans repayment in the foreseeable future; therefore, the loans are classified as long-term loans.

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 28 December 2018, the Company has executed an agreement to extend the period of repayment of advance receivables and short-term loan to Precious Shipping (Singapore) Pte. Limited amounting to USD 145 million to 4 years.

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

(Unit: Thousand Baht)

|                                  | Separate<br>financial statements |                  |
|----------------------------------|----------------------------------|------------------|
|                                  | 2018                             | 2017             |
| Balance at beginning of the year | 5,055,801                        | 5,543,081        |
| Convert from advance receivables | 197,278                          | -                |
| Decrease                         | (196,935)                        | -                |
| Translation adjustment           | (36,095)                         | (487,280)        |
| Balance at end of the year       | <u>5,020,049</u>                 | <u>5,055,801</u> |

## 10. 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<br>percentage |       | Cost    |         |
|                                  | 2018                          | 2017    | 2018                       | 2017  | 2018    | 2017    |
|                                  |                               |         | %                          | %     |         |         |
| Precious Metals Limited          | 275,000                       | 275,000 | 99.99                      | 99.99 | 343,827 | 346,276 |
| Precious Wishes Limited          | 230,000                       | 230,000 | 99.99                      | 99.99 | 292,684 | 294,769 |
| Precious Stones Shipping Limited | 260,000                       | 260,000 | 99.99                      | 99.99 | 273,403 | 275,350 |
| Precious Minerals Limited        | 230,000                       | 230,000 | 99.99                      | 99.99 | 248,614 | 250,384 |
| Precious Lands Limited           | 306,000                       | 306,000 | 99.99                      | 99.99 | 314,640 | 316,880 |
| Precious Rivers Limited          | 234,000                       | 234,000 | 99.99                      | 99.99 | 206,800 | 208,273 |
| Precious Lakes Limited           | 184,000                       | 184,000 | 99.99                      | 99.99 | 181,472 | 182,764 |
| Precious Seas Limited            | 100,000                       | 100,000 | 99.99                      | 99.99 | 127,254 | 128,160 |
| Precious Stars Limited           | 105,000                       | 105,000 | 99.99                      | 99.99 | 133,616 | 134,568 |
| Precious Oceans Limited          | 175,000                       | 175,000 | 99.99                      | 99.99 | 222,694 | 224,280 |
| Precious Planets Limited         | 270,000                       | 270,000 | 99.99                      | 99.99 | 301,961 | 304,111 |
| Precious Diamonds Limited        | 205,000                       | 205,000 | 99.99                      | 99.99 | 189,049 | 190,396 |
| Precious Sapphires Limited       | 144,000                       | 144,000 | 99.99                      | 99.99 | 128,261 | 129,174 |
| Precious Emeralds Limited        | 366,000                       | 366,000 | 99.99                      | 99.99 | 307,550 | 309,741 |
| Precious Rubies Limited          | 259,360                       | 259,360 | 99.99                      | 99.99 | 256,786 | 258,615 |
| Precious Opals Limited           | 249,360                       | 249,360 | 99.99                      | 99.99 | 248,550 | 250,320 |
| Precious Garnets Limited         | 379,000                       | 379,000 | 99.99                      | 99.99 | 317,219 | 319,478 |
| Precious Pearls Limited          | 173,000                       | 173,000 | 99.99                      | 99.99 | 181,182 | 182,472 |
| Precious Flowers Limited         | 336,000                       | 336,000 | 99.99                      | 99.99 | 349,332 | 351,820 |
| Precious Forests Limited         | 286,000                       | 286,000 | 99.99                      | 99.99 | 271,585 | 273,520 |
| Precious Trees Limited           | 202,000                       | 202,000 | 99.99                      | 99.99 | 212,013 | 213,523 |
| Precious Ponds Limited           | 124,000                       | 124,000 | 99.99                      | 99.99 | 127,523 | 128,431 |
| Precious Ventures Limited        | 202,000                       | 202,000 | 99.99                      | 99.99 | 229,970 | 231,608 |
| Precious Capitals Limited        | 200,000                       | 200,000 | 99.99                      | 99.99 | 254,508 | 256,321 |

(Unit: Thousand Baht)

| Subsidiaries' name                                      | Separate financial statements |         |                         |        |             |             |
|---|-------------------------------|---------|-------------------------|--------|-------------|-------------|
|   | Paid-up capital               |         | Shareholding percentage |        | Cost        |             |
|   | 2018                          | 2017    | 2018                    | 2017   | 2018        | 2017        |
| Precious Jasmines Limited                               | 147,000                       | 147,000 | 99.99                   | 99.99  | 172,911     | 174,142     |
| Precious Orchids Limited                                | 217,000                       | 217,000 | 99.99                   | 99.99  | 195,395     | 196,787     |
| Precious Lagoons Limited                                | 140,000                       | 140,000 | 99.99                   | 99.99  | 178,155     | 179,424     |
| Precious Cliffs Limited                                 | 140,000                       | 140,000 | 99.99                   | 99.99  | 178,155     | 179,424     |
| Precious Hills Limited                                  | 140,000                       | 140,000 | 99.99                   | 99.99  | 178,155     | 179,424     |
| Precious Mountains Limited                              | 140,000                       | 140,000 | 99.99                   | 99.99  | 178,155     | 179,424     |
| Precious Resorts Limited                                | 140,000                       | 140,000 | 99.99                   | 99.99  | 178,155     | 179,424     |
| Precious Cities Limited                                 | 170,000                       | 170,000 | 99.99                   | 99.99  | 202,585     | 204,028     |
| Precious Comets Limited                                 | 141,000                       | 141,000 | 99.99                   | 99.99  | 135,448     | 136,413     |
| Precious Ornaments Limited                              | 156,000                       | 156,000 | 99.99                   | 99.99  | 148,656     | 149,715     |
| Precious Moons Limited                                  | 1,000                         | 1,000   | 99.98                   | 99.98  | 991         | 998         |
| Precious Venus Limited                                  | 298,800                       | 298,800 | 99.99                   | 99.99  | 275,156     | 277,115     |
| Precious Neptune Limited                                | 298,800                       | 298,800 | 99.99                   | 99.99  | 275,156     | 277,115     |
| Precious Shipping (Panama) S.A.                         | 250                           | 250     | 99.99                   | 99.99  | 325         | 327         |
| Precious Shipping (Singapore) Pte. Limited              | 363,338                       | 363,338 | 100.00                  | 100.00 | 340,416     | 342,840     |
| Precious Shipping (UK) Limited                          | 250                           | 250     | 100.00                  | 100.00 | 325         | 327         |
| Great Circle Shipping Agency Limited                    | 210,000                       | 210,000 | 99.99                   | 99.99  | 351,892     | 354,398     |
| Associated Bulk Carriers Pte. Limited                   | 0.0664                        | 0.0664  | 100.00                  | 100.00 | -           | -           |
| Total investments in subsidiaries                       |                               |         |                         |        | 8,710,524   | 8,772,559   |
| Less: Allowance for loss on investments in subsidiaries |                               |         |                         |        | (2,212,312) | (2,121,659) |
| Total investments in subsidiaries - net                 |                               |         |                         |        | 6,498,212   | 6,650,900   |

As at 31 December 2018, the Company has pledged the shares of 25 subsidiaries amounting to Baht 4,862.06 million (net of allowance for loss on investments) (2017: 31 subsidiaries amounting to Baht 5,700.48 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 17 to the financial statements.

The change in cost of investments in subsidiaries in the current year mainly from the allowance for loss on investments in subsidiaries in the separate financial statements was approximately Baht 107.06 million (2017: Baht 95.13 million). In addition, the change in cost of investments is from the exchange differences on translation of financial statements from functional currency to presentation currency.

As at 31 December 2018, the allowance for loss on investments in subsidiaries in the separate financial statements applied for the subsidiaries which have sold the vessels and still have no future plan of buying vessels.

## 11. Investment in associate held by a subsidiary

### 11.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

| Associate's name                                | Nature of business | Country of incorporation | Consolidated financial statements |       |        |        |   |        |
|---|--------------------|--------------------------|-----------------------------------|-------|--------|--------|---|--------|
|   |                    |                          | Shareholding percentage           |       | Cost   |        | Carrying amounts based on equity method |        |
|   |                    |                          | 2018                              | 2017  | 2018   | 2017   | 2018                                    | 2017   |
|   |                    |                          | %                                 | %     |        |        |   |        |
| International Seaports (Haldia) Private Limited | Port development   | India                    | 22.40                             | 22.40 | 66,121 | 66,592 | 73,356                                  | 75,502 |

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

(Unit: Thousand Baht)

| Associate's name                                | Consolidated financial statements                                 |        |   |        |
|---|---|--------|---|--------|
|   | For the years ended 31 December                                   |        |   |        |
|   | Share of profit from investment in associate held by a subsidiary |        | Dividend received from associate held by a subsidiary |        |
|   | 2018  | 2017   | 2018  | 2017   |
| International Seaports (Haldia) Private Limited | 24,426  | 10,009 | 16,523  | 15,481 |

Share of profit from investment in associate held by a subsidiary for the years ended 31 December 2018 and 2017, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2018 and 2017, respectively.

### 11.2 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               |        |
|   | 2018                  | 2017         | 2018               | 2017    | 2018                    | 2017   | 2018                               | 2017    | 2018                       | 2017   |
|   | Thousand INR          | Thousand INR |                    |         |                         |        |                                    |         |                            |        |
| International Seaports (Haldia) Private Limited | 440,580               | 440,580      | 369,616            | 379,153 | 42,133                  | 42,092 | 512,126                            | 453,412 | 109,044                    | 44,682 |

## 12. Other long-term investment

Other long-term investment represents investment in 2,026,086 ordinary shares of Baht 10.00 each of TMN Company Limited, representing 3% of its registered shares capital. The change in cost of other long-term investment is from the exchange differences on translation of financial statements from functional currency to presentation currency.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

|  | Vessels and equipment |                          |  | Total      | Furniture,<br>fixtures<br>and office<br>equipment | Motor<br>vehicles | Leasehold<br>improvement | Total            |
|--|-----------------------|--------------------------|--|------------|---|-------------------|--------------------------|------------------|
|  | Condominium<br>units  | Vessels and<br>equipment | Dry-dock and<br>special survey<br>expenses |            |   |                   |                          |                  |
| <b>Cost</b>                                |                       |                          |  |            |   |                   |                          |                  |
| 1 January 2018                             | 244,268               | 27,745,042               | 507,324                                    | 28,252,366 | 58,987  | 15,654            | 15,288                   | 28,586,563       |
| Acquisitions/transfer in                   | 5,419                 | 85,426                   | 195,613                                    | 281,039    | 852   | 1,441             | -                        | 288,751          |
| Transfer out/write-off                     | -                     | -                        | (49,744)                                   | (49,744)   | (421)   | -                 | -                        | (50,165)         |
| Translation adjustment                     | (1,759)               | (195,508)                | (3,799)                                    | (199,307)  | (408)   | (130)             | (108)                    | (201,712)        |
| 31 December 2018                           | 247,928               | 27,634,960               | 649,394                                    | 28,284,354 | 59,010  | 16,965            | 15,180                   | 28,623,437       |
| <b>Accumulated depreciation</b>            |                       |                          |  |            |   |                   |                          |                  |
| 1 January 2018                             | 220,410               | 4,647,743                | 166,067                                    | 4,813,810  | 57,842  | 5,666             | 14,165                   | 5,111,893        |
| Depreciation for the year                  | 704                   | 976,935                  | 203,769                                    | 1,180,704  | 598   | 2,576             | 366                      | 1,184,948        |
| Depreciation on transfer out/<br>write-off | -                     | -                        | (49,744)                                   | (49,744)   | (394)   | -                 | -                        | (50,138)         |
| Translation adjustment                     | (1,558)               | (29,202)                 | (1,238)                                    | (30,440)   | (401)   | (31)              | (99)                     | (32,529)         |
| 31 December 2018                           | 219,556               | 5,595,476                | 318,854                                    | 5,914,330  | 57,645  | 8,211             | 14,432                   | 6,214,174        |
| <b>Net book value</b>                      |                       |                          |  |            |   |                   |                          |                  |
| 1 January 2018                             | 23,858                | 23,097,299               | 341,257                                    | 23,438,556 | 1,145   | 9,988             | 1,123                    | 23,474,670       |
| 31 December 2018                           | 28,372                | 22,039,484               | 330,540                                    | 22,370,024 | 1,365   | 8,754             | 748                      | 22,409,263       |
| <b>Depreciation for the year<br/>2018</b>  |                       |                          |  |            |   |                   |                          | <u>1,184,948</u> |

(Unit: Thousand Baht)

## Consolidated financial statements

|  | Vessels and equipment |                          |  | Total       | Furniture,<br>fixtures<br>and office<br>equipment | Motor<br>vehicles | Leasehold<br>improvement | Total       |
|--|-----------------------|--------------------------|--|-------------|---|-------------------|--------------------------|-------------|
|  | Condominium<br>units  | Vessels and<br>equipment | Dry-dock and<br>special survey<br>expenses |             |   |                   |                          |             |
| <b>Cost</b>  |                       |                          |  |             |   |                   |                          |             |
| 1 January 2017                                       | 266,392               | 29,984,832               | 393,447                                    | 30,378,279  | 64,186  | 14,946            | 16,761                   | 30,740,564  |
| Acquisitions/transfer in                             | 1,318                 | 958,308                  | 311,292                                    | 1,269,600   | 453   | 9,524             | -                        | 1,280,895   |
| Disposals/transfer out/write-off                     | -                     | (543,912)                | (161,547)                                  | (705,459)   | -   | (7,369)           | -                        | (712,828)   |
| Translation adjustment                               | (23,442)              | (2,654,186)              | (35,868)                                   | (2,690,054) | (5,652)   | (1,447)           | (1,473)                  | (2,722,068) |
| 31 December 2017                                     | 244,268               | 27,745,042               | 507,324                                    | 28,252,366  | 58,987  | 15,654            | 15,288                   | 28,586,563  |
| <b>Accumulated depreciation</b>                      |                       |                          |  |             |   |                   |                          |             |
| 1 January 2017                                       | 241,069               | 4,415,220                | 201,136                                    | 4,616,356   | 62,483  | 11,250            | 14,617                   | 4,945,775   |
| Depreciation for the year                            | 551                   | 1,023,819                | 141,344                                    | 1,165,163   | 883   | 2,386             | 861                      | 1,169,844   |
| Depreciation on disposals/transfer out/<br>write-off | -                     | (387,122)                | (160,438)                                  | (547,560)   | -   | (7,369)           | -                        | (554,929)   |
| Translation adjustment                               | (21,210)              | (404,174)                | (15,975)                                   | (420,149)   | (5,524)   | (601)             | (1,313)                  | (448,797)   |
| 31 December 2017                                     | 220,410               | 4,647,743                | 166,067                                    | 4,813,810   | 57,842  | 5,666             | 14,165                   | 5,111,893   |
| <b>Allowance for impairment loss</b>                 |                       |                          |  |             |   |                   |                          |             |
| 1 January 2017                                       | -                     | 122,104                  | 1,161                                      | 123,265     | -   | -                 | -                        | 123,265     |
| Disposals/transfer out/write-off                     | -                     | (116,667)                | (1,109)                                    | (117,776)   | -   | -                 | -                        | (117,776)   |
| Translation adjustment                               | -                     | (5,437)                  | (52)                                       | (5,489)     | -   | -                 | -                        | (5,489)     |
| 31 December 2017                                     | -                     | -                        | -  | -           | -   | -                 | -                        | -           |
| <b>Net book value</b>                                |                       |                          |  |             |   |                   |                          |             |
| 1 January 2017                                       | 25,323                | 25,447,508               | 191,150                                    | 25,638,658  | 1,703   | 3,696             | 2,144                    | 25,671,524  |
| 31 December 2017                                     | 23,858                | 23,097,299               | 341,257                                    | 23,438,556  | 1,145   | 9,988             | 1,123                    | 23,474,670  |
| <b>Depreciation for the year</b>                     |                       |                          |  |             |   |                   |                          |             |
| 2017   |                       |                          |  |             |   |                   |                          | 1,169,844   |



(Unit: Thousand Baht)

|                                  | Separate financial statements                     |                   |                          |        |
|----------------------------------|---|-------------------|--------------------------|--------|
|                                  | Furniture,<br>fixtures<br>and office<br>equipment | Motor<br>vehicles | Leasehold<br>improvement | Total  |
| <b>Cost</b>                      |   |                   |                          |        |
| 1 January 2018                   | 25,362  | 14,290            | 10,687                   | 50,339 |
| Acquisitions                     | 441   | 1,441             | -                        | 1,882  |
| Write-off                        | (382)   | -                 | -                        | (382)  |
| Translation adjustment           | (172)   | (120)             | (76)                     | (368)  |
| 31 December 2018                 | 25,249  | 15,611            | 10,611                   | 51,471 |
| <b>Accumulated depreciation</b>  |   |                   |                          |        |
| 1 January 2018                   | 24,700  | 4,302             | 10,687                   | 39,689 |
| Depreciation for the year        | 385   | 2,576             | -                        | 2,961  |
| Depreciation on write-off        | (355)   | -                 | -                        | (355)  |
| Translation adjustment           | (167)   | (21)              | (76)                     | (264)  |
| 31 December 2018                 | 24,563  | 6,857             | 10,611                   | 42,031 |
| <b>Net book value</b>            |   |                   |                          |        |
| 1 January 2018                   | 662   | 9,988             | -                        | 10,650 |
| 31 December 2018                 | 686   | 8,754             | -                        | 9,440  |
| <b>Depreciation for the year</b> |   |                   |                          |        |
| 2018                             |   |                   |                          | 2,961  |

(Unit: Thousand Baht)

|  | Separate financial statements                     |                   |                          |         |
|--|---|-------------------|--------------------------|---------|
|  | Furniture,<br>fixtures<br>and office<br>equipment | Motor<br>vehicles | Leasehold<br>improvement | Total   |
| <b>Cost</b>  |   |                   |                          |         |
| 1 January 2017                                       | 27,602  | 13,451            | 11,717                   | 52,770  |
| Acquisitions/transfer in                             | 193   | 9,524             | -                        | 9,717   |
| Disposals/transfer out/write-off                     | -   | (7,369)           | -                        | (7,369) |
| Translation adjustment                               | (2,433)   | (1,316)           | (1,030)                  | (4,779) |
| 31 December 2017                                     | 25,362  | 14,290            | 10,687                   | 50,339  |
| <b>Accumulated depreciation</b>                      |   |                   |                          |         |
| 1 January 2017                                       | 26,290  | 9,755             | 11,318                   | 47,363  |
| Depreciation for the year                            | 748   | 2,386             | 380                      | 3,514   |
| Depreciation on disposals/<br>transfer out/write-off | -   | (7,369)           | -                        | (7,369) |
| Translation adjustment                               | (2,338)   | (470)             | (1,011)                  | (3,819) |
| 31 December 2017                                     | 24,700  | 4,302             | 10,687                   | 39,689  |
| <b>Net book value</b>                                |   |                   |                          |         |
| 1 January 2017                                       | 1,312   | 3,696             | 399                      | 5,407   |
| 31 December 2017                                     | 662   | 9,988             | -                        | 10,650  |
| <b>Depreciation for the year</b>                     |   |                   |                          |         |
| 2017   |   |                   |                          | 3,514   |

During the year ended 31 December 2017, the Group had gain on sales of a vessel and equipment totaling USD 0.94 million or approximately Baht 32.15 million as presented in the consolidated income statement (2018: nil).

As at 31 December 2018, 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 289.86 million (2017: Baht 290.36 million) in the consolidated financial statements and Baht 35.75 million (2017: Baht 34.42 million) in the separate financial statements.

As at 31 December 2018, the subsidiaries have mortgaged 32 vessels (2017: 35 vessels) with net book value of Baht 20,309.16 million (2017: Baht 22,617.74 million) with banks to secure long-term loans as referred to in Note 17 to the financial statements.

## 14. Intangible assets

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

(Unit: Thousand Baht)

|   | Consolidated         |            | Separated            |            |
|---|----------------------|------------|----------------------|------------|
|   | financial statements |            | financial statements |            |
|   | 2018                 | 2017       | 2018                 | 2017       |
| <b>Cost</b>                                   |                      |            |                      |            |
| Cost at beginning of year                     | 54,808               | 60,091     | 54,743               | 60,019     |
| Translation adjustment                        | (387)                | (5,283)    | (388)                | (5,276)    |
| Cost at end of year                           | 54,421               | 54,808     | 54,355               | 54,743     |
| <b>Accumulated amortisation</b>               |                      |            |                      |            |
| Accumulated amortisation at beginning of year | 54,466               | 58,912     | 54,401               | 58,840     |
| Amortisation for the year                     | 327                  | 758        | 327                  | 758        |
| Translation adjustment                        | (379)                | (5,204)    | (380)                | (5,197)    |
| Accumulated amortisation at end of year       | 54,414               | 54,466     | 54,348               | 54,401     |
| <b>Net book value as at 31 December</b>       | <u>7</u>             | <u>342</u> | <u>7</u>             | <u>342</u> |
| <b>Amortisation for the year</b>              | <u>327</u>           | <u>758</u> | <u>327</u>           | <u>758</u> |

## 15. Advances for vessel constructions

As at 31 December 2018, the Group has balance of advances for vessel constructions amounting to USD 67.90 million or approximately Baht 2,203.36 million (including the advances plus other related costs), which related to the Nine Shipbuilding Contracts with Saintry Marine Corporation (“Saintry”) for hull nos. SAM14017B to SAM14023B and SAM14027B to SAM14028B, which are under arbitration process. The details are mentioned in Note 15.3 to the financial statements.

Movements of the advances for vessel constructions account during the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

|  | Consolidated         |                  | Separate             |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | financial statements |                  | financial statements |                  |
|  | 2018                 | 2017             | 2018                 | 2017             |
| Balance at beginning of year                             | 2,219,047            | 2,712,401        | 2,210,682            | 2,701,134        |
| Additions  | -                    | 620,704          | -                    | 620,704          |
| Other direct costs                                       | -                    | 20,041           | -                    | 18,528           |
| Transfer to cost of vessel and equipment of subsidiaries | -                    | (907,567)        | -                    | (904,058)        |
| Translation adjustment                                   | (15,692)             | (226,532)        | (15,633)             | (225,626)        |
| Balance at end of year                                   | <u>2,203,355</u>     | <u>2,219,047</u> | <u>2,195,049</u>     | <u>2,210,682</u> |

During the years 2018 and 2017, there were certain developments in relation to the shipbuilding contracts/arbitrations as detailed below.

### **15.1 Delivery of vessel under the Shipbuilding Contract with Taizhou Sanfu Ship Engineering Co., Ltd., China (“Sanfu”)**

During the year ended 31 December 2017, 1 dry bulk vessel was completed and delivered to the Company’s 1 indirect subsidiary incorporated in Singapore as detailed below.

| <b>Delivery date</b> | <b>Subsidiary’s name</b>    | <b>Hull No.</b> | <b>Cost of vessel construction and other direct costs</b> |
|----------------------|-----------------------------|-----------------|---|
| 18 April 2017        | Precious Grace Pte. Limited | SF130127        | USD 26.72 million or approximately Baht 908.11 million    |

### **15.2 Settlement Agreements of the Shipbuilding Contracts with Sanfu**

On 4 October 2017, the dispute under the two settlement agreements between the Company and Sanfu dated 9 October 2015 for Hull Nos. SF130124 and SF130125 was resolved by way of arbitration in London. The arbitration tribunal adjudicated vide the tribunal’s award dated 4 October 2017 that the Company is not entitled to damages for breach of the shipbuilding contract or specifications by reason of the vessel’s fuel oil consumption. As a result, the aggregate unsecured corporate loans of USD 32 million extended earlier by Sanfu to the Company shall be due for repayment to Sanfu, along with interest at the rate of 6% per annum from the delivery date of each of the 6 vessels delivered by Sanfu to the date of repayment plus legal costs, expenses and disbursements (capped at USD 0.75 million), within one year of the date of the arbitration award.

As of 31 December 2017, the Company repaid the aggregate unsecured corporate loans of USD 32.00 million to Sanfu. The Company also recorded interest and other expenses per Settlement Agreements of USD 3.38 million or approximately Baht 112.51 million, as accrued expenses in the separated and consolidated statement of financial position and as interest on unsecured corporate loans and other expenses per Settlement Agreements in the separated and consolidated income statement.

On 27 September 2018, the Company paid the interest on the unsecured corporate loans, and other expenses per Settlement Agreements amounting to USD 3.38 million or approximately Baht 112.51 million to Sanfu. Therefore, the Company no longer has any obligations under the Settlement Agreements.

### 15.3 Cancellation of the Shipbuilding Contracts with Sainty

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

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

The Company submitted Letters of Demand to the Guarantor Bank, Export-Import Bank of China, Jiangsu Branch (“CEXIM”), against the Irrevocable Letters of Guarantee provided to the Company by CEXIM in accordance with the SBCs to seek full refund of the abovementioned advances, along with interest thereon. The Company received the refunds of the advances along with the interest for 3 vessels between 2016 and 2017. For the other 9 vessels for which the Company has received notices of arbitration from Sainty, as per the terms of the Irrevocable Letters of Guarantee and the SBCs, the Irrevocable Letters of Guarantee related to these vessels are automatically extended until 90 days after the final arbitration award is published. At present, the arbitrations for these 9 Vessels are still on-going. Further details are mentioned in Note 31 to the financial statements.

As of 31 December 2018 and 2017, details of the cancellations of the SBCs by the Company and by Sainty (under dispute by the Company) are as follows:

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

## 16. Deferred contract costs

Movements of the deferred contract costs account during the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

|                              | Consolidated financial statements |                |
|------------------------------|-----------------------------------|----------------|
|                              | 2018                              | 2017           |
| Balance at beginning of year | 212,697                           | 253,466        |
| Amortisation for the year    | (17,987)                          | (19,119)       |
| Translation adjustment       | (1,574)                           | (21,650)       |
| Balance at end of year       | <u>193,136</u>                    | <u>212,697</u> |

## 17. Long-term loan facilities

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

(Unit: Thousand Baht)

| Consolidated financial statements        |   |         |            |           |            |          |            |          |            |          |            |           |            |          |            |          |            |          |   |           |            |           |             |            |
|--|---|---------|------------|-----------|------------|----------|------------|----------|------------|----------|------------|-----------|------------|----------|------------|----------|------------|----------|---|-----------|------------|-----------|-------------|------------|
|  | Loan facilities for financing the construction and acquisition of new vessels |         |            |           |            |          |            |          |            |          |            |           |            |          |            |          |            |          | Loan facilities for purchasing of vessels |           |            |           |             |            |
|  | Facility 1  |         | Facility 2 |           | Facility 3 |          | Facility 4 |          | Facility 5 |          | Facility 6 |           | Facility 7 |          | Facility 8 |          | Facility 9 |          | Facility 1                                |           | Facility 2 |           | Total       |            |
|  | 2018  | 2017    | 2018       | 2017      | 2018       | 2017     | 2018       | 2017     | 2018       | 2017     | 2018       | 2017      | 2018       | 2017     | 2018       | 2017     | 2018       | 2017     | 2018                                      | 2017      | 2018       | 2017      | 2018        | 2017       |
| Long-term loans                          | 661,976   | 666,690 | 1,207,651  | 1,216,252 | 885,506    | 975,744  | 460,320    | 505,744  | 381,298    | 448,016  | 1,855,609  | 2,008,295 | 769,162    | 840,001  | 676,173    | 734,912  | 415,256    | 458,043  | 979,082                                   | 1,537,234 | 751,408    | 943,687   | 9,043,441   | 10,334,618 |
| Add (less): Deferred financial fees      | (1,317)   | (2,451) | (8,788)    | (13,871)  | (9,617)    | (12,077) | (2,238)    | (2,775)  | (1,618)    | (2,183)  | 51,814     | 52,656    | (10,740)   | (13,823) | (22,201)   | (27,610) | (6,110)    | (7,450)  | (22,271)                                  | (46,004)  | 17,141     | 26,821    | (15,945)    | (48,767)   |
| Total                                    | 660,659   | 664,239 | 1,198,863  | 1,202,381 | 875,889    | 963,667  | 458,082    | 502,969  | 379,680    | 445,833  | 1,907,423  | 2,060,951 | 758,422    | 826,178  | 653,972    | 707,302  | 409,146    | 450,593  | 956,811                                   | 1,491,230 | 768,549    | 970,508   | 9,027,496   | 10,285,851 |
| Less: Current portion                    | (91,841)  | -       | (182,459)  | -         | (82,433)   | (82,892) | (41,644)   | (41,915) | (63,280)   | (63,690) | (189,893)  | (143,204) | (758,422)  | (64,295) | (51,785)   | (51,898) | (38,966)   | (39,182) | (123,452)                                 | (123,189) | (253,031)  | (192,220) | (1,877,206) | (802,485)  |
| Long-term loans - net of current portion | 568,818   | 664,239 | 1,016,404  | 1,202,381 | 793,456    | 880,775  | 416,438    | 461,054  | 316,400    | 382,143  | 1,717,530  | 1,917,747 | -          | 761,883  | 602,187    | 655,404  | 370,180    | 411,411  | 833,359                                   | 1,368,041 | 515,518    | 778,288   | 7,150,290   | 9,483,366  |

Movement of the long-term loans accounts during the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

| Consolidated financial statements   |   |            |            |            |            |            |            |            |            |   |            |            |
|-------------------------------------|---|------------|------------|------------|------------|------------|------------|------------|------------|---|------------|------------|
|                                     | Loan facilities for financing the construction and acquisition of new vessels |            |            |            |            |            |            |            |            | Loan facilities for purchasing of vessels |            |            |
|                                     | Facility 1  | Facility 2 | Facility 3 | Facility 4 | Facility 5 | Facility 6 | Facility 7 | Facility 8 | Facility 9 | Facility 1                                | Facility 2 | Total      |
| Balance as at 1 January 2018        | 664,239   | 1,202,381  | 963,667    | 502,969    | 445,833    | 2,060,951  | 826,178    | 707,302    | 450,593    | 1,491,230                                 | 970,508    | 10,285,851 |
| Add: Amortisation of financial fees | 1,112   | 4,966      | 2,364      | 515        | 547        | (696)      | 2,973      | 5,193      | 1,283      | 23,493                                    | (9,487)    | 32,263     |
| Unrealised exchange loss            | -   | -          | -          | -          | -          | -          | -          | -          | -          | 3,231                                     | -          | 3,231      |
| Less: Repayment                     | -   | -          | (83,010)   | (41,683)   | (63,300)   | (46,773)   | (64,644)   | (53,332)   | (39,393)   | (123,633)                                 | (62,689)   | (578,457)  |
| Prepayment                          | -   | -          | -          | -          | -          | (89,213)   | -          | -          | -          | (431,809)                                 | (119,570)  | (640,592)  |
| Translation adjustment              | (4,692)   | (8,484)    | (7,132)    | (3,719)    | (3,400)    | (16,846)   | (6,085)    | (5,191)    | (3,337)    | (5,701)                                   | (10,213)   | (74,800)   |
| Balance as at 31 December 2018      | 660,659   | 1,198,863  | 875,889    | 458,082    | 379,680    | 1,907,423  | 758,422    | 653,972    | 409,146    | 956,811                                   | 768,549    | 9,027,496  |

(Unit: Thousand Baht)

## Consolidated financial statements

|                                | Loan facilities for financing the construction and acquisition of new vessels |                  |                |                |                |                  |                |                |                | Loan facilities for purchasing of vessels |                |                   |
|--------------------------------|---|------------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|---|----------------|-------------------|
|                                | Facility 1  | Facility 2       | Facility 3     | Facility 4     | Facility 5     | Facility 6       | Facility 7     | Facility 8     | Facility 9     | Facility 1                                | Facility 2     | Total             |
| Balance as at 1 January 2017   | 727,027   | 1,312,763        | 1,145,756      | 597,041        | 558,286        | 2,481,906        | 920,469        | 828,627        | -              | 1,763,478                                 | 1,398,810      | 11,734,163        |
| Add: Drawdown                  | -   | -                | -              | -              | -              | -                | -              | -              | 500,688        | -   | -              | 500,688           |
| Amortisation of financial fees | 1,162   | 5,192            | 2,651          | 577            | 650            | 30,699           | 3,067          | 5,628          | 726            | 12,952                                    | 6,487          | 69,791            |
| Unrealised exchange loss       | -   | -                | -              | -              | -              | -                | -              | -              | -              | 65,837                                    | -              | 65,837            |
| Less: Deferred financial fees  | -   | -                | -              | -              | -              | -                | -              | -              | (8,523)        | -   | -              | (8,523)           |
| Repayment                      | -   | -                | (86,815)       | (43,594)       | (66,202)       | (71,725)         | (16,418)       | (55,776)       | (20,152)       | (129,299)                                 | (96,131)       | (586,112)         |
| Prepayment                     | -   | -                | -              | -              | -              | (169,093)        | -              | -              | -              | (71,184)                                  | (226,630)      | (466,907)         |
| Translation adjustment         | (63,950)  | (115,574)        | (97,925)       | (51,055)       | (46,901)       | (210,836)        | (80,940)       | (71,177)       | (22,146)       | (150,554)                                 | (112,028)      | (1,023,086)       |
| Balance as at 31 December 2017 | <u>664,239</u>  | <u>1,202,381</u> | <u>963,667</u> | <u>502,969</u> | <u>445,833</u> | <u>2,060,951</u> | <u>826,178</u> | <u>707,302</u> | <u>450,593</u> | <u>1,491,230</u>                          | <u>970,508</u> | <u>10,285,851</u> |



The details of each loan facility are summarised as follows.

## 17.1 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.

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

| Facility /<br>Description | Post-delivery facility  |
|---------------------------|---|
| <b>Final maturity</b>     | 10 years from delivery of the first vessel (15 March 2020)  |
| <b>Repayment</b>          | 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.   |
| <b>Security</b>           | <ul style="list-style-type: none"> <li>a) 1st priority mortgage over the vessels</li> <li>b) Pledge of the vessel-owning subsidiaries' shares</li> <li>c) 1st priority assignment of requisition compensation in respect of the vessels</li> <li>d) 1st priority assignment of all insurance proceeds</li> <li>e) 1st priority assignment of the earnings of the vessels and pledge over the earnings and retention account of each vessel</li> </ul> |

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

- a) maintenance of a funded debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a funded debt to EBITDA ratio not exceeding 5:1;
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 26 April 2017, DNB as agent and security agent of the facility approved a waiver to test the financial covenant in relation to the funded debt to EBITDA ratio up to 31 December 2017 or any date to be notified by the agent ("Temporary Waiver Period").

The aforementioned approval was granted subject to the Company complying with the condition that the Company cannot pay any dividends or make any other distributions to any shareholder during the Temporary Waiver Period.

As at 31 December 2018, the Company is unable to maintain the financial covenant in relation to the funded debt to EBITDA ratio. However, the Company's management on the basis of legal opinion from in-house and external legal counsel of the Company believes that the breach of this covenant does not constitute an Event of Default and therefore does not make the outstanding loan due and payable on demand under the loan agreement. Therefore, the Company has presented the part of the outstanding balance of this loan that is not due for repayment within the next twelve months, as non-current liabilities.

## **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.

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

| Facility /<br>Description | Post-delivery facility  |
|---------------------------|---|
| <b>Final maturity</b>     | 8 years after final drawdown of each vessel tranche (10 January 2021)   |
| <b>Repayment</b>          | 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.   |
| <b>Security</b>           | <ul style="list-style-type: none"> <li>a) Pledge of shares of the borrowers</li> <li>b) 1st priority mortgage on the vessels</li> <li>c) 1st priority assignment of earnings and time charters</li> <li>d) 1st priority pledge over the earnings accounts with the security agent</li> <li>e) 1st priority assignment of all insurances and requisition compensation of the vessels</li> <li>f) Corporate guarantee from the Company</li> <li>g) All the above post-delivery securities to be cross collateralised</li> </ul> |

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

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

On 5 May 2017, ING and DNB as the Lenders of the facility extended the waiver to test the financial covenant in relation to the funded debt to EBITDA ratio up to 31 December 2017 or any date to be notified by the Lenders ("Temporary Waiver Period").

The aforementioned approval was granted subject to the Company complying with the condition that the Company cannot pay any dividends or make any other distributions to any shareholder during the Temporary Waiver Period.

As at 31 December 2018, the Company is unable to maintain the financial covenant in relation to the funded debt to EBITDA ratio. However, the Company's management on the basis of legal opinion from in-house and external legal counsel of the Company believes that the breach of this covenant does not constitute an Event of Default and therefore does not make the outstanding loan due and payable on demand under the loan agreement. Therefore, the Company has presented the part of the outstanding balance of this loan that is not due for repayment within the next twelve months, as non-current liabilities.

### 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 /<br>Description                                    | Post-delivery facility  |               |                      |         |           |                     |             |             |  |               |               |                                |              |             |
|--|---|---------------|----------------------|---------|-----------|---------------------|-------------|-------------|--|---------------|---------------|--------------------------------|--------------|-------------|
| <b>Maximum Loan Facility</b>                                 | 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.   |               |                      |         |           |                     |             |             |  |               |               |                                |              |             |
| <b>Drawdown</b>  | 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.   |               |                      |         |           |                     |             |             |  |               |               |                                |              |             |
| <b>Final maturity</b>  | 10 years after drawdown of each vessel loan   |               |                      |         |           |                     |             |             |  |               |               |                                |              |             |
| <b>Repayment</b>   | 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.   |               |                      |         |           |                     |             |             |  |               |               |                                |              |             |
|  | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Details of repayment</th> <th style="text-align: center;">ABC Two</th> <th style="text-align: center;">ABC Three</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;"><b>Installments</b></td> <td style="text-align: center;">USD 319,650</td> <td style="text-align: center;">USD 322,400</td> </tr> <tr> <td style="text-align: left;"><b>The balance loans together with the final installment</b></td> <td style="text-align: center;">USD 6,712,650</td> <td style="text-align: center;">USD 6,770,400</td> </tr> <tr> <td style="text-align: left;"><b>Final installment dates</b></td> <td style="text-align: center;">2 April 2024</td> <td style="text-align: center;">1 July 2024</td> </tr> </tbody> </table> |               | Details of repayment | ABC Two | ABC Three | <b>Installments</b> | USD 319,650 | USD 322,400 | <b>The balance loans together with the final installment</b> | USD 6,712,650 | USD 6,770,400 | <b>Final installment dates</b> | 2 April 2024 | 1 July 2024 |
| Details of repayment   | ABC Two   | ABC Three     |                      |         |           |                     |             |             |  |               |               |                                |              |             |
| <b>Installments</b>  | USD 319,650   | USD 322,400   |                      |         |           |                     |             |             |  |               |               |                                |              |             |
| <b>The balance loans together with the final installment</b> | USD 6,712,650   | USD 6,770,400 |                      |         |           |                     |             |             |  |               |               |                                |              |             |
| <b>Final installment dates</b>                               | 2 April 2024  | 1 July 2024   |                      |         |           |                     |             |             |  |               |               |                                |              |             |
| <b>Security</b>  | <ul style="list-style-type: none"> <li>a) 1st priority mortgage over each vessel</li> <li>b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessels</li> <li>c) 1st priority assignment of Time Charter contracts</li> <li>d) 1st priority charge over the Earnings Account and Retention Account</li> <li>e) Pledge of shares of borrowers</li> <li>f) Corporate guarantee from ABC Company</li> <li>g) Corporate guarantee from the Company for up to USD 8 million per vessel</li> </ul>   |               |                      |         |           |                     |             |             |  |               |               |                                |              |             |

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.

| <b>Facility /<br/>Description</b> | <b>Post-delivery facility</b>   |
|-----------------------------------|---|
| <b>Loan Facility</b>              | 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.   |
| <b>Drawdown</b>                   | 100% of the post-delivery facility amount is to be drawn upon delivery of the vessel.   |
| <b>Final maturity</b>             | 10 years after full drawdown of the loan facility but not later than 28 April 2025.   |
| <b>Repayment</b>                  | 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)  |
| <b>Security</b>                   | <ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessel</li> <li>b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel</li> <li>c) 1st priority assignment of Time Charter contract</li> <li>d) 1st priority charge over the Earnings Account and Retention Account</li> <li>e) Pledge of shares of the borrowers</li> <li>f) Corporate guarantee from ABC Company</li> <li>g) Corporate guarantee from the Company for up to USD 8 million</li> </ul> |

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   |
|------------------------|--|
| <b>Loan Facility</b>   | 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.  |
| <b>Drawdown</b>        | 100% of the post-delivery facility amount is to be drawn upon delivery of the vessel.  |
| <b>Final maturity</b>  | 10 years after full drawdown of the loan facility but not later than 30 November 2024.   |
| <b>Repayment</b>       | To be repaid in 40 quarterly installments of USD 489,600 from the end of the first quarter after the delivery of vessel  |
| <b>Security</b>        | <ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessel</li> <li>b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel</li> <li>c) 1st priority assignment of Time Charter contracts</li> <li>d) 1st priority charge over the Earnings Account and Retention Account</li> <li>e) Corporate guarantee from ABC Company</li> <li>f) Corporate guarantee from the Company for up to USD 8 million</li> </ul> |

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.

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

| Facility / Description | Post-delivery facility   |
|------------------------|--|
| <b>Loan Facility</b>   | Up to USD 81,500,000 in multiple drawdowns   |
| <b>Drawdown</b>        | 80% of the contract price to be drawn upon delivery of each vessel   |
| <b>Final maturity</b>  | 10 years after full drawdown of the loan facility but not later than 30 December 2025  |
| <b>Repayment</b>       | 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. |
| <b>Security</b>        | a) 1st priority mortgage on the financed vessels<br>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 5:1;
- c) maintenance of Debt to Equity ratio not exceeding 2:1.

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

## Facility 7

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”) to finance 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 loan carries interest at LIBOR plus margin which is to be paid quarterly.

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 to amend the loan agreement that the Pre-Delivery Tranches for the Sainty Vessels had been cancelled. However, the Pre-Delivery Tranches for the SHG Vessels and the Post-Delivery Tranches for all the Vessels remain unchanged.

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

The amount of the drawdown, final maturity, repayment and security of the loan facility after above amendments and cancellation of undrawn balance are summarised as follows.

| Facility / Description | Post-delivery facility   |  |  |
|------------------------|--|--|--|
| <b>Drawdown Amount</b> | Totally USD 30 million for the two SHG Vessels   |  |  |
| <b>Final maturity</b>  | On 6 January 2023  |  |  |
| <b>Repayment</b>       | <b>Details of repayment</b>  | <b>Precious Glories</b>                        | <b>Precious Wisdom</b>                         |
|                        | <b>Installments</b>  | 30 equal quarterly installments of USD 265,625 | 27 equal quarterly installments of USD 234,375 |
|                        | <b>The balance loans together with the final installment</b>   | USD 7,968,750                                  | USD 7,734,375                                  |
|                        | <b>Final installment dates</b>   | 6 January 2023                                 | 6 January 2023                                 |
| <b>Security</b>        | a) 1st priority mortgage on the vessels<br>b) Pledge of shares of the Subsidiary Borrowers<br>c) 1st priority assignment of the Earnings Accounts of the Subsidiary Borrowers<br>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.

As at 31 December 2018, the Company had outstanding bank loans amounting to Baht 758.42 million on the basis of which the Company is unable to maintain the financial covenants in relation to the funded debt to EBITDA ratio under the loan agreement. The Company has been in discussions with the Banks to request a waiver to test this financial covenant for a certain period. In order to report its financial statements for the year ended 31 December 2018 in accordance with generally accepted accounting standards, the Company has presented balance of this loan as current liabilities.

### **Facility 8**

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 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.

| <b>Facility / Description</b> | <b>Post-delivery facility</b>  |
|-------------------------------|--|
| <b>Loan Facility</b>          | Up to USD 37,500,000 divided into two vessel loans for Vessel Hull no. SF130128 and SF130126 ("Vessel Loan" or "Vessel Loans")   |
| <b>Drawdown</b>               | 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.  |
| <b>Final maturity</b>         | 8 years after drawdown of each Vessel Loan   |
| <b>Repayment</b>              | 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. |

| <b>Facility / Description</b> | <b>Post-delivery facility</b>   |
|-------------------------------|---|
| <b>Security</b>               | <ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessels</li> <li>b) Pledge of shares of the Subsidiary Borrowers</li> <li>c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrowers</li> <li>d) 1st priority assignment of all insurance and requisition compensation of the vessels</li> </ul> |

The loan agreement and Supplemental Agreement dated 18 April 2018 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 a minimum free cash balance of USD 100,000 per vessel owned by the Group;
- c) Permanent waiver the requirement to comply with the Funded Debt to EBITDA ratio on the condition that the Value to Loan coverage be increased from 125% to 135%.

#### **Facility 9**

On 9 June 2017, the Company along with its indirect subsidiary in Singapore, Precious Grace Pte. Ltd., executed a USD 16.25 million Secured Loan Facility with BNP Paribas to refinance up to 65% of the lower of the Contract Price or market value of one 63,345 DWT Ultramax Dry Bulk Vessel (Hull No. SF130127) ("Vessel"). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

The main details of the loan facility are summarised as follows.

| <b>Facility / Description</b> | <b>Post-delivery facility</b>   |
|-------------------------------|---|
| <b>Loan Facility</b>          | Up to USD 16,250,000  |
| <b>Drawdown</b>               | The lower of USD 16,250,000 or 65% of the market value of the vessel  |
| <b>Final maturity</b>         | 8 years after the drawdown  |
| <b>Repayment</b>              | The loans shall be repaid over 8 years, in 32 equal quarterly installments of USD 338,542, beginning from three calendar months after the drawdown plus a balloon repayment of USD 5,416,656 together with the last installment.  |
| <b>Security</b>               | <ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessel</li> <li>b) Pledge of shares of the Subsidiary Borrower</li> <li>c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrower</li> <li>d) 1st priority assignment of all insurance and requisition compensation of the vessel</li> <li>e) 1st priority assignment of any charterparties (for a period of 36 months or more)</li> </ul> |

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 a minimum total shareholders' equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Group.

### Facility 10

On 15 December 2017, the Company along with its subsidiary, Precious Forests Limited, executed a USD 18.00 million Secured Loan Facility with Export-Import Bank of Thailand to refinance up to 72% of the market value of one 63,345 DWT Ultramax Dry Bulk Vessel (Hull No. SF130129) ("Vessel"). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

The main details of the loan facility are summarised as follows.

| Facility / Description | Post-delivery facility  |
|------------------------|---|
| <b>Loan Facility</b>   | Up to USD 18,000,000  |
| <b>Drawdown</b>        | The lower of USD 18,000,000 or 72% of the market value of the vessel  |
| <b>Final maturity</b>  | 10 years after the drawdown   |
| <b>Repayment</b>       | The loans shall be repaid over 10 years in 39 equal quarterly installments of 1/55 <sup>th</sup> of the drawdown amount each, beginning from the end of the next quarter after the drawdown with balance amount repayable at the end of the 40 <sup>th</sup> quarter. |
| <b>Security</b>        | a) 1st priority mortgage on the vessel<br>b) Pledge of shares of the Subsidiary Borrower  |

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 to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a minimum total shareholders' equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group.

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

On 26 December 2018, the Company and Precious Forests Ltd., the Company's subsidiary, have executed the second Amendment Agreement, with Export-Import Bank of Thailand, mainly to extend the availability period up to 28 June 2019 (from 28 December 2018).

As of 31 December 2018, there is no outstanding balance as the Company has not drawdown the loans as yet.

## **17.2 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.

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

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

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

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

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

On 28 September 2018, the Company prepaid all outstanding loan of Thanachart Bank PLC facility.

## **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.

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

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

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

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

The Group's bank loan facilities and the undrawn loan balances as at 31 December 2018 and 2017 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 |       |
|---|--|--|--|--|-------|----------------------|-------|
|   |  |  |  | 2018   | 2017  | 2018                 | 2017  |
| <b>Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)</b> |  |  |  |  |       |                      |       |
| Facility 1  | DNB Asia Ltd. and 5 other banks, total 6 banks     | The Company and indirect subsidiaries in Singapore | LIBOR + margin                             | 54.50  | 54.50 | -                    | -     |
| Facility 2  | ING Bank N.V. (Singapore Branch) and DNB Asia Ltd. | 4 indirect subsidiaries in Singapore               | LIBOR + margin                             | 84.96  | 84.96 | -                    | -     |
| Facility 3  | Bangkok Bank PLC. (Singapore Branch)               | ABC Two Pte. Limited and ABC Three Pte. Limited    | LIBOR + margin                             | 38.69  | 38.69 | -                    | -     |
| Facility 4  | Bangkok Bank PLC. (Singapore Branch)               | ABC Four Pte. Limited                              | LIBOR + margin                             | 19.34  | 19.34 | -                    | -     |
| Facility 5  | TMB Bank PLC.                                      | ABC One Pte. Limited                               | LIBOR + margin                             | 19.58  | 19.58 | -                    | -     |
| Facility 6  | Export-Import Bank of Thailand                     | The Company and local subsidiaries                 | LIBOR + margin                             | 78.24  | 78.24 | -                    | -     |
| Facility 7  | DNB Asia Ltd. and Export-Import Bank of China      | The Company and indirect subsidiaries in Singapore | LIBOR + margin                             | 30.00  | 30.00 | -                    | -     |
| Facility 8  | BNP Paribas  | The Company and indirect subsidiaries in Singapore | LIBOR + margin                             | 24.75  | 24.75 | -                    | -     |
| Facility 9  | BNP Paribas  | The Company and indirect subsidiary in Singapore   | LIBOR + margin                             | 14.63  | 14.63 | -                    | -     |
| Facility 10   | Export-Import Bank of Thailand                     | The Company and local subsidiary                   | LIBOR + margin                             | 18.00  | 18.00 | 18.00                | 18.00 |

(Unit: Million USD)

| Facility   | Bank  | Borrower                              | Interest rate per loan/amendment agreement                        | Maximum facility amount per loan/amendment agreement |   | Undrawn loan balance |      |
|--|---|---------------------------------------|---|--|---|----------------------|------|
|  |   |                                       |   | 2018   | 2017  | 2018                 | 2017 |
| <b>Loan facilities for purchasing of vessels</b> |   |                                       |   |  |   |                      |      |
| Facility 1                                       | Krung Thai Bank PLC.<br>and 2 other banks,<br>total 3 banks | The Company and<br>local subsidiaries | MLR-1 for Thai Baht<br>loan and LIBOR<br>+ margin for<br>USD loan | USD142.00<br>million and<br>Baht 1,502.35<br>million | USD 142.00<br>million and<br>Baht 1,502.35<br>million | -                    | -    |
| Facility 2                                       | Export-Import Bank of Thailand                              | The Company and<br>local subsidiaries | LIBOR + margin  | 64.82  | 64.82   | -                    | -    |



## 18. 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 2018 and 2017, details of long-term debentures are as follows.

| Series                                 | Maturity date  | No. of<br>units<br>(Thousand<br>units) | Par<br>value<br>(Baht) | Interest<br>rate<br>(% p.a.) | Term of interest<br>payment | (Unit: Thousand Baht)<br>Carrying amount |           |
|--|--|--|------------------------|------------------------------|-----------------------------|--|-----------|
|  |  |  |                        |                              |                             | 2018                                     | 2017      |
| 1                                      | Entirely redeemed<br>on 22 January 2021<br>(5 years) | 3,590                                  | 1,000                  | 5.25                         | Quarterly                   | 3,571,838                                | 3,571,824 |
| 2                                      | Entirely redeemed<br>on 9 June 2020<br>(3.5 years)   | 1,960                                  | 1,000                  | 5.00                         | Quarterly                   | 1,950,084                                | 1,950,077 |
| Total                                  |  |  |                        |                              |                             | 5,521,922                                | 5,521,901 |
| Less: Deferred debenture issuing costs |  |  |                        |                              |                             | (11,151)                                 | (17,351)  |
| Long-term debenture - net              |  |  |                        |                              |                             | 5,510,771                                | 5,504,550 |

## 19. Provision for maritime claims

(Unit: Thousand Baht)

|  | Consolidated financial statements |           |
|--|-----------------------------------|-----------|
|  | 2018                              | 2017      |
| Balance at beginning of year                       | 83,139                            | 162,782   |
| Increase during the year                           | 39,223                            | 126,128   |
| Decrease (including actual claims) during the year | (61,395)                          | (192,824) |
| Translation adjustment                             | (1,181)                           | (12,947)  |
| Balance at end of year                             | 59,786                            | 83,139    |

## 20. 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 |               |
|   | 2018                  | 2017          | 2018                 | 2017          |
| <b>Provision for long-term employee benefits at beginning of year</b> | 92,789                | 84,213        | 74,180               | 79,856        |
| Included in profit or loss:   |                       |               |                      |               |
| Current service cost  | 6,331                 | 6,457         | 4,028                | 5,141         |
| Interest cost   | 2,290                 | 2,253         | 1,782                | 2,029         |
| Past service cost   | 15,886                | -             | 15,886               | -             |
| Included in other comprehensive income:                               |                       |               |                      |               |
| Actuarial (gain) loss arising from                                    |                       |               |                      |               |
| Demographic assumptions changes                                       | 1,227                 | 1,908         | 503                  | 1,795         |
| Financial assumptions changes   | 1,093                 | -             | 743                  | -             |
| Experience adjustments  | (981)                 | -             | (865)                | -             |
| Benefits paid during the year   | (6,475)               | (1,933)       | (6,475)              | (1,933)       |
| Transfer to a subsidiary  | -                     | -             | -                    | (12,668)      |
| Translation adjustment  | (31)                  | (109)         | (24)                 | (40)          |
| <b>Provision for long-term employee benefits at end of year</b>       | <b>112,129</b>        | <b>92,789</b> | <b>89,758</b>        | <b>74,180</b> |

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

|   | (Unit: Thousand Baht) |              |                      |              |
|---|-----------------------|--------------|----------------------|--------------|
|   | Consolidated          |              | Separate             |              |
|   | financial statements  |              | financial statements |              |
|   | 2018                  | 2017         | 2018                 | 2017         |
| Administrative expenses                           | 12,522                | 6,673        | 9,716                | 5,135        |
| Management remuneration including perquisites     | 11,985                | 2,037        | 11,980               | 2,035        |
| Total expenses recognised in the income statement | <u>24,507</u>         | <u>8,710</u> | <u>21,696</u>        | <u>7,170</u> |

The Group expects to pay Baht 11.31 million of long-term employee benefits during the next year (Separate financial statements: Baht 11.11 million) (2017: Baht 10.98 million, Separate financial statements: Baht 10.98 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 years (Separate financial statements: 10 years) (2017: 13 years, Separate financial statements: 13 years).

Significant actuarial assumptions are summarised below:

|                      | (Unit: percent per annum) |      |                      |      |
|----------------------|---------------------------|------|----------------------|------|
|                      | Consolidated              |      | Separate             |      |
|                      | financial statements      |      | financial statements |      |
|                      | 2018                      | 2017 | 2018                 | 2017 |
| Discount rate        | 2.75                      | 2.90 | 2.75                 | 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 2018 and 2017 are summarised below:

|                      | (Unit: Thousand Baht)  |          |                      |          |
|----------------------|------------------------|----------|----------------------|----------|
|                      | As at 31 December 2018 |          |                      |          |
|                      | Consolidated           |          | Separate             |          |
|                      | financial statements   |          | financial statements |          |
|                      | Increase               | Decrease | Increase             | Decrease |
|                      | 1.0%                   | 1.0%     | 1.0%                 | 1.0%     |
| Discount rate        | (6,957)                | 7,913    | (4,758)              | 5,381    |
| Salary increase rate | 8,084                  | (7,221)  | 5,440                | (4,886)  |

|                      | (Unit: Thousand Baht)  |          |                      |          |
|----------------------|------------------------|----------|----------------------|----------|
|                      | As at 31 December 2017 |          |                      |          |
|                      | Consolidated           |          | Separate             |          |
|                      | financial statements   |          | financial statements |          |
|                      | Increase               | Decrease | Increase             | Decrease |
|                      | 1.0%                   | 1.0%     | 1.0%                 | 1.0%     |
| Discount rate        | (5,995)                | 6,863    | (5,642)              | 6,426    |
| Salary increase rate | 6,549                  | (5,857)  | 6,134                | (5,511)  |

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process of being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 33.83 million (The Company only: Baht 28.25 million). The Group will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## **21. Share capital**

During the year ended 31 December 2018, the Company registered an increase in its issued and paid-up share capital by Baht 10,965 with the Ministry of Commerce due to the exercise of warrants to purchase 10,965 ordinary shares of the Company of Baht 17.50 each totaling Baht 191,887.50. The premium on ordinary shares increased by Baht 180,922.50 as a result of such share issuance.

## **22. 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<sup>nd</sup> anniversary from the issuance date (16 June 2017) until the date of expiration of the Warrants. Accordingly, the first and the last exercise dates shall be 30 June 2017 and 15 June 2018, respectively.

During the year ended 31 December 2018, certain PSL-W1 warrant holders exercised their rights to purchase 10,965 ordinary shares of the Company at an exercise price of Baht 17.50 each, amounting to Baht 191,887.50.

As at 31 December 2018, there are no warrants outstanding.

### **23. 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.

### **24. 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 2018, the Company set aside Baht 2.28 million (2017: Baht 1.75 million) to a reserve for CSR activities and reversed Baht 1.33 million (2017: Baht 1.43 million) from the reserve when the Company made related payments against the reserve.

## 25. Expenses by nature

Significant expenses by nature are as follows.

(Unit: Thousand Baht)

|  | Consolidated         |           | Separate             |         |
|--|----------------------|-----------|----------------------|---------|
|  | financial statements |           | financial statements |         |
|  | 2018                 | 2017      | 2018                 | 2017    |
| Salary, wages and other benefits<br>of employees and crews | 1,424,693            | 1,452,563 | 209,773              | 223,466 |
| Rental expenses from operating<br>lease agreements         | 5,516                | 5,323     | 3,955                | 3,851   |

## 26. Income tax

No corporate income tax was payable for the years 2018 and 2017, since the Company had tax losses.

### 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 2018 has been calculated at a rate of 20% (2017: 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 2018, the Group has deductible temporary differences, temporary differences mainly arising from exchange difference occurring while translating financial statements in functional currency into presentation currency and unused tax losses totaling Baht 7,001.46 million (2017: Baht 6,890.55 million) (the Company Baht 3,291.97 million, 2017: Baht 2,948.49 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 |                |
|                  | 2018                  | 2017             | 2018                 | 2017           |
| 31 December 2018 | -                     | 232,525          | -                    | -              |
| 31 December 2019 | 8,306                 | 1,808            | -                    | -              |
| 31 December 2020 | 211,691               | 211,849          | -                    | -              |
| 31 December 2021 | 1,281,172             | 1,323,796        | 195,559              | 228,263        |
| 31 December 2022 | 542,767               | 552,884          | 521,871              | 521,871        |
| 31 December 2023 | 645,578               | -                | 254,315              | -              |
|                  | <u>2,689,514</u>      | <u>2,322,862</u> | <u>971,745</u>       | <u>750,134</u> |

As at 31 December 2018, 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 405.38 million (2017: Baht 467.41 million).

## 27. 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 2018, the subsidiaries have 17 vessels (2017: 19 vessels) under investment promoted operations.



Revenues and expenses for 2018 and 2017 (before eliminating related transactions), classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

|                    | Promoted operations |             | Non-promoted operations   |           |                               |             | Total       |             |
|--------------------|---------------------|-------------|---|-----------|-------------------------------|-------------|-------------|-------------|
|                    |                     |             | Operations exempted from corporate income tax in accordance with the Director-General's Notification on Income Tax No. 72 |           | Other non-promoted operations |             |             |             |
|                    | 2018                | 2017        | 2018  | 2017      | 2018                          | 2017        | 2018        | 2017        |
| Revenues           | 2,185,770           | 2,056,702   | 284,997   | 118,339   | 2,774,053                     | 2,499,259   | 5,244,820   | 4,674,300   |
| Costs and expenses | (1,784,106)         | (2,012,874) | (272,514)   | (109,461) | (2,837,774)                   | (2,779,131) | (4,894,394) | (4,901,466) |

## 28. 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 from warrants for the year ended 31 December 2017 was made because the warrants are excluded from the potential ordinary shares since their exercise price is in excess of the weighted average fair value of the Company's ordinary shares.

## 29. Segment information

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

The Group's operations involve the business of owning and internationally operating (chartering) Handysize, Supramax and Ultramax bulk vessels, on a tramp shipping basis without any set routes. This is the only industry segment in which the Group mainly operates and almost entire revenues are generated from this segment. As such, no segmental bifurcation is applicable since the operations are mainly limited to only one aforesaid segment.

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 2018 and 2017.

(Unit: Thousand Baht)

|                               | Consolidated financial statements |           |                |           |           |           |             |           |           |           |
|-------------------------------|-----------------------------------|-----------|----------------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|
|                               | Time charter                      |           | Voyage charter |           | Total     |           | Elimination |           | Total     |           |
|                               | 2018                              | 2017      | 2018           | 2017      | 2018      | 2017      | 2018        | 2017      | 2018      | 2017      |
| Hire income                   | 4,085,563                         | 3,691,714 | -              | -         | 4,085,563 | 3,691,714 | -           | -         | 4,085,563 | 3,691,714 |
| Freight income                | -                                 | -         | 948,021        | 771,971   | 948,021   | 771,971   | (104,474)   | (134,787) | 843,547   | 637,184   |
| Total vessel operating income | 4,085,563                         | 3,691,714 | 948,021        | 771,971   | 5,033,584 | 4,463,685 | (104,474)   | (134,787) | 4,929,110 | 4,328,898 |
| Voyage disbursements          | -                                 | -         | (289,570)      | (272,370) | (289,570) | (272,370) | 104,474     | 134,787   | (185,096) | (137,583) |
| Bunker consumption            | -                                 | -         | (256,192)      | (175,546) | (256,192) | (175,546) | -           | -         | (256,192) | (175,546) |
| Total voyage expenses         | -                                 | -         | (545,762)      | (447,916) | (545,762) | (447,916) | 104,474     | 134,787   | (441,288) | (313,129) |
| Net vessel operating          |                                   |           |                |           |           |           |             |           |           |           |
| income/time charter           |                                   |           |                |           |           |           |             |           |           |           |
| equivalent income             | 4,085,563                         | 3,691,714 | 402,259        | 324,055   | 4,487,822 | 4,015,769 | -           | -         | 4,487,822 | 4,015,769 |

For the year 2018, the Group has revenues from two major customers for amount of Baht 1,469.82 million.

For the year 2017, the Group has revenues from one major customer for amount of Baht 864.04 million.

### **30. 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 2018 amounting to approximately Baht 5.40 million (2017: Baht 5.12 million) were recognised as expenses. (Separate financial statements: Baht 2.57 million, 2017: Baht 3.48 million).

### **31. Contingent Liability in respect of the Arbitrations regarding the cancellation of the Shipbuilding Contracts with Sainty**

As mentioned in Note 15.3 to the financial statements, there are 9 on-going arbitrations with Sainty in relation to the cancellation of the 9 Shipbuilding Contracts for construction of 9 vessels, i.e., hull nos. SAM14017B to SAM14023B and SAM14027B to SAM14028B.

The final arbitration awards will determine whether the Company will receive the refund of the advances which the Company paid to Sainty along with interest thereon and/or any damages, or whether the Company will have to pay any claim amounts including damages to Sainty.

In the event that the final awards for all 9 arbitrations go against the Company, the Company may lose the advances for vessel constructions totaling USD 64.12 million plus other related costs, and may have a liability to pay Sainty an additional USD 19.83 million plus unquantified damages, losses, interest and/or costs in accordance with their claims.

The Company's management based on the opinion of the Company's in-house legal counsel believes that the outcome of the arbitrations is quite uncertain and is unable to reliably estimate the amount of potential liability and therefore no provisions have been made in respect of the arbitration cases. However, a contingent liability in respect of the same has been acknowledged and disclosed as above.

### 32. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

| Consolidated financial statements                     |         |           |       |
|---|---------|-----------|-------|
| As at 31 December 2018                                |         |           |       |
| Level 1   | Level 2 | Level 3   | Total |
| <b>Assets for which fair value are disclosed</b>      |         |           |       |
| Derivatives   |         |           |       |
| Interest rate swap contracts                          | -       | 25,450    | -     |
| Cross currency swap contracts - Loan                  | -       | 7,723     | -     |
| Cross currency swap contracts - Debenture             | -       | 585,278   | -     |
| <b>Liabilities for which fair value are disclosed</b> |         |           |       |
| Debentures  | -       | 5,562,981 | -     |

(Unit: Thousand Baht)

| Consolidated financial statements                     |         |           |       |
|---|---------|-----------|-------|
| As at 31 December 2017                                |         |           |       |
| Level 1   | Level 2 | Level 3   | Total |
| <b>Assets for which fair value are disclosed</b>      |         |           |       |
| Derivatives   |         |           |       |
| Cross currency swap contracts - Loan                  | -       | 2,861     | -     |
| Cross currency swap contracts - Debenture             | -       | 528,122   | -     |
| <b>Liabilities for which fair value are disclosed</b> |         |           |       |
| Debentures  | -       | 5,594,982 | -     |
| Derivatives   |         |           |       |
| Interest rate swap contracts                          | -       | 13,439    | -     |

(Unit: Thousand Baht)

| Separate financial statements                         |         |           |       |
|---|---------|-----------|-------|
| As at 31 December 2018                                |         |           |       |
| Level 1   | Level 2 | Level 3   | Total |
| <b>Assets for which fair value are disclosed</b>      |         |           |       |
| Derivatives   |         |           |       |
| Cross currency swap contracts - Debenture             | -       | 585,278   | -     |
| <b>Liabilities for which fair value are disclosed</b> |         |           |       |
| Debentures  | -       | 5,562,981 | -     |

(Unit: Thousand Baht)

|   | Separate financial statements |           |         |           |
|---|-------------------------------|-----------|---------|-----------|
|   | As at 31 December 2017        |           |         |           |
|   | Level 1                       | Level 2   | Level 3 | Total     |
| <b>Assets for which fair value are disclosed</b>      |                               |           |         |           |
| Derivatives   |                               |           |         |           |
| Cross currency swap contracts - Debenture             | -                             | 528,122   | -       | 528,122   |
| <b>Liabilities for which fair value are disclosed</b> |                               |           |         |           |
| Debentures  | -                             | 5,594,982 | -       | 5,594,982 |

### 33. Financial instruments

#### 33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables, debentures 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 receivables. 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, debentures 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 2018            |                     |                  |                |                        |                      |                   |                        |             |             |
|                                   | 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        |
| <b>Financial assets</b>           |                     |                  |                |                        |                      |                   |                        |             |             |
| Cash and cash equivalents         | 1,191,925           | -                | -              | 648,815                | 2,092                | 1,842,832         | 2.07 - 2.77            | 0.00 - 1.95 | 0.37 - 0.38 |
| Trade and other receivables       | -                   | -                | -              | -                      | 254,214              | 254,214           | -                      | -           | -           |
| <b>Total</b>                      | <b>1,191,925</b>    | <b>-</b>         | <b>-</b>       | <b>648,815</b>         | <b>256,306</b>       | <b>2,097,046</b>  |                        |             |             |
| <b>Financial liabilities</b>      |                     |                  |                |                        |                      |                   |                        |             |             |
| Trade accounts payable            | -                   | -                | -              | -                      | 73,773               | 73,773            | -                      | -           | -           |
| Debentures                        | -                   | 5,510,771        | -              | -                      | -                    | 5,510,771         | 5.75 - 5.99            | -           | -           |
| Long-term loans                   | 179,792             | 1,245,032        | 782,692        | 6,819,980              | -                    | 9,027,496         | 3.43 - 5.33            | 3.60 - 5.02 | 5.51        |
| <b>Total</b>                      | <b>179,792</b>      | <b>6,755,803</b> | <b>782,692</b> | <b>6,819,980</b>       | <b>73,773</b>        | <b>14,612,040</b> |                        |             |             |

(Unit: Thousand Baht)

| Consolidated financial statements |                     |                  |                |                        |                      |                   |                        |             |             |
|-----------------------------------|---------------------|------------------|----------------|------------------------|----------------------|-------------------|------------------------|-------------|-------------|
| As at 31 December 2017            |                     |                  |                |                        |                      |                   |                        |             |             |
|                                   | 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        |
| <b>Financial assets</b>           |                     |                  |                |                        |                      |                   |                        |             |             |
| Cash and cash equivalents         | 1,276,673           | -                | -              | 575,203                | 1,742                | 1,853,618         | 1.00 - 1.73            | 0.00 - 1.00 | 0.37 - 0.38 |
| Trade and other receivables       | -                   | -                | -              | -                      | 193,408              | 193,408           | -                      | -           | -           |
| <b>Total</b>                      | <b>1,276,673</b>    | <b>-</b>         | <b>-</b>       | <b>575,203</b>         | <b>195,150</b>       | <b>2,047,026</b>  |                        |             |             |
| <b>Financial liabilities</b>      |                     |                  |                |                        |                      |                   |                        |             |             |
| Trade accounts payable            | -                   | -                | -              | -                      | 70,336               | 70,336            | -                      | -           | -           |
| Debentures                        | -                   | 5,504,550        | -              | -                      | -                    | 5,504,550         | 5.75 - 5.99            | -           | -           |
| Long-term loans                   | 180,783             | 1,246,815        | 976,422        | 7,881,831              | -                    | 10,285,851        | 3.43 - 5.33            | 2.50 - 4.23 | 5.51        |
| <b>Total</b>                      | <b>180,783</b>      | <b>6,751,365</b> | <b>976,422</b> | <b>7,881,831</b>       | <b>70,336</b>        | <b>15,860,737</b> |                        |             |             |

(Unit: Thousand Baht)

| Separate financial statements          |  |                  |               |                  |                        |                      |             |                        |          |  |
|--|--|------------------|---------------|------------------|------------------------|----------------------|-------------|------------------------|----------|--|
| As at 31 December 2018                 |  |                  |               |                  |                        |                      |             |                        |          |  |
|  | Fixed interest rate with maturity date within 1 year |                  |               |                  | Floating interest rate | Non-interest bearing | Total       | Interest rate (% p.a.) |          |  |
|  | Fixed interest rate 1 - 5 years                      |                  |               |                  |                        |                      |             | Fixed                  | Floating |  |
|  |  |                  |               |                  |                        |                      | USD         | USD                    | Baht     |  |
| <b>Financial assets</b>                |  |                  |               |                  |                        |                      |             |                        |          |  |
| Cash and cash equivalents              | 437,322  | -                | 58,288        | 1,004            | 496,614                | 2.40 - 2.65          | 0.00 - 1.95 | 0.37 - 0.38            |          |  |
| Trade and other receivables            | -  | -                | -             | 4,155,581        | 4,155,581              | -                    | -           | -                      |          |  |
| Long-term loans to subsidiaries        | -  | -                | -             | 5,020,049        | 5,020,049              | -                    | -           | -                      |          |  |
| <b>Total</b>                           | <b>437,322</b>                                       | <b>-</b>         | <b>58,288</b> | <b>9,176,634</b> | <b>9,672,244</b>       |                      |             |                        |          |  |
| <b>Financial liabilities</b>           |  |                  |               |                  |                        |                      |             |                        |          |  |
| Trade accounts payable                 | -  | -                | -             | 664              | 664                    | -                    | -           | -                      |          |  |
| Advances received from related parties | -  | -                | -             | 1,726,757        | 1,726,757              | -                    | -           | -                      |          |  |
| Debentures                             | -  | 5,510,771        | -             | -                | 5,510,771              | 5.75 - 5.99          | -           | -                      |          |  |
| <b>Total</b>                           | <b>-</b>   | <b>5,510,771</b> | <b>-</b>      | <b>1,727,421</b> | <b>7,238,192</b>       |                      |             |                        |          |  |

(Unit: Thousand Baht)

| Separate financial statements             |   |                                       |                              |                             |                   |                        |             |             |
|---|---|---------------------------------------|------------------------------|-----------------------------|-------------------|------------------------|-------------|-------------|
| As at 31 December 2017                    |   |                                       |                              |                             |                   |                        |             |             |
|   | Fixed<br>interest rate with<br>maturity date<br>within 1 year | Fixed<br>interest rate<br>1 - 5 years | Floating<br>interest<br>rate | Non-<br>interest<br>bearing | Total             | Interest rate (% p.a.) |             |             |
|   |   |                                       |                              |                             |                   | Fixed                  | Floating    |             |
|   |   |                                       |                              |                             |                   | USD                    | USD         | Baht        |
| <b>Financial assets</b>                   |   |                                       |                              |                             |                   |                        |             |             |
| Cash and cash equivalents                 | 1,147,344   | -                                     | 91,827                       | 909                         | 1,240,080         | 1.25 - 1.70            | 0.00 - 1.00 | 0.37 - 0.38 |
| Trade and other receivables               | -   | -                                     | -                            | 4,249,398                   | 4,249,398         | -                      | -           | -           |
| Long-term loans to subsidiaries           | -   | -                                     | -                            | 5,055,801                   | 5,055,801         | -                      | -           | -           |
| <b>Total</b>                              | <b>1,147,344</b>  | <b>-</b>                              | <b>91,827</b>                | <b>9,306,108</b>            | <b>10,545,279</b> |                        |             |             |
| <b>Financial liabilities</b>              |   |                                       |                              |                             |                   |                        |             |             |
| Trade accounts payable                    | -   | -                                     | -                            | 2,582                       | 2,582             | -                      | -           | -           |
| Advances received from<br>related parties | -   | -                                     | -                            | 1,919,833                   | 1,919,833         | -                      | -           | -           |
| Debentures                                | -   | 5,504,550                             | -                            | -                           | 5,504,550         | 5.75 - 5.99            | -           | -           |
| <b>Total</b>                              | <b>-</b>  | <b>5,504,550</b>                      | <b>-</b>                     | <b>1,922,415</b>            | <b>7,426,965</b>  |                        |             |             |

### **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                 |        |
|                  | 2018                              | 2017      | 2018                  | 2017      | 2018                              | 2017   |
|                  | (Million)                         | (Million) | (Million)             | (Million) | (USD per 1 foreign currency unit) |        |
| Baht loan        | -                                 | -         | 469.48                | 594.68    | 0.0307                            | 0.0304 |
| Baht Debenture   | -                                 | -         | 3,590.00              | 3,590.00  | 0.0307                            | 0.0304 |
| Baht Debenture   | -                                 | -         | 1,960.00              | 1,960.00  | 0.0307                            | 0.0304 |

| Foreign currency | Separate financial statements |           |                       |           |                                   |        |
|------------------|-------------------------------|-----------|-----------------------|-----------|-----------------------------------|--------|
|                  | Financial assets              |           | Financial liabilities |           | Average exchange rate             |        |
|                  | as at 31 December             |           | as at 31 December     |           | as at 31 December                 |        |
|                  | 2018                          | 2017      | 2018                  | 2017      | 2018                              | 2017   |
|                  | (Million)                     | (Million) | (Million)             | (Million) | (USD per 1 foreign currency unit) |        |
| Baht Debenture   | -                             | -         | 3,590.00              | 3,590.00  | 0.0307                            | 0.0304 |
| Baht Debenture   | -                             | -         | 1,960.00              | 1,960.00  | 0.0307                            | 0.0304 |

Foreign currency swap contracts outstanding are summarised below.

| As at 31 December 2018            |                      |                           |  |
|-----------------------------------|----------------------|---------------------------|--|
| Bought amount                     | Sold amount          | Contractual exchange rate | Contractual maturity date  |
| (USD per 1 foreign currency unit) |                      |                           |  |
| <u>The Company</u>                |                      |                           |  |
| Baht 3,590.00<br>million          | USD 99.72<br>million | 0.0278                    | January 2021   |
| Baht 1,960.00<br>million          | USD 54.90<br>million | 0.0280                    | June 2020  |
| <u>Subsidiaries</u>               |                      |                           |  |
| Baht 469.48<br>million            | USD 14.34<br>million | 0.0302, 0.0309            | Quarterly corresponding to the loan repayment schedule upto September 2022 |

| As at 31 December 2017            |                      |                           |  |
|-----------------------------------|----------------------|---------------------------|--|
| Bought amount                     | Sold amount          | Contractual exchange rate | Contractual maturity date  |
| (USD per 1 foreign currency unit) |                      |                           |  |
| <u>The Company</u>                |                      |                           |  |
| Baht 3,590.00<br>million          | USD 99.72<br>million | 0.0278                    | January 2021   |
| Baht 1,960.00<br>million          | USD 54.90<br>million | 0.0280                    | June 2020  |
| <u>Subsidiaries</u>               |                      |                           |  |
| Baht 594.68<br>million            | USD 18.17<br>million | 0.0302, 0.0309            | Quarterly corresponding to the loan repayment schedule upto September 2022 |



### 33.2 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, except debentures, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The carrying value and fair value of debentures and derivative instruments as at 31 December 2018 and 2017 are presented below.

(Unit: Thousand Baht)

|   | Consolidated financial statements |             |                        |             |
|---|-----------------------------------|-------------|------------------------|-------------|
|   | As at 31 December 2018            |             | As at 31 December 2017 |             |
|   | Carrying amount                   | Fair value  | Carrying amount        | Fair value  |
| <b>Financial assets (liabilities)</b>     |                                   |             |                        |             |
| Debentures                                | (5,521,922)                       | (5,562,981) | (5,504,550)            | (5,594,982) |
| Derivatives                               |                                   |             |                        |             |
| Interest rate swap contracts              | -                                 | 25,450      | -                      | (13,439)    |
| Cross currency swap contracts - Loan      | 6,431                             | 7,723       | 3,950                  | 2,861       |
| Cross currency swap contracts - Debenture | 559,158                           | 585,278     | 523,133                | 528,122     |

(Unit: Thousand Baht)

|   | Separate financial statements |             |                        |             |
|---|-------------------------------|-------------|------------------------|-------------|
|   | As at 31 December 2018        |             | As at 31 December 2017 |             |
|   | Carrying amount               | Fair value  | Carrying amount        | Fair value  |
| <b>Financial assets (liabilities)</b>     |                               |             |                        |             |
| Debentures                                | (5,521,922)                   | (5,562,981) | (5,504,550)            | (5,594,982) |
| Derivatives                               |                               |             |                        |             |
| Cross currency swap contracts - Debenture | 559,158                       | 585,278     | 523,133                | 528,122     |

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- a) For debentures, fair value is derived from quoted market prices of the Thai Bond Market Association at the close of the business on the reporting date.
- b) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as yield curves of the respective currencies and interest rate yield curves. The Group had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

#### **34. 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 2018, the Group's debt-to-equity ratio was 1.19:1 (2017: 1.34:1) and the Company's was 0.64:1 (2017: 0.63:1) which is calculated from USD functional currency financial statements.

#### **35. Event after the reporting period**

On 8 February 2019, the Board of Directors Meeting passed a resolution to propose for shareholders' approval at the Annual General Meeting of the Shareholders, the reduction of the registered capital in the amount of Baht 51,965,068 from Baht 1,611,256,930 to Baht 1,559,291,862 by way of cancellation of 51,965,068 unissued shares at Baht 1 par value per share. The unissued shares are mainly due to the unexercised warrants.

#### **36. Functional currency financial statements**

The USD functional currency statements of financial position as at 31 December 2018 and 2017 and income statements for the years ended 31 December 2018 and 2017 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Thousand USD)

|  | Consolidated         |                      | Separate             |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | financial statements | financial statements | financial statements | financial statements |
|  | 2018                 | 2017                 | 2018                 | 2017                 |
| <b>Assets</b>                                  |                      |                      |                      |                      |
| <b>Current assets</b>                          |                      |                      |                      |                      |
| Cash and cash equivalents                      | 56,790               | 56,719               | 15,304               | 37,945               |
| Trade and other receivables                    | 7,834                | 5,918                | 128,062              | 130,027              |
| Bunker oil                                     | 2,957                | 1,714                | -                    | -                    |
| Other current assets                           |                      |                      |                      |                      |
| Advances to vessel masters                     | 2,693                | 2,600                | -                    | -                    |
| Claim recoverables                             | 192                  | 616                  | -                    | -                    |
| Others   | 941                  | 1,298                | 389                  | 389                  |
| Total other current assets                     | 3,826                | 4,514                | 389                  | 389                  |
| <b>Total current assets</b>                    | <b>71,407</b>        | <b>68,865</b>        | <b>143,755</b>       | <b>168,361</b>       |
| <b>Non-current assets</b>                      |                      |                      |                      |                      |
| Long-term loans to subsidiaries                | -                    | -                    | 154,702              | 154,702              |
| Investments in subsidiaries                    | -                    | -                    | 200,254              | 203,510              |
| Investment in associate held by a subsidiary   | 2,261                | 2,310                | -                    | -                    |
| Other long-term investment                     | 568                  | 568                  | 568                  | 568                  |
| Receivables from cross currency swap contracts | 17,430               | 16,128               | 17,231               | 16,007               |
| Property, plant and equipment                  | 690,582              | 718,300              | 291                  | 326                  |
| Intangible assets                              | -                    | 11                   | -                    | 11                   |
| Other non-current assets                       |                      |                      |                      |                      |
| Claim recoverables - maritime claims           | 1,595                | 1,583                | -                    | -                    |
| Advances for vessel constructions              | 67,900               | 67,900               | 67,644               | 67,644               |
| Deferred contract costs                        | 5,952                | 6,508                | -                    | -                    |
| Others   | 150                  | 93                   | 126                  | 73                   |
| Total other non-current assets                 | 75,597               | 76,084               | 67,770               | 67,717               |
| <b>Total non-current assets</b>                | <b>786,438</b>       | <b>813,401</b>       | <b>440,816</b>       | <b>442,841</b>       |
| <b>Total assets</b>                            | <b>857,845</b>       | <b>882,266</b>       | <b>584,571</b>       | <b>611,202</b>       |

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Thousand USD)

|   | Consolidated         |                      | Separate             |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | financial statements | financial statements | financial statements | financial statements |
|   | 2018                 | 2017                 | 2018                 | 2017                 |
| <b>Liabilities and shareholders' equity</b>       |                      |                      |                      |                      |
| <b>Current liabilities</b>                        |                      |                      |                      |                      |
| Trade and other payables                          |                      |                      |                      |                      |
| Trade and other payables                          | 2,274                | 2,152                | 21                   | 79                   |
| Advances received from related parties            | -                    | -                    | 53,213               | 58,745               |
| Accrued crew accounts                             | 2,661                | 2,667                | -                    | -                    |
| Accrued expenses                                  | 5,946                | 8,582                | 1,326                | 4,701                |
| Accrued employee bonus                            | 1,097                | 1,108                | 787                  | 793                  |
| Total trade and other payables                    | 11,978               | 14,509               | 55,347               | 64,318               |
| Advances received from charterers                 | 614                  | 1,122                | -                    | -                    |
| Current portion of long-term loans                | 57,850               | 24,555               | -                    | -                    |
| Income tax payable                                | 30                   | 6                    | -                    | -                    |
| Other current liabilities                         | 668                  | 624                  | 424                  | 390                  |
| <b>Total current liabilities</b>                  | <b>71,140</b>        | <b>40,816</b>        | <b>55,771</b>        | <b>64,708</b>        |
| <b>Non-current liabilities</b>                    |                      |                      |                      |                      |
| Long-term loans - net of current portion          | 220,349              | 290,181              | -                    | -                    |
| Debentures  | 169,824              | 168,433              | 169,824              | 168,433              |
| Provision for maritime claims                     | 1,843                | 2,544                | -                    | -                    |
| Provision for long-term employee benefits         | 3,456                | 2,839                | 2,766                | 2,270                |
| <b>Total non-current liabilities</b>              | <b>395,472</b>       | <b>463,997</b>       | <b>172,590</b>       | <b>170,703</b>       |
| <b>Total liabilities</b>                          | <b>466,612</b>       | <b>504,813</b>       | <b>228,361</b>       | <b>235,411</b>       |
| <b>Shareholders' equity</b>                       |                      |                      |                      |                      |
| Share capital                                     |                      |                      |                      |                      |
| Registered share capital                          | 52,598               | 52,598               | 52,598               | 52,598               |
| Issued and paid-up share capital                  | 51,055               | 51,055               | 51,055               | 51,055               |
| Paid-in capital                                   |                      |                      |                      |                      |
| Premium on ordinary shares                        | 63,290               | 63,284               | 63,290               | 63,284               |
| Premium on treasury stock                         | 4,819                | 4,819                | 4,819                | 4,819                |
| Retained earnings                                 |                      |                      |                      |                      |
| Appropriated                                      |                      |                      |                      |                      |
| Statutory reserve - the Company                   | 2,802                | 2,802                | 2,802                | 2,802                |
| - subsidiaries                                    | 14,460               | 14,460               | -                    | -                    |
| Corporate social responsibility reserve           | 543                  | 516                  | 543                  | 516                  |
| Unappropriated                                    | 256,547              | 242,520              | 233,701              | 253,315              |
| Other components of shareholders' equity          | (2,284)              | (2,004)              | -                    | -                    |
| Equity attributable to owner of the Company       | 391,232              | 377,452              | 356,210              | 375,791              |
| Non-controlling interests of the subsidiaries     | 1                    | 1                    | -                    | -                    |
| <b>Total shareholders' equity</b>                 | <b>391,233</b>       | <b>377,453</b>       | <b>356,210</b>       | <b>375,791</b>       |
| <b>Total liabilities and shareholders' equity</b> | <b>857,845</b>       | <b>882,266</b>       | <b>584,571</b>       | <b>611,202</b>       |

**Precious Shipping Public Company Limited and its subsidiaries**  
**Income statement**  
**For the year ended 31 December 2018**

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

|   | <b>Consolidated</b>         |                | <b>Separate</b>             |                 |
|---|-----------------------------|----------------|-----------------------------|-----------------|
|   | <b>financial statements</b> |                | <b>financial statements</b> |                 |
|   | 2018                        | 2017           | 2018                        | 2017            |
| <b>Revenues</b>   |                             |                |                             |                 |
| Vessel operating income   |                             |                |                             |                 |
| Hire income   | 126,440                     | 109,467        | -                           | -               |
| Freight income  | 25,876                      | 18,746         | -                           | -               |
| Total vessel operating income   | 152,316                     | 128,213        | -                           | -               |
| Service income  | 114                         | 112            | 2,806                       | 2,516           |
| Gains on sales of vessel and equipment  | -                           | 938            | -                           | 57              |
| Gains on cancellation of<br>shipbuilding contracts  | -                           | 180            | -                           | 180             |
| Interest income   | 1,148                       | 698            | 637                         | 516             |
| Other income  | -                           | 4              | -                           | -               |
| <b>Total revenues</b>   | <b>153,578</b>              | <b>130,145</b> | <b>3,443</b>                | <b>3,269</b>    |
| <b>Expenses</b>   |                             |                |                             |                 |
| Vessel operating costs  |                             |                |                             |                 |
| Vessel running expenses   | 50,225                      | 49,642         | -                           | -               |
| Voyage disbursements  | 5,669                       | 4,031          | -                           | -               |
| Bunker consumption  | 7,855                       | 5,157          | -                           | -               |
| Total vessel operating costs  | 63,749                      | 58,830         | -                           | -               |
| Depreciation  | 36,644                      | 34,630         | 92                          | 104             |
| Cost of services  | 162                         | 134            | -                           | -               |
| Loss on impairment of investments in subsidiaries   | -                           | -              | 3,256                       | 2,779           |
| Interest on unsecured corporate loans<br>and other expenses per Settlement Agreements                                 | -                           | 3,382          | -                           | 3,382           |
| Administrative expenses   | 11,030                      | 9,542          | 7,151                       | 7,699           |
| Management remuneration including perquisites   | 2,996                       | 2,444          | 2,881                       | 2,317           |
| Bad debts and doubtful accounts (reversal)  | (114)                       | (222)          | -                           | 81              |
| Exchange losses   | 164                         | 359            | 132                         | 183             |
| <b>Total expenses</b>   | <b>114,631</b>              | <b>109,099</b> | <b>13,512</b>               | <b>16,545</b>   |
| <b>Profit (loss) before share of profit from investment<br/>in associate, finance cost and<br/>income tax expense</b> | <b>38,947</b>               | <b>21,046</b>  | <b>(10,069)</b>             | <b>(13,276)</b> |
| Share of profit from investment in<br>associate held by a subsidiary  | 751                         | 300            | -                           | -               |
| <b>Profit (loss) before finance cost and<br/>income tax expense</b>   | <b>39,698</b>               | <b>21,346</b>  | <b>(10,069)</b>             | <b>(13,276)</b> |
| Finance cost  | (25,537)                    | (25,099)       | (9,506)                     | (9,465)         |
| <b>Profit (loss) before income tax expense</b>  | <b>14,161</b>               | <b>(3,753)</b> | <b>(19,575)</b>             | <b>(22,741)</b> |
| Income tax expense  | (65)                        | (5)            | -                           | -               |
| <b>Profit (loss) for the year</b>   | <b>14,096</b>               | <b>(3,758)</b> | <b>(19,575)</b>             | <b>(22,741)</b> |
| <b>Profit (loss) attributable to:</b>   |                             |                |                             |                 |
| Equity holders of the Company   | 14,096                      | (3,758)        | (19,575)                    | (22,741)        |
| Non-controlling interests of the subsidiaries   | -                           | -              | -                           | -               |
| <b>Profit (loss) for the year</b>   | <b>14,096</b>               | <b>(3,758)</b> | <b>(19,575)</b>             | <b>(22,741)</b> |
| <b>Basic earnings per share</b>   |                             |                |                             |                 |
| Profit (loss) attributable to equity holders of<br>the Company  | 0.0090                      | (0.0024)       | (0.0126)                    | (0.0146)        |
| Weighted average number of ordinary shares<br>(Thousand shares)   | 1,559,287                   | 1,559,281      | 1,559,287                   | 1,559,281       |

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 8 February 2019.