

Precious Shipping Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month period ended
31 March 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Precious Shipping Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Precious Shipping Public Company Limited and its subsidiaries as at 31 March 2019, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Precious Shipping Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Emphasis of matter

Without expressing a modified conclusion on the aforementioned interim financial information, I draw attention to note 9 and 16 to the financial statements regarding the cancellation of the Shipbuilding Contracts and the uncertainty regarding the outcome of arbitration proceedings.

Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 7 May 2019

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,688,659	1,842,832	697,656	496,614
Trade and other receivables	3, 4	217,695	254,214	3,998,428	4,155,581
Bunker oil		33,981	95,946	-	-
Other current assets					
Advances to vessel masters		80,074	87,398	-	-
Claim recoverables		17,901	6,222	-	-
Others		45,486	30,541	12,084	12,613
Total other current assets		143,461	124,161	12,084	12,613
Total current assets		2,083,796	2,317,153	4,708,168	4,664,808
Non-current assets					
Long-term loans to subsidiaries	5	-	-	4,682,746	5,020,049
Investments in subsidiaries	6	-	-	6,370,429	6,498,212
Investment in associate held by a subsidiary	7	68,954	73,356	-	-
Other long-term investment		18,054	18,417	18,054	18,417
Receivables from cross currency swap contracts		674,217	565,590	659,602	559,158
Property, plant and equipment	8	21,733,371	22,409,263	8,970	9,440
Intangible assets		6	7	6	7
Other non-current assets					
Claim recoverables - maritime claims		52,016	51,777	-	-
Advances for vessel constructions	9	2,160,028	2,203,355	2,151,885	2,195,049
Deferred contract costs	10	184,997	193,136	-	-
Others		4,816	4,853	4,048	4,083
Total other non-current assets		2,401,857	2,453,121	2,155,933	2,199,132
Total non-current assets		24,896,459	25,519,754	13,895,740	14,304,415
Total assets		26,980,255	27,836,907	18,603,908	18,969,223

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables					
Trade and other payables	4	75,558	73,773	6,432	664
Advances received from related parties	4	-	-	1,729,356	1,726,757
Accrued crew accounts		87,422	86,351	-	-
Accrued expenses		131,663	192,952	41,535	43,037
Accrued employee bonus		8,384	35,609	5,976	25,532
Total trade and other payables		303,027	388,685	1,783,299	1,795,990
Advances received from charterers		24,535	19,938	-	-
Current portion of long-term loans	11	2,368,647	1,877,206	-	-
Income tax payable		966	984	-	-
Other current liabilities		25,039	21,662	14,136	13,747
Total current liabilities		2,722,214	2,308,475	1,797,435	1,809,737
Non-current liabilities					
Long-term loans - net of current portion	11	6,209,800	7,150,290	-	-
Debentures	12	5,511,588	5,510,771	5,511,588	5,510,771
Provision for maritime claims	13	60,945	59,786	-	-
Provision for long-term employee benefits		108,017	112,129	84,751	89,758
Total non-current liabilities		11,890,350	12,832,976	5,596,339	5,600,529
Total liabilities		14,612,564	15,141,451	7,393,774	7,410,266

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered share capital				
1,611,256,930 ordinary shares of Baht 1 each	1,611,257	1,611,257	1,611,257	1,611,257
Issued and paid-up share capital				
1,559,291,862 ordinary shares of Baht 1 each	1,559,292	1,559,292	1,559,292	1,559,292
Paid-in capital				
Premium on ordinary shares	1,967,897	1,967,897	1,967,897	1,967,897
Premium on treasury stock	172,446	172,446	172,446	172,446
Retained earnings				
Appropriated				
Statutory reserve - the Company	103,952	103,952	103,952	103,952
- subsidiaries	523,320	523,320	-	-
Corporate social responsibility reserve	17,255	17,393	17,255	17,393
Unappropriated	9,051,678	9,135,683	7,100,533	7,220,773
Other components of shareholders' equity	(1,028,183)	(784,562)	288,759	517,204
Equity attributable to owners of the Company	12,367,657	12,695,421	11,210,134	11,558,957
Non-controlling interests of the subsidiaries	34	35	-	-
Total shareholders' equity	12,367,691	12,695,456	11,210,134	11,558,957
Total liabilities and shareholders' equity	26,980,255	27,836,907	18,603,908	18,969,223
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2019**

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Vessel operating income					
Hire income		846,776	1,014,728	-	-
Freight income		102,054	73,608	-	-
Total vessel operating income		948,830	1,088,336	-	-
Service income	4	1,023	918	22,214	22,037
Interest income		9,228	2,564	3,222	1,873
Exchange gains		-	184	876	2,752
Other income		119	3	-	2
Total revenues		959,200	1,092,005	26,312	26,664
Expenses					
Vessel operating costs					
Vessel running expenses		398,144	379,383	-	-
Voyage disbursements		24,377	6,514	-	-
Bunker consumption		26,500	16,733	-	-
Total vessel operating costs		449,021	402,630	-	-
Depreciation	8	297,308	277,693	754	745
Cost of services		2,204	1,935	-	-
Administrative expenses	4	82,462	92,916	51,628	59,452
Management remuneration including perquisites	4	19,899	21,949	19,768	20,799
Bad debts and doubtful accounts (reversal)		33	(1,957)	-	-
Exchange losses		1,135	-	-	-
Total expenses		852,062	795,166	72,150	80,996
Profit (loss) before share of profit (loss) from investment in associate and finance cost		107,138	296,839	(45,838)	(54,332)
Share of profit (loss) from investment in associate held by a subsidiary	7.1	(2,935)	3,635	-	-
Profit (loss) before finance cost		104,203	300,474	(45,838)	(54,332)
Finance cost		(188,346)	(192,800)	(74,540)	(72,802)
Profit (loss) for the period		(84,143)	107,674	(120,378)	(127,134)

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Income statement (continued)

For the three-month period ended 31 March 2019

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

	Consolidated financial statements		Separate financial statements	
Note	2019	2018	2019	2018
Profit (loss) attributable to:				
Equity holders of the Company	(84,143)	107,674	(120,378)	(127,134)
Non-controlling interests of the subsidiaries	-	-	-	-
Profit (loss) for the period	(84,143)	107,674	(120,378)	(127,134)
Basic earnings per share	<i>14</i>			
Profit (loss) attributable to equity holders of the Company	(0.05)	0.07	(0.08)	(0.08)
Weighted average number of ordinary shares (Thousand shares)	1,559,292	1,559,281	1,559,292	1,559,281

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit (loss) for the period	<u>(84,143)</u>	<u>107,674</u>	<u>(120,378)</u>	<u>(127,134)</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	<u>8,283</u>	<u>11,079</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>8,283</u>	<u>11,079</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of functional currency to presentation currency financial statements	<u>(251,905)</u>	<u>(550,301)</u>	<u>(228,445)</u>	<u>(544,053)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(251,905)</u>	<u>(550,301)</u>	<u>(228,445)</u>	<u>(544,053)</u>
Other comprehensive income for the period	<u>(243,622)</u>	<u>(539,222)</u>	<u>(228,445)</u>	<u>(544,053)</u>
Total comprehensive income for the period	<u><u>(327,765)</u></u>	<u><u>(431,548)</u></u>	<u><u>(348,823)</u></u>	<u><u>(671,187)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>(327,764)</u>	<u>(431,546)</u>	<u>(348,823)</u>	<u>(671,187)</u>
Non-controlling interests of the subsidiaries	<u>(1)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
	<u><u>(327,765)</u></u>	<u><u>(431,548)</u></u>	<u><u>(348,823)</u></u>	<u><u>(671,187)</u></u>

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Unappropriated	Other components of shareholders' equity - other comprehensive income	Exchange differences on translation of financial statements	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Corporate social responsibility reserve						
				The Company	Subsidiaries							
Balance as at 1 January 2018	1,559,281	1,967,716	172,446	103,952	523,320	16,443	8,681,785	(689,491)	12,335,452	35	12,335,487	
Profit for the period	-	-	-	-	-	-	107,674	-	107,674	-	107,674	
Other comprehensive income for the period	-	-	-	-	-	-	-	(539,220)	(539,220)	(2)	(539,222)	
Total comprehensive income for the period	-	-	-	-	-	-	107,674	(539,220)	(431,546)	(2)	(431,548)	
Appropriated to corporate social responsibility reserve	-	-	-	-	-	(157)	157	-	-	-	-	
Balance as at 31 March 2018	<u>1,559,281</u>	<u>1,967,716</u>	<u>172,446</u>	<u>103,952</u>	<u>523,320</u>	<u>16,286</u>	<u>8,789,616</u>	<u>(1,228,711)</u>	<u>11,903,906</u>	<u>33</u>	<u>11,903,939</u>	
Balance as at 1 January 2019	1,559,292	1,967,897	172,446	103,952	523,320	17,393	9,135,683	(784,562)	12,695,421	35	12,695,456	
Loss for the period	-	-	-	-	-	-	(84,143)	-	(84,143)	-	(84,143)	
Other comprehensive income for the period	-	-	-	-	-	-	-	(243,621)	(243,621)	(1)	(243,622)	
Total comprehensive income for the period	-	-	-	-	-	-	(84,143)	(243,621)	(327,764)	(1)	(327,765)	
Appropriated to corporate social responsibility reserve	-	-	-	-	-	(138)	138	-	-	-	-	
Balance as at 31 March 2019	<u>1,559,292</u>	<u>1,967,897</u>	<u>172,446</u>	<u>103,952</u>	<u>523,320</u>	<u>17,255</u>	<u>9,051,678</u>	<u>(1,028,183)</u>	<u>12,367,657</u>	<u>34</u>	<u>12,367,691</u>	
	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

Separate financial statements

	Retained earnings						Other components	Total
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Appropriated		Unappropriated	of shareholders'	
				Statutory reserve	Corporate social		Exchange differences	
					reserve			
				responsibility		of financial	shareholders'	
							statements	equity
Balance as at 1 January 2018	1,559,281	1,967,716	172,446	103,952	16,443	7,856,617	604,753	12,281,208
Loss for the period	-	-	-	-	-	(127,134)	-	(127,134)
Other comprehensive income for the period	-	-	-	-	-	-	(544,053)	(544,053)
Total comprehensive income for the period	-	-	-	-	-	(127,134)	(544,053)	(671,187)
Appropriated to corporate social responsibility reserve	-	-	-	-	(157)	157	-	-
Balance as at 31 March 2018	1,559,281	1,967,716	172,446	103,952	16,286	7,729,640	60,700	11,610,021
Balance as at 1 January 2019	1,559,292	1,967,897	172,446	103,952	17,393	7,220,773	517,204	11,558,957
Loss for the period	-	-	-	-	-	(120,378)	-	(120,378)
Other comprehensive income for the period	-	-	-	-	-	-	(228,445)	(228,445)
Total comprehensive income for the period	-	-	-	-	-	(120,378)	(228,445)	(348,823)
Appropriated to corporate social responsibility reserve	-	-	-	-	(138)	138	-	-
Balance as at 31 March 2019	1,559,292	1,967,897	172,446	103,952	17,255	7,100,533	288,759	11,210,134
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Cash flow statement****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) before tax	(84,143)	107,674	(120,378)	(127,134)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	297,309	277,867	755	919
Bad debts and doubtful accounts (reversal)	33	(1,957)	-	-
Amortisation of deferred contract costs	4,300	4,374	-	-
Share of loss (profit) from investment in associate held by a subsidiary	2,935	(3,635)	-	-
Provision for maritime claims (reversal)	1,067	(4,537)	-	-
Provision for long-term employee benefits	2,745	2,150	1,835	1,449
Unrealised exchange gains	(2,669)	(4,424)	(2,483)	(4,844)
Amortised financial fees to interest expense	3,179	11,782	-	-
Interest expense	185,515	177,722	72,652	71,354
Amortisation of deferred debentures issuing cost	1,455	1,448	1,455	1,448
Profit (loss) from operating activities before changes in operating assets and liabilities	411,726	568,464	(46,164)	(56,808)
Operating assets (increase) decrease				
Trade and other receivables	31,189	4,534	74,725	(32,832)
Bunker oil	59,511	9,500	-	-
Other current assets	(20,674)	(2,281)	800	(1,377)
Other non-current assets	2	-	2	-
Operating liabilities increase (decrease)				
Trade and other payables	(75,940)	(74,073)	23,107	(162,093)
Advances received from charterers	4,943	(11,363)	-	-
Other current liabilities	3,857	(69)	756	1,337
Non-current liabilities	(6,888)	(1,675)	(6,888)	(1,675)
Cash flows from (used in) operating activities	407,726	493,037	46,338	(253,448)
Cash paid for corporate income tax and withholding tax deducted at source	(712)	(695)	(411)	(395)
Net cash flows from (used in) operating activities	407,014	492,342	45,927	(253,843)

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Acquisitions of equipment and payment of dry-dock and special survey expenses	(64,297)	(55,761)	(472)	(71)
Decrease in long-term loans to a subsidiary	-	-	236,335	-
Dividend received from associate held by a subsidiary	6,759	9,530	-	-
Net cash flows from (used in) investing activities	(57,538)	(46,231)	235,863	(71)
Cash flows from financing activities				
Cash paid for interest expense	(185,835)	(178,983)	(72,972)	(72,615)
Repayment of long-term loans	(280,463)	(113,747)	-	-
Prepayment of long-term loans	-	(208,783)	-	-
Net cash flows used in financing activities	(466,298)	(501,513)	(72,972)	(72,615)
Decrease in translation adjustments	(37,351)	(81,970)	(7,776)	(53,683)
Net increase (decrease) in cash and cash equivalents	(154,173)	(137,372)	201,042	(380,212)
Cash and cash equivalents at beginning of period	1,842,832	1,853,618	496,614	1,240,080
Cash and cash equivalents at end of period	1,688,659	1,716,246	697,656	859,868
	-	-	-	-

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

Precious Shipping Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2019

1. General information

1.1 Corporate information

Precious Shipping Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged as a holding company for investment in the marine transportation business. The registered office of the Company is at Cathay House, 7th Floor, 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

1.2 Basis for the preparation of the interim financial statements

These interim consolidated financial statements and separate financial statements of the Company are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are presented in Thai Baht which is different from the functional currency of the Company, which is US Dollar. The presentation is in Thai Baht in accordance with the regulatory requirements in Thailand.

The USD functional currency interim financial statements are translated into the Thai Baht presentation currency financial statements at the rate of exchange prevailing at the end of reporting period in respect of assets and liabilities, and at a rate that approximates the actual rate at the date of the transaction in respect of revenues and expenses, differences being recorded as “Exchange differences on translation of financial statements” in other comprehensive income, other component of shareholders’ equity.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Precious Shipping Public Company Limited, subsidiaries and associate (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There have been no changes in the composition of the Group during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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 adoption of these financial reporting standards does not have any significant impact on the Company’s and its subsidiaries’ financial statements. However, the new standard involves changes to key principles, which are 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.

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

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A 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
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	211,585	250,030	-	-
3 - 6 months	6,110	1,574	-	-
6 - 12 months	-	1,728	-	-
Over 12 months	-	882	-	-
Total trade receivables - unrelated parties	217,695	254,214	-	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 4)	-	-	3,998,428	4,155,581
Total other receivables	-	-	3,998,428	4,155,581
Total trade and other receivables	217,695	254,214	3,998,428	4,155,581

(Unaudited but reviewed)

4. Related party transactions

During the periods, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2019	2018	2019	2018	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	22,214	22,037	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Condominium rental expenses	-	-	1,734	1,704	Market price
Transaction with associate					
Dividend received	6,759	9,530	-	-	As declared
Transactions with related companies					
Air ticket expenses	2,291	2,997	621	986	Market price
Rental and service expenses	5,490	5,036	4,123	3,951	Market price

The balances of the accounts between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Other receivables - related parties (Note 3)				
Subsidiaries	-	-	3,998,428	4,155,581
Total other receivables - related parties	-	-	3,998,428	4,155,581
Trade and other payables - related parties				
Subsidiaries	-	-	1,729,356	1,726,757
Related companies	2,818	285	1,287	12
Total trade and other payables - related parties	2,818	285	1,730,643	1,726,769

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.

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Short-term employee benefits	19,276	21,459	19,145	20,310
Post-employment benefits	623	490	623	489
Total	19,899	21,949	19,768	20,799

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries in relation to the loans from banks. There was no guarantee fee charged.

5. Long-term loans to subsidiaries

Long-term loans to subsidiaries consisted of the following.

- 1) As at 31 March 2019, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited, are in the form of promissory notes amounting to USD 9.70 million (31 December 2018: USD 9.70 million), bearing no interest and are due at call. The Company does not intend to call for the loans repayment in the foreseeable future; therefore, the loans are classified as long-term loans.
- 2) On 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 ("PSSP") amounting to USD 145 million to 4 years. As at 31 March 2019, the Company had an advance receivables and short-term loan to PSSP amounting to USD 137.50 million (31 December 2018: USD 145 million).

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Separate financial statements
Balance as at 1 January 2019	5,020,049
Decrease	(236,335)
Translation adjustment	(100,968)
Balance as at 31 March 2019	<u>4,682,746</u>

6. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2019	2018	2019	2018	2019	2018
			%	%		
Precious Metals Limited	275,000	275,000	99.99	99.99	337,066	343,827
Precious Wishes Limited	230,000	230,000	99.99	99.99	286,929	292,684
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	268,027	273,403
Precious Minerals Limited	230,000	230,000	99.99	99.99	243,725	248,614
Precious Lands Limited	306,000	306,000	99.99	99.99	308,452	314,640
Precious Rivers Limited	234,000	234,000	99.99	99.99	202,734	206,800
Precious Lakes Limited	184,000	184,000	99.99	99.99	177,903	181,472
Precious Seas Limited	100,000	100,000	99.99	99.99	124,751	127,254
Precious Stars Limited	105,000	105,000	99.99	99.99	130,989	133,616
Precious Oceans Limited	175,000	175,000	99.99	99.99	218,315	222,694
Precious Planets Limited	270,000	270,000	99.99	99.99	296,023	301,961
Precious Diamonds Limited	205,000	205,000	99.99	99.99	185,331	189,049
Precious Sapphires Limited	144,000	144,000	99.99	99.99	125,739	128,261
Precious Emeralds Limited	366,000	366,000	99.99	99.99	301,503	307,550
Precious Rubies Limited	259,360	259,360	99.99	99.99	251,736	256,786
Precious Opals Limited	249,360	249,360	99.99	99.99	243,662	248,550
Precious Garnets Limited	379,000	379,000	99.99	99.99	310,981	317,219
Precious Pearls Limited	173,000	173,000	99.99	99.99	177,619	181,182
Precious Flowers Limited	336,000	336,000	99.99	99.99	342,463	349,332
Precious Forests Limited	286,000	286,000	99.99	99.99	266,245	271,585
Precious Trees Limited	202,000	202,000	99.99	99.99	207,844	212,013
Precious Ponds Limited	124,000	124,000	99.99	99.99	125,015	127,523
Precious Ventures Limited	202,000	202,000	99.99	99.99	225,448	229,970
Precious Capitals Limited	200,000	200,000	99.99	99.99	249,503	254,508

(Unaudited but reviewed)

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2019	2018	2019	2018	2019	2018
Precious Jasmines Limited	147,000	147,000	99.99	99.99	169,510	172,911
Precious Orchids Limited	217,000	217,000	99.99	99.99	191,553	195,395
Precious Lagoons Limited	140,000	140,000	99.99	99.99	174,652	178,155
Precious Cliffs Limited	140,000	140,000	99.99	99.99	174,652	178,155
Precious Hills Limited	140,000	140,000	99.99	99.99	174,652	178,155
Precious Mountains Limited	140,000	140,000	99.99	99.99	174,652	178,155
Precious Resorts Limited	140,000	140,000	99.99	99.99	174,652	178,155
Precious Cities Limited	170,000	170,000	99.99	99.99	198,602	202,585
Precious Comets Limited	141,000	141,000	99.99	99.99	132,785	135,448
Precious Ornaments Limited	156,000	156,000	99.99	99.99	145,733	148,656
Precious Moons Limited	1,000	1,000	99.98	99.98	972	991
Precious Venus Limited	298,800	298,800	99.99	99.99	269,745	275,156
Precious Neptune Limited	298,800	298,800	99.99	99.99	269,745	275,156
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	318	325
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	333,722	340,416
Precious Shipping (UK) Limited	250	250	100.00	100.00	318	325
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	344,972	351,892
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					8,539,238	8,710,524
Less: Allowance for loss on investments in subsidiaries					(2,168,809)	(2,212,312)
Total investments in subsidiaries - net					6,370,429	6,498,212

As at 31 March 2019, the Company has pledged the shares of 25 subsidiaries amounting to Baht 4,766.45 million (net of allowance for loss on investments) (31 December 2018: 25 subsidiaries amounting to Baht 4,862.06 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 11 to the financial statements.

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

As at 31 March 2019 and 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.

(Unaudited but reviewed)

7. Investment in associate held by a subsidiary

7.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

			Consolidated financial statements					
			Shareholding percentage				Carrying amounts based on equity method	
			31		Cost		31	
Associate's name	Nature of business	Country of incorporation	March	December	March	December	March	December
			2019	2018	2019	2018	2019	2018
			%	%				
International Seaports (Haldia) Private Limited	Port development	India	22.40	22.40	64,821	66,121	68,954	73,356

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

(Unit: Thousand Baht)

		Consolidated financial statements			
		For the three-month periods ended 31 March			
Associate's name		Share of profit (loss)		Dividend received	
		2019	2018	2019	2018
International Seaports (Haldia) Private Limited		(2,935)	3,635	6,759	9,530

Shares of profit (loss) from investment in associate held by a subsidiary for the three-month periods ended 31 March 2019 and 2018, included in the consolidated income statements, were recorded based on the financial information for the three-month periods ended 31 December 2018 and 2017, respectively.

7.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the three-month periods ended		Profit (loss) for the three-month periods ended	
	31 December		31 December		31 December		31 December		31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
International Seaports (Haldia) Private Limited	440,580	440,580	347,159	368,401	39,328	36,007	111,100	116,020	(13,101)	16,228

Thousand INR Thousand INR

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Net book value as at 1 January 2019	22,409,263	9,440
Acquisitions of equipment and payment of dry-dock and special survey expenses during period - at cost	64,297	472
Depreciation for the period	(297,308)	(754)
Translation adjustment	(442,881)	(188)
Net book value as at 31 March 2019	<u>21,733,371</u>	<u>8,970</u>

As at 31 March 2019, the subsidiaries have mortgaged 32 vessels (31 December 2018: 32 vessels) with net book value of Baht 19,703.55 million (31 December 2018: Baht 20,309.16 million) with banks to secure long-term loans as referred to in Note 11 to the financial statements.

9. Advances for vessel constructions

As at 31 March 2019, the Group has balance of advances for vessel constructions amounting to USD 67.90 million or approximately Baht 2,160.03 million (including the advances plus other related costs), which related to the Nine Shipbuilding Contracts with Sainty Marine Corporation (“Sainty”) for hull nos. SAM14017B to SAM14023B and SAM14027B to SAM14028B, which are under arbitration.

Movements of the advances for vessel constructions account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Balance as at 1 January 2019	2,203,355	2,195,049
Translation adjustment	(43,327)	(43,164)
Balance as at 31 March 2019	<u>2,160,028</u>	<u>2,151,885</u>

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”).

(Unaudited but reviewed)

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 16 to the financial statements.

As of 31 March 2019 and 31 December 2018, 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 The Company	15 September 2015 30 March 2016	7 December 2015	27.47	2.74
SAM14027B	26 February 2014	Sainty The Company	20 November 2015 29 August 2016	6 September 2016	27.97	2.79
SAM14028B	26 February 2014	Sainty The Company	20 November 2015 29 August 2016	6 September 2016	27.97	2.79
Total					251.09	64.12

10. Deferred contract costs

Movements of the deferred contract costs account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
	<hr/>
Balance as at 1 January 2019	193,136
Amortisation for the period	(4,300)
Translation adjustment	(3,839)
	<hr/>
Balance as at 31 March 2019	184,997
	<hr/>

(Unaudited but reviewed)

11. Long-term loan facilities

As at 31 March 2019 and 31 December 2018, 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		
31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	
March	December	March	December	March	December	March	December	March	December	March	December	March	December	March	December	March	December	March	December	March	December	March	December	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
Long-term loans	632,171	661,976	1,138,859	1,207,651	847,669	885,506	441,012	460,320	358,225	381,298	1,773,867	1,855,609	738,131	769,162	649,754	676,173	397,397	415,256	937,805	979,082	675,980	751,408	8,590,870	9,043,441
Add (less): Deferred financial fees	(1,021)	(1,317)	(7,410)	(8,788)	(8,880)	(9,617)	(2,074)	(2,238)	(1,465)	(1,618)	49,951	51,814	(9,832)	(10,740)	(20,544)	(22,201)	(5,692)	(6,110)	(19,947)	(22,271)	14,491	17,141	(12,423)	(15,945)
Total	631,150	660,659	1,131,449	1,198,863	838,789	875,889	438,938	458,082	356,760	379,680	1,823,818	1,907,423	728,299	758,422	629,210	653,972	391,705	409,146	917,858	956,811	690,471	768,549	8,578,447	9,027,496
Less: Current portion	(631,150)	(91,841)	(179,011)	(182,459)	(80,843)	(82,433)	(40,831)	(41,644)	(62,045)	(63,280)	(186,200)	(189,893)	(728,299)	(758,422)	(50,830)	(51,785)	(38,215)	(38,966)	(123,516)	(123,452)	(247,707)	(253,031)	(2,368,647)	(1,877,206)
Long-term loans - net of current portion	-	568,818	952,438	1,016,404	757,946	793,456	398,107	416,438	294,715	316,400	1,637,618	1,717,530	-	-	578,380	602,187	353,490	370,180	794,342	833,359	442,764	515,518	6,209,800	7,150,290

(Unaudited but reviewed)

Movements in the long-term loans accounts during the three-month period ended 31 March 2019 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 2019	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
Add: Amortisation of financial fees	267	1,194	543	119	120	(835)	690	1,209	295	1,869	(2,292)	3,179
Unrealised exchange loss	-	-	-	-	-	-	-	-	-	8,316	-	8,316
Less: Repayment	(16,629)	(44,620)	(20,232)	(10,159)	(15,428)	(44,827)	(15,756)	(12,999)	(9,601)	(30,133)	(60,079)	(280,463)
Translation adjustment	(13,147)	(23,988)	(17,411)	(9,104)	(7,612)	(37,943)	(15,057)	(12,972)	(8,135)	(19,005)	(15,707)	(180,081)
Balance as at 31 March 2019	631,150	1,131,449	838,789	438,938	356,760	1,823,818	728,299	629,210	391,705	917,858	690,471	8,578,447

(Unaudited but reviewed)

The Group's bank loan facilities are summarised below.

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement	
				31 March 2019	31 December 2018
Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)					
Facility 1	DNB Asia Ltd. and 5 other banks, total 6 banks	The Company and indirect subsidiaries in Singapore	LIBOR + margin	54.50	54.50
Facility 2	ING Bank N.V. (Singapore Branch) and DNB Asia Ltd.	4 indirect subsidiaries in Singapore	LIBOR + margin	84.96	84.96
Facility 3	Bangkok Bank PLC. (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin	38.69	38.69
Facility 4	Bangkok Bank PLC. (Singapore Branch)	ABC Four Pte. Limited	LIBOR + margin	19.34	19.34
Facility 5	TMB Bank PLC.	ABC One Pte. Limited	LIBOR + margin	19.58	19.58
Facility 6	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin	78.24	78.24
Facility 7	DNB Asia Ltd. and Export-Import Bank of China	The Company and indirect subsidiaries in Singapore	LIBOR + margin	30.00	30.00
Facility 8	BNP Paribas	The Company and indirect subsidiaries in Singapore	LIBOR + margin	24.75	24.75
Facility 9	BNP Paribas	The Company and indirect subsidiary in Singapore	LIBOR + margin	14.63	14.63
Facility 10	Export-Import Bank of Thailand	The Company and local subsidiary	LIBOR + margin	18.00	18.00

(Unaudited but reviewed)

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement	
				31 March 2019	31 December 2018
Loan facilities for purchasing of vessels					
Facility 1	Krung Thai Bank PLC. and 2 other banks, total 3 banks	The Company and local subsidiaries	MLR-1 for Thai Baht loan and LIBOR + margin for USD loan	USD 142.00 million and Baht 1,502.35 million	USD 142.00 million and Baht 1,502.35 million
Facility 2	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin	64.82	64.82

As at 31 March 2019 and 31 December 2018, the Group had undrawn loan balance amounting to USD 18 million.

(Unaudited but reviewed)

As at 31 March 2019, the Company is unable to maintain compliance with a certain financial covenant for Facility 1 and Facility 2 of the Loan facilities for financing the construction and acquisition of new vessels and Facility 1 of the Loan facilities for purchasing of vessels. The Company has been in discussions with the banks to request a waiver to test this financial covenant for a certain period. However, the Company's management, on the basis of a legal opinion from its in-house counsel as well as external counsel, believes that the breach of this covenant does not constitute an Event of Default and therefore does not make the outstanding loans due and payable on demand under the loan agreements. Therefore, the Company has presented the part of the outstanding balance of these loans that are not due for repayment within the next twelve months, as non-current liabilities.

In addition, as at 31 March 2019, the Company had an outstanding bank loan amounting to Baht 728.30 million for Facility 7 of the Loan facilities for financing the construction and acquisition of new vessels, for which the Company is unable to maintain compliance with a certain financial covenant. 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 three-month period ended 31 March 2019 in accordance with generally accepted accounting standards, the Company has presented the balance of this loan as a current liability.

12. Debentures

As at 31 March 2019 and 31 December 2018, details of long-term debentures are as follows.

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	(Unit: Thousand Baht) Carrying amount	
						31 March 2019	31 December 2018
1	Entirely redeemed on 22 January 2021 (5 years)	3,590	1,000	5.25	Quarterly	3,571,274	3,571,838
2	Entirely redeemed on 9 June 2020 (3.5 years)	1,960	1,000	5.00	Quarterly	1,949,777	1,950,084
Total						5,521,051	5,521,922
Less: Deferred debenture issuing costs						(9,463)	(11,151)
Long-term debenture - net						5,511,588	5,510,771

(Unaudited but reviewed)

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

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

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

13. Provision for maritime claims

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2019	59,786
Increase during the period	9,748
Decrease (including actual claims) during the period	(7,436)
Translation adjustment	(1,153)
Balance as at 31 March 2019	<u>60,945</u>

14. Basic earnings per share

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

15. Segment information

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

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

(Unaudited but reviewed)

The business activity in the segment, i.e. the chartering of the vessels, is undertaken in two ways, viz., Time charter and Voyage charter. Under Time charter, the charterer (customer) pays charter hire (at an agreed daily rate, almost always in US Dollars) to operate the vessel for an agreed time period. In this case, the charterer bears all voyage expenses including port disbursements and costs of bunker fuel. Under Voyage charter, the charterer pays freight on a per ton basis (almost always in US Dollars) to transport a particular cargo between two or more designated ports. In this case, the Group bears all the voyage expenses. The voyage expenses are presented in the financial statements as voyage disbursements and bunker consumption. Under Time charter, the vessel routes are determined or controlled exclusively by the charterers and under Voyage charters, the route varies from time to time for each voyage, which is determined by a number of factors which are totally beyond the Groups' control. As such, reporting by geographical segments would not be practical or meaningful, and could in fact be misleading.

In view of the above, segment information is limited to the bifurcation of the total vessel operating income (and voyage expenses in respect of Voyage charter) derived from Time charter and Voyage charter presented as "Hire income" and "Freight income" respectively.

The following table presents net vessel operating income from Time charter and Voyage charter of the Group for the three-month periods ended 31 March 2019 and 2018.

(Unit: Thousand Baht)

Consolidated financial statements										
For the three-month periods ended 31 March										
	Time charter		Voyage charter		Total		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hire income	846,776	1,014,728	-	-	846,776	1,014,728	-	-	846,776	1,014,728
Freight income	-	-	135,296	73,496	135,296	73,496	(33,242)	112	102,054	73,608
Total vessel operating income	846,776	1,014,728	135,296	73,496	982,072	1,088,224	(33,242)	112	948,830	1,088,336
Voyage disbursements	-	-	(57,619)	(6,402)	(57,619)	(6,402)	33,242	(112)	(24,377)	(6,514)
Bunker consumption	-	-	(26,500)	(16,733)	(26,500)	(16,733)	-	-	(26,500)	(16,733)
Total voyage expenses	-	-	(84,119)	(23,135)	(84,119)	(23,135)	33,242	(112)	(50,877)	(23,247)
Net vessel operating income/time charter equivalent income	846,776	1,014,728	51,177	50,361	897,953	1,065,089	-	-	897,953	1,065,089

16. Contingent Liability in respect of the Arbitrations regarding the cancellation of the Shipbuilding Contracts with Sainty

As mentioned in Note 9 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 therefore 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.

17. Events after the reporting period

17.1 Approval of the reduction of the registered capital

On 4 April 2019, the Annual General Meeting of the Shareholders passed a resolution approving the reduction of the registered capital of the Company 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. On 9 April 2019, the Company completed the registration of the aforementioned reduction of the registered capital with the Ministry of Commerce.

17.2 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 33.83 million (The Company only: Baht 28.25 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

18. Functional currency financial statements

The USD functional currency statements of financial position as at 31 March 2019 and 31 December 2018 and the income statements for the three-month periods ended 31 March 2019 and 2018 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2019	2018	2019	2018
Assets				
Current assets				
Cash and cash equivalents	53,083	56,790	21,931	15,304
Trade and other receivables	6,843	7,834	125,690	128,062
Bunker oil	1,068	2,957	-	-
Other current assets				
Advances to vessel masters	2,517	2,693	-	-
Claim recoverables	563	192	-	-
Others	1,430	941	380	389
Total other current assets	4,510	3,826	380	389
Total current assets	65,504	71,407	148,001	143,755
Non-current assets				
Long-term loans to subsidiaries	-	-	147,202	154,702
Investments in subsidiaries	-	-	200,254	200,254
Investment in associate held by a subsidiary	2,168	2,261	-	-
Other long-term investment	568	568	568	568
Receivables from cross currency swap contracts	21,194	17,430	20,735	17,231
Property, plant and equipment	683,188	690,582	282	291
Intangible assets	-	-	-	-
Other non-current assets				
Claim recoverables - maritime claims	1,635	1,595	-	-
Advances for vessel constructions	67,900	67,900	67,644	67,644
Deferred contract costs	5,815	5,952	-	-
Others	152	150	127	126
Total other non-current assets	75,502	75,597	67,771	67,770
Total non-current assets	782,620	786,438	436,812	440,816
Total assets	848,124	857,845	584,813	584,571

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2019	2018	2019	2018
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade and other payables	2,375	2,274	202	21
Advances received from related parties	-	-	54,362	53,213
Accrued crew accounts	2,748	2,661	-	-
Accrued expenses	4,139	5,946	1,306	1,326
Accrued employee bonus	264	1,097	188	787
Total trade and other payables	9,526	11,978	56,058	55,347
Advances received from charterers	771	614	-	-
Current portion of long-term loans	74,459	57,850	-	-
Income tax payable	30	30	-	-
Other current liabilities	787	668	444	424
Total current liabilities	85,573	71,140	56,502	55,771
Non-current liabilities				
Long-term loans - net of current portion	195,205	220,349	-	-
Debentures	173,257	169,824	173,257	169,824
Provision for maritime claims	1,916	1,843	-	-
Provision for long-term employee benefits	3,395	3,456	2,664	2,766
Total non-current liabilities	373,773	395,472	175,921	172,590
Total liabilities	459,346	466,612	232,423	228,361
Shareholders' equity				
Share capital				
Registered share capital	52,598	52,598	52,598	52,598
Issued and paid-up share capital	51,055	51,055	51,055	51,055
Paid-in capital				
Premium on ordinary shares	63,290	63,290	63,290	63,290
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	538	543	538	543
Unappropriated	253,882	256,547	229,886	233,701
Other components of shareholders' equity	(2,069)	(2,284)	-	-
Equity attributable to owner of the Company	388,777	391,232	352,390	356,210
Non-controlling interests of the subsidiaries	1	1	-	-
Total shareholders' equity	388,778	391,233	352,390	356,210
Total liabilities and shareholders' equity	848,124	857,845	584,813	584,571

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2019**

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Revenues				
Vessel operating income				
Hire income	26,872	32,361	-	-
Freight income	3,239	2,347	-	-
Total vessel operating income	30,111	34,708	-	-
Service income	32	29	705	703
Interest income	293	82	102	60
Exchange gains	-	6	28	88
Other income	4	-	-	-
Total revenues	30,440	34,825	835	851
Expenses				
Vessel operating costs				
Vessel running expenses	12,635	12,099	-	-
Voyage disbursements	774	208	-	-
Bunker consumption	841	533	-	-
Total vessel operating costs	14,250	12,840	-	-
Depreciation	9,435	8,856	24	24
Cost of services	70	62	-	-
Administrative expenses	2,617	2,963	1,638	1,896
Management remuneration including perquisites	631	700	627	663
Bad debts and doubtful accounts (reversal)	1	(62)	-	-
Exchange losses	36	-	-	-
Total expenses	27,040	25,359	2,289	2,583
Profit (loss) before share of profit (loss) from investment in associate and finance cost	3,400	9,466	(1,454)	(1,732)
Share of profit (loss) from investment in associate held by a subsidiary	(93)	116	-	-
Profit (loss) before finance cost	3,307	9,582	(1,454)	(1,732)
Finance cost	(5,977)	(6,148)	(2,366)	(2,322)
Profit (loss) for the period	(2,670)	3,434	(3,820)	(4,054)
Profit (loss) attributable to:				
Equity holders of the Company	(2,670)	3,434	(3,820)	(4,054)
Non-controlling interests of the subsidiaries	-	-	-	-
Profit (loss) for the period	(2,670)	3,434	(3,820)	(4,054)
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	(0.0017)	0.0022	(0.0024)	(0.0026)
Weighted average number of ordinary shares (Thousand shares)	1,559,292	1,559,281	1,559,292	1,559,281

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 7 May 2019.