

Precious Shipping Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and six-month periods ended
30 June 2020

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 30 June 2020, the related consolidated statements of income, and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Precious Shipping Public Company Limited for the same periods (collectively "interim financial information"). 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 matters

My opinion is not modified in respect of these matters. I draw attention to the following notes to the interim consolidated financial statements.

1. Material Uncertainty Related to Going Concern

As discussed in Notes 1.2 and 1.3 to the interim consolidated financial statements regarding the ability of the Group to continue as a going concern, the Group suffered an operating loss during the current period, and as at 30 June 2020 its current liabilities exceeded current assets by Baht 2,747 million (The Company only: nil). The Group is addressing this issue by raising new credit facilities. Management therefore believes that the Group will be able to continue as a going concern.

Additionally, the Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more. The duration and extent of the economic impact of Covid-19 has increased uncertainty around the Group's business activities. This has significantly impacted the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group has continuously monitored developments and assessed the financial impact in respect of the valuation of assets and provisions and contingent liabilities and will record the impact when it is possible to do so.

The financial statements have been prepared under the going concern basis. However, the above circumstances indicate that there are significant uncertainties which may raise substantial doubt about the Group's ability to continue as a going concern. This will depend on the success of future financial plans and the impact of the Covid-19 situation.

2. The execution of the Settlement Agreement regarding the cancellation of the Shipbuilding Contracts

As discussed in Notes 9 and 16 to the interim consolidated financial statements, regarding the cancellation of the Shipbuilding Contracts (“SBCs”), the Company and Jiangsu Guoxin Corporation Ltd. (formerly known as “Sainty Marine Corporation Ltd.”) (collectively “Parties”) executed an amicable settlement agreement (“Settlement Agreement”) in order to fully and finally settle any and all of their disputes and claims arising out of and/or in relation to the SBCs, the refund guarantees thereof and/or the arbitration and court proceedings.

This Settlement Agreement is binding upon the Parties, subject to the terms and conditions specified, with Sainty to refund advances in the amount agreed between the Parties.

The Company recorded the amount that was not refunded amounting to Baht 869 million (The Company only: Baht 861 million) as an expense in the income statements. Following the Company’s receipt of the full amount per the Settlement Agreement, the Parties will withdraw their claims, counterclaims and/or appeals in relation to the SBCs and terminate all related arbitration and court proceedings, with no remaining and/or outstanding issues or claims. The Company has now received full settlement per the Settlement Agreement.

3. The Accounting Guidance issued by the Federation of Accounting Professions

As discussed in Note 1.6 to the interim consolidated financial statements, due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month and six-month periods ended 30 June 2020, the Group has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of Covid-19 Pandemic issued by the Federation of Accounting Professions.

Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 10 August 2020

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	30 June 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Assets					
Current assets					
Cash and cash equivalents		894,506	1,181,181	272,946	443,251
Restricted bank deposit	11	33,980	-	-	-
Trade and other receivables	3, 4	136,986	182,610	3,737,447	3,479,693
Short-term loans to subsidiary	5	-	-	33,362	129,662
Bunker oil		67,525	176,486	-	-
Derivative assets	2	510,014	-	510,014	-
Advances for vessel constructions	9	1,251,065	-	1,251,065	-
Other current assets					
Advances to vessel masters		72,154	73,486	-	-
Claim recoverables		4,576	10,639	-	-
Others		52,312	56,120	12,196	16,413
Total other current assets		129,042	140,245	12,196	16,413
Total current assets		3,023,118	1,680,522	5,817,030	4,069,019
Non-current assets					
Long-term loans to subsidiary	5	-	-	3,625,324	4,523,100
Derivative assets	2	29,488	-	15,275	-
Receivables from cross currency swap contracts	2	-	950,891	-	921,749
Investments in subsidiaries	6	-	-	7,598,637	6,038,468
Investment in associate held by a subsidiary	7	67,380	68,092	-	-
Investment in equity instrument of non-listed company		17,532	17,114	17,532	17,114
Property, plant and equipment	8	20,081,431	20,097,548	7,442	6,668
Right-of-use assets	2	27,563	-	23,065	-
Intangible assets		6,825	6,750	6,825	6,749
Other non-current assets					
Claim recoverables - maritime claims		38,458	24,656	-	-
Advances for vessel constructions	9	-	2,047,470	-	2,039,751
Deferred contract costs	10	158,234	162,783	-	-
Others		4,766	4,726	4,001	3,963
Total other non-current assets		201,458	2,239,635	4,001	2,043,714
Total non-current assets		20,431,677	23,380,030	11,298,101	13,557,562
Total assets		23,454,795	25,060,552	17,115,131	17,626,581

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 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables					
Trade and other payables	4	112,386	70,721	5,888	13,458
Advances received from related parties	4	-	-	1,969,229	1,749,784
Accrued crew accounts		84,584	84,750	-	-
Accrued expenses		84,460	338,001	42,492	59,705
Accrued employee bonus		-	34,421	-	24,609
Total trade and other payables		281,430	527,893	2,017,609	1,847,556
Advances received from charterers		38,575	75,091	-	-
Current portion of long-term loans	11	1,857,635	2,137,258	-	-
Current portion of debentures	12	3,567,674	1,947,630	3,567,674	1,947,630
Current portion of lease liabilities	2	5,235	-	4,065	-
Income tax payable		1,448	1,507	-	-
Other current liabilities		18,325	22,872	13,517	13,318
Total current liabilities		5,770,322	4,712,251	5,602,865	3,808,504
Non-current liabilities					
Long-term loans - net of current portion	11	5,393,976	5,011,892	-	-
Debentures - net of current portion	12	1,559,152	3,565,212	1,559,152	3,565,212
Lease liabilities - net of current portion	2	21,810	-	18,592	-
Derivative liabilities	2	101,336	-	-	-
Provision for maritime claims	13	58,318	46,240	-	-
Provision for long-term employee benefits		167,953	165,911	129,220	129,517
Total non-current liabilities		7,302,545	8,789,255	1,706,964	3,694,729
Total liabilities		13,072,867	13,501,506	7,309,829	7,503,233

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 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	30 June 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Shareholders' equity				
Share capital				
Registered share capital				
1,559,291,862 ordinary shares of Baht 1 each	1,559,292	1,559,292	1,559,292	1,559,292
Issued and fully paid up				
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	17,954	17,696	17,954	17,696
Unappropriated	7,517,692	8,891,671	6,003,212	6,587,678
Other components of shareholders' equity	(1,480,657)	(1,677,260)	(19,451)	(285,613)
Equity attributable to owners of the Company	10,381,896	11,559,014	9,805,302	10,123,348
Non-controlling interests of the subsidiaries	32	32	-	-
Total shareholders' equity	10,381,928	11,559,046	9,805,302	10,123,348
Total liabilities and shareholders' equity	23,454,795	25,060,552	17,115,131	17,626,581
	-	-	-	-

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

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Directors
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Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 June 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Vessel operating income					
Hire income		557,705	773,098	-	-
Freight income		121,811	230,220	-	-
Total vessel operating income		679,516	1,003,318	-	-
Service income	4	780	3,926	22,300	22,238
Gains on sales of equipment		-	387	-	-
Interest income	4	2,629	9,692	44,963	4,041
Total revenues		682,925	1,017,323	67,263	26,279
Expenses					
Vessel operating costs					
Vessel running expenses		375,769	416,686	-	-
Voyage disbursements		25,280	42,885	-	-
Bunker consumption		51,190	74,612	-	-
Total vessel operating costs		452,239	534,183	-	-
Depreciation	8	303,610	297,776	1,980	778
Cost of services		993	1,024	-	-
Administrative expenses	4	65,265	114,203	42,962	76,962
Management remuneration including perquisites	4	16,688	32,396	17,492	33,085
Losses on settlement agreement	9, 16	868,717	-	860,602	-
Expected credit losses/Bad debts and doubtful accounts		-	1,556	-	-
Exchange losses		21,539	3,375	17,354	1,851
Total expenses		1,729,051	984,513	940,390	112,676
Profit (loss) from operating activities		(1,046,126)	32,810	(873,127)	(86,397)
Share of profit from investment in					
associate held by a subsidiary	7.1	3,677	7,917	-	-
Gain on derivative		17,545	-	17,545	-
Finance cost		(158,171)	(181,787)	(71,588)	(73,360)
Loss for the period		(1,183,075)	(141,060)	(927,170)	(159,757)

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 30 June 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Loss attributable to:					
Equity holders of the Company		(1,183,074)	(141,060)	(927,170)	(159,757)
Non-controlling interests of the subsidiaries		(1)	-	-	-
Loss for the period		<u>(1,183,075)</u>	<u>(141,060)</u>	<u>(927,170)</u>	<u>(159,757)</u>
Basic earnings per share	14				
Loss attributable to equity holders of the Company		<u>(0.76)</u>	<u>(0.09)</u>	<u>(0.59)</u>	<u>(0.10)</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 comprehensive income

For the three-month period ended 30 June 2020

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Loss for the period	(1,183,075)	(141,060)	(927,170)	(159,757)
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	3,657	(5,142)	-	-
Losses on cash flow hedges	(37,998)	-	(35,527)	-
Changes in cost of hedges	15,499	-	15,358	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(18,842)	(5,142)	(20,169)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss	-	(4,283)	-	(3,370)
Exchange differences on translation of functional currency to presentation currency financial statements	(639,856)	(413,763)	(594,118)	(372,308)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(639,856)	(418,046)	(594,118)	(375,678)
Other comprehensive income for the period	(658,698)	(423,188)	(614,287)	(375,678)
Total comprehensive income for the period	(1,841,773)	(564,248)	(1,541,457)	(535,435)
Total comprehensive income attributable to:				
Equity holders of the Company	(1,841,770)	(564,247)	(1,541,457)	(535,435)
Non-controlling interests of the subsidiaries	(3)	(1)	-	-
	(1,841,773)	(564,248)	(1,541,457)	(535,435)

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

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the six-month period ended 30 June 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Vessel operating income					
Hire income		1,253,722	1,619,874	-	-
Freight income		480,080	332,274	-	-
Total vessel operating income		1,733,802	1,952,148	-	-
Service income	4	1,788	4,949	44,958	44,452
Gains on sales of equipment		-	387	-	-
Exchange gains		3,086	-	1,542	-
Interest income	4	6,713	18,920	99,112	7,263
Other income		-	119	-	-
Total revenues		1,745,389	1,976,523	145,612	51,715
Expenses					
Vessel operating costs					
Vessel running expenses		758,307	814,830	-	-
Voyage disbursements		100,617	67,262	-	-
Bunker consumption		195,250	101,112	-	-
Total vessel operating costs		1,054,174	983,204	-	-
Depreciation	8	610,096	595,084	3,883	1,532
Cost of services		2,050	3,228	-	-
Administrative expenses	4	169,791	196,665	132,190	128,590
Management remuneration including perquisites	4	23,776	52,295	25,318	52,853
Losses on settlement agreement	9, 16	868,717	-	860,602	-
Expected credit losses/Bad debts and doubtful accounts		8,912	1,589	-	-
Exchange losses		-	4,510	-	975
Total expenses		2,737,516	1,836,575	1,021,993	183,950
Profit (loss) from operating activities		(992,127)	139,948	(876,381)	(132,235)
Share of profit from investment in					
associate held by a subsidiary	7.1	4,529	4,982	-	-
Gain on derivative		17,545	-	17,545	-
Finance cost		(330,120)	(370,133)	(151,083)	(147,900)
Loss for the period		(1,300,173)	(225,203)	(1,009,919)	(280,135)

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 six-month period ended 30 June 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Loss attributable to:					
Equity holders of the Company		(1,300,172)	(225,203)	(1,009,919)	(280,135)
Non-controlling interests of the subsidiaries		(1)	-	-	-
Loss for the period		<u>(1,300,173)</u>	<u>(225,203)</u>	<u>(1,009,919)</u>	<u>(280,135)</u>
Basic earnings per share	14				
Loss attributable to equity holders of the Company		<u>(0.83)</u>	<u>(0.14)</u>	<u>(0.65)</u>	<u>(0.18)</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 comprehensive income

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Loss for the period	(1,300,173)	(225,203)	(1,009,919)	(280,135)
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	(6,580)	3,141	-	-
Losses on cash flow hedges	(232,456)	-	(160,021)	-
Changes in cost of hedges	38,742	-	37,343	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(200,294)	3,141	(122,678)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss	-	(4,283)	-	(3,370)
Exchange differences on translation of functional currency to presentation currency financial statements	323,393	(665,668)	289,744	(600,753)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	323,393	(669,951)	289,744	(604,123)
Other comprehensive income for the period	123,099	(666,810)	167,066	(604,123)
Total comprehensive income for the period	(1,177,074)	(892,013)	(842,853)	(884,258)
Total comprehensive income attributable to:				
Equity holders of the Company	(1,177,074)	(892,011)	(842,853)	(884,258)
Non-controlling interests of the subsidiaries	-	(2)	-	-
	(1,177,074)	(892,013)	(842,853)	(884,258)

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 six-month period ended 30 June 2020

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
				Retained earnings				Other components of shareholders' equity				Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	
				Appropriated		Corporate social responsibility reserve	Other comprehensive income			Total other components of shareholders' equity	Total		Total	
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Statutory reserve	Subsidiaries		Unappropriated	Exchange differences on translation of financial statements	Gains (losses) on cash flow hedges			Changes in cost of hedges		attribution to owners of the Company
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)	-	-	(784,562)	12,695,421	35	12,695,456
Loss for the period	-	-	-	-	-	-	(225,203)	-	-	-	-	(225,203)	-	(225,203)
Other comprehensive income for the period	-	-	-	-	-	-	(4,283)	(662,525)	-	-	(662,525)	(666,808)	(2)	(666,810)
Total comprehensive income for the period	-	-	-	-	-	-	(229,486)	(662,525)	-	-	(662,525)	(892,011)	(2)	(892,013)
Appropriated to corporate social responsibility reserve	-	-	-	-	-	299	(299)	-	-	-	-	-	-	-
Balance as at 30 June 2019	1,559,292	1,967,897	172,446	103,952	523,320	17,692	8,905,898	(1,447,087)	-	-	(1,447,087)	11,803,410	33	11,803,443
Balance as at 1 January 2020	1,559,292	1,967,897	172,446	103,952	523,320	17,696	8,891,671	(1,677,260)	-	-	(1,677,260)	11,559,014	32	11,559,046
Cumulative effect of change in accounting policy (Note 2)	-	-	-	-	-	-	(73,549)	-	139,020	(65,515)	73,505	(44)	-	(44)
Balance as at 1 January 2020 - as restated	1,559,292	1,967,897	172,446	103,952	523,320	17,696	8,818,122	(1,677,260)	139,020	(65,515)	(1,603,755)	11,558,970	32	11,559,002
Loss for the period	-	-	-	-	-	-	(1,300,172)	-	-	-	-	(1,300,172)	(1)	(1,300,173)
Other comprehensive income for the period	-	-	-	-	-	-	-	316,812	(232,456)	38,742	123,098	123,098	1	123,099
Total comprehensive income for the period	-	-	-	-	-	-	(1,300,172)	316,812	(232,456)	38,742	123,098	(1,177,074)	-	(1,177,074)
Appropriated to corporate social responsibility reserve	-	-	-	-	-	258	(258)	-	-	-	-	-	-	-
Balance as at 30 June 2020	1,559,292	1,967,897	172,446	103,952	523,320	17,954	7,517,692	(1,360,448)	(93,436)	(26,773)	(1,480,657)	10,381,896	32	10,381,928
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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 six-month period ended 30 June 2020

(Unit: Thousand Baht)

	Separate financial statements										
	Retained earnings						Other components of shareholders' equity				
				Appropriated			Other comprehensive income			Total other components of shareholders' equity	Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Statutory reserve	Corporate social responsibility reserve		Exchange differences on translation of financial statements	Gains (losses) on cash flow hedges	Changes in cost of hedges		
					Unappropriated						
Balance as at 1 January 2019	1,559,292	1,967,897	172,446	103,952	17,393	7,220,773	517,204	-	-	517,204	11,558,957
Loss for the period	-	-	-	-	-	(280,135)	-	-	-	-	(280,135)
Other comprehensive income for the period	-	-	-	-	-	(3,370)	(600,753)	-	-	(600,753)	(604,123)
Total comprehensive income for the period	-	-	-	-	-	(283,505)	(600,753)	-	-	(600,753)	(884,258)
Appropriated to corporate social responsibility reserve	-	-	-	-	299	(299)	-	-	-	-	-
Balance as at 30 June 2019	1,559,292	1,967,897	172,446	103,952	17,692	6,936,969	(83,549)	-	-	(83,549)	10,674,699
Balance as at 1 January 2020	1,559,292	1,967,897	172,446	103,952	17,696	6,587,678	(285,613)	-	-	(285,613)	10,123,348
Cumulative effect of change in accounting policy (Note 2)	-	-	-	-	-	425,711	-	160,648	(61,552)	99,096	524,807
Balance as at 1 January 2020 - as restated	1,559,292	1,967,897	172,446	103,952	17,696	7,013,389	(285,613)	160,648	(61,552)	(186,517)	10,648,155
Loss for the period	-	-	-	-	-	(1,009,919)	-	-	-	-	(1,009,919)
Other comprehensive income for the period	-	-	-	-	-	-	289,744	(160,021)	37,343	167,066	167,066
Total comprehensive income for the period	-	-	-	-	-	(1,009,919)	289,744	(160,021)	37,343	167,066	(842,853)
Appropriated to corporate social responsibility reserve	-	-	-	-	258	(258)	-	-	-	-	-
Balance as at 30 June 2020	1,559,292	1,967,897	172,446	103,952	17,954	6,003,212	4,131	627	(24,209)	(19,451)	9,805,302
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

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 six-month period ended 30 June 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss before tax	(1,300,173)	(225,203)	(1,009,919)	(280,135)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	610,584	595,087	4,371	1,535
Expected credit losses/Bad debts and doubtful accounts	8,912	1,589	-	-
Losses on settlement agreement	868,717	-	860,602	-
Gains on sales of equipment	-	(387)	-	-
Write-off equipment	12	-	12	-
Amortisation of deferred contract costs	8,764	8,644	-	-
Share of profit from investment in associate held by a subsidiary	(4,529)	(4,982)	-	-
Reversal of provision for maritime claims	(2,331)	(915)	-	-
Provision for long-term employee benefits	7,002	38,516	4,651	30,888
Unrealised exchange losses (gains)	6,602	251	7,343	(1,489)
Amortised financial fees to interest expense	9,123	6,597	-	-
Finance cost	322,278	359,057	145,903	143,636
Amortisation of deferred debentures issuing cost	2,840	2,925	2,840	2,925
Interest income	-	-	(94,968)	-
Profit (loss) from operating activities before changes in operating assets and liabilities	537,801	781,179	(79,165)	(102,640)
Operating assets (increase) decrease				
Trade and other receivables	42,392	34,099	(82,319)	(25,940)
Bunker oil	116,614	(58,802)	-	-
Other current assets	14,636	(23,951)	5,084	872
Other non-current assets	-	2	-	2
Operating liabilities increase (decrease)				
Trade and other payables	(265,424)	42,838	130,757	66,266
Advances received from charterers	(39,497)	34,574	-	-
Other current liabilities	(5,466)	6,134	(200)	(76)
Other non-current liabilities	(4,920)	(6,888)	(4,920)	(6,888)
Cash flows from (used in) operating activities	396,136	809,185	(30,763)	(68,404)
Cash paid for corporate income tax and withholding tax deducted at source	(3)	(2,380)	(627)	(832)
Net cash flows from (used in) operating activities	396,133	806,805	(31,390)	(69,236)

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 six-month period ended 30 June 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Acquisitions of equipment and payment of dry-dock and special survey expenses	(86,135)	(178,035)	(2,348)	(692)
Cash received from sales of equipment	-	405	-	-
Acquisitions of computer software	(397)	-	(397)	-
Decrease in loans to subsidiary	-	-	203,505	393,725
Dividend received from associate held by a subsidiary	2,058	6,759	-	-
Net cash flows from (used in) investing activities	(84,474)	(170,871)	200,760	393,033
Cash flows from financing activities				
Increase in restricted bank deposit	(34,875)	-	-	-
Cash paid for interest expense	(321,820)	(360,795)	(147,388)	(145,374)
Cash paid for deferred financial fees	(8,957)	-	-	-
Cash paid for lease liabilities	(2,731)	-	(2,389)	-
Cash paid for derivative	(18,305)	-	(18,305)	-
Cash received from long-term loans	1,226,695	-	-	-
Repayment of long-term loans	(401,859)	(568,233)	-	-
Prepayment of long-term loans	(887,062)	-	-	-
Repayment of debentures - net	(186,621)	-	(186,621)	-
Net cash flows used in financing activities	(635,535)	(929,028)	(354,703)	(145,374)
Increase (decrease) in translation adjustments	37,201	(89,905)	15,028	(30,477)
Net increase (decrease) in cash and cash equivalents	(286,675)	(382,999)	(170,305)	147,946
Cash and cash equivalents at beginning of period	1,181,181	1,842,832	443,251	496,614
Cash and cash equivalents at end of period	894,506	1,459,833	272,946	644,560
	-	-	-	-

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

Precious Shipping Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2020

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 No. 8, North Sathorn Road, G, 7th, 8th and 9th floors, Silom, Bangrak, Bangkok 10500.

1.2 Fundamental accounting assumptions

The Group suffered an operating loss during the current period. As at 30 June 2020, the Group's current liabilities exceeded current assets by USD 89 million (The Company only: nil). The Group obtained a 1.5-year extension on the term for one of its debentures (PSL206A) during this period. Current liabilities are elevated mainly due to a debenture (PSL211A) which is maturing in January 2021 and for which the Group obtained a 1.5-year extension on 30 July 2020. These debt agreement extensions mitigate the risk of the Group's ability to continue as a going concern. The Management plans to execute the next prong of its strategy which is to boost liquidity and further increase its current asset position through the raising of new credit facilities and believes that these actions will enable it to continue as a going concern. The financial statements have been prepared under the going concern basis.

1.3 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

(Unaudited but reviewed)

The uncertainty over when shutdowns will end and when businesses will go back to normal has made debt capital market investors more risk averse. This dysfunction in the debt capital market has hindered the Group's plan of issuing new credit facilities to reduce the gap between its current liabilities and current assets position. In addition, the slowdown in global industrial activity has impacted the Group's operating results due to lower demand for the transportation of dry-bulk commodities. However, the impact cannot be reasonably estimated at this stage. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

1.4 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 in Thai Baht is in accordance with 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.

1.5 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 2019. There have been no changes in the composition of the Group during the current period.

1.6 New financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. 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 Group’s financial statements. However, the new standard involves 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.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Classification and measurement of investment in equity instrument of non-listed company - The Company measures investment in equity instrument of non-listed company at fair value and classifies the investment as financial assets at fair value through other comprehensive income.
- Initial recognition of financial assets at fair value - The Company measures long-term loans to subsidiaries that carry no interest at fair value. The fair value is measured at the present value of all future cash receipts discounted using the market rate for a similar financial instrument. The difference between fair value and book value of long-term loans to subsidiaries is recognised as investment in subsidiaries.
- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. However, the Group applies hedge accounting for certain derivatives.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

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.

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, *Impairment of Assets*.
- To measure the fair value of investment in unquoted equity instrument using the fair value as at 1 January 2020.
- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.

1.7 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 2019 except the changes in accounting policies related to financial instruments and leases.

1.7.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instrument are measured at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss unless hedge accounting is applied to the derivative contracts.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

Hedge Accounting

If hedge accounting criteria are met for cash flow hedges, a change in fair value of the effective portion of the hedging instrument is recognised in other comprehensive income, while a change in fair value of the ineffective portion of the hedging instruments is recognised in income statement. The Group excludes the time value of an option contract and the foreign currency basis spread of foreign currency swaps from the designation of those financial instruments as the hedging instruments. The time value and the foreign currency basis spreads are recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging.

1.7.2 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.6 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings and other components of shareholders' equity of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	31 December 2019	The impacts of		1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Derivative assets	-	321,968	-	321,968
Non-current assets				
Derivative assets	-	664,489	-	664,489
Receivables from cross currency swap contracts	950,891	(950,891)	-	-
Right-of-use assets	-	-	29,171	29,171
Liabilities and shareholders' equity				
Current liabilities				
Accrued expenses	338,001	(741)	-	337,260
Current portion of lease liabilities	-	-	4,225	4,225
Non-current liabilities				
Lease liabilities - net of current portion	-	-	24,946	24,946
Derivative liabilities	-	36,351	-	36,351
Shareholders' equity				
Retained earnings - unappropriated	8,891,671	(73,549) ^(A)	-	8,818,122
Other components of shareholders' equity	(1,677,260)	73,505	-	(1,603,755)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2019	The impacts of		1 January 2020
Financial reporting standards related to financial instruments		TFRS 16		
Statement of financial position				
Assets				
Current assets				
Derivative assets	-	321,968	-	321,968
Non-current assets				
Long-term loans to subsidiary	4,523,100	(888,021)	-	3,635,079
Derivative assets	-	633,609	-	633,609
Receivables from cross currency swap contracts	921,749	(921,749)	-	-
Investments in subsidiaries	6,038,468	1,379,000	-	7,417,468
Right-of-use assets	-	-	24,491	24,491
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	3,421	3,421
Non-current liabilities				
Lease liabilities - net of current portion	-	-	21,070	21,070
Shareholders' equity				
Retained earnings - unappropriated	6,587,678	425,711 ^(A)	-	7,013,389
Other components of shareholders' equity	(285,613)	99,096	-	(186,517)

^(A)Please see Note 2.1 to the financial statements.

(Unaudited but reviewed)

2.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Initial recognition of financial assets at fair value	-	490,979
Recognition of hedging derivatives at fair value through other comprehensive income	(73,549)	(65,268)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	(73,549)	425,711

Details of the impact on other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Recognition of hedging derivatives at fair value through other comprehensive income	73,505	99,096
Impacts on other components of shareholders' equity due to the adoption of financial reporting standards related to financial instruments	73,505	99,096

(Unaudited but reviewed)

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	1,181,181	-	1,181,181	1,181,181
Trade and other receivables	182,610	-	182,610	182,610
Derivative assets	-	986,457	-	986,457
Claim recoverables	10,639	-	10,639	10,639
Investment in equity instrument of non-listed company	17,114	17,114	-	17,114
Advances for vessel constructions	2,047,470	-	2,047,470	2,047,470
Total financial assets	3,439,014	1,003,571	3,421,900	4,425,471

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	443,251	-	443,251	443,251
Trade and other receivables	3,479,693	-	3,479,693	3,479,693
Short-term loans to subsidiary	129,662	-	129,662	129,662
Derivative assets	-	955,577	-	955,577
Long-term loans to subsidiary	3,635,079	-	3,635,079	3,635,079
Investment in equity instrument of non-listed company	17,114	17,114	-	17,114
Advances for vessel constructions	2,039,751	-	2,039,751	2,039,751
Total financial assets	9,744,550	972,691	9,727,436	10,700,127

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through other comprehensive income except derivative liabilities of which fair value is Baht 36.35 million (The Company only: None).

(Unaudited but reviewed)

2.2 Leases

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	34,266	29,065
Less: Deferred interest expenses	(5,095)	(4,574)
Lease liabilities as at 1 January 2020 due to TFRS 16 adoption	<u>29,171</u>	<u>24,491</u>
Comprise of:		
Current lease liabilities	4,225	3,421
Non-current lease liabilities	<u>24,946</u>	<u>21,070</u>
	<u>29,171</u>	<u>24,491</u>

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	132,372	174,033	-	-
3 - 6 months	1,321	128	-	-
6 - 12 months	3,293	8,843	-	-
Over 12 months	9,059	151	-	-
Total	<u>146,045</u>	<u>183,155</u>	-	-
Less: Allowance for expected credit losses/Allowance for doubtful debts	<u>(9,059)</u>	<u>(545)</u>	-	-
Total trade receivables - unrelated parties, net	<u>136,986</u>	<u>182,610</u>	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<u>Other receivables - related parties (Note 4)</u>				
Advances to related parties	-	-	3,645,080	3,479,693
Interest receivables	-	-	92,367	-
Total other receivables	-	-	3,737,447	3,479,693
Total trade and other receivables - net	136,986	182,610	3,737,447	3,479,693

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 30 June				Transfer pricing policy
	Consolidated		Separate		
	2020	2019	2020	2019	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	22,300	22,238	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Interest income	-	-	47,626	-	At interest rate of 5.00% per annum
Condominium rental expenses	-	-	1,937	1,740	Market price
Transaction with associate					
Dividend received	2,058	-	-	-	As declared
Transactions with related companies					
Air ticket expenses	-	1,203	-	345	Market price
Rental and service expenses	5,618	2,107	957	1,985	Market price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2020	2019	2020	2019	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	44,958	44,452	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Interest income	-	-	94,954	-	At interest rate of 5.00% per annum
Condominium rental expenses	-	-	3,982	3,474	Market price
Transaction with associate					
Dividend received	2,058	6,759	-	-	As declared
Transactions with related companies					
Air ticket expenses	245	3,494	184	966	Market price
Rental and service expenses	10,788	7,597	4,538	6,108	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	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
Other receivables - related parties (Note 3)				
Subsidiaries	-	-	3,737,447	3,479,693
Total other receivables - related parties	-	-	3,737,447	3,479,693
Trade and other payables - related parties				
Subsidiaries	-	-	1,969,229	1,749,784
Related companies	2,723	78	12	40
Total trade and other payables - related parties	2,723	78	1,969,241	1,749,824
Lease liabilities				
Related company	7,249	-	7,249	-
Total lease liabilities	7,249	-	7,249	-

The outstanding balances of the amounts due from/to subsidiaries represent current accounts between the Group. 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 and six-month periods ended 30 June 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	15,924	20,221	16,728	20,910
Post-employment benefits	764	12,175	764	12,175
Total	<u>16,688</u>	<u>32,396</u>	<u>17,492</u>	<u>33,085</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	22,228	39,497	23,770	40,055
Post-employment benefits	1,548	12,798	1,548	12,798
Total	<u>23,776</u>	<u>52,295</u>	<u>25,318</u>	<u>52,853</u>

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. Loans to subsidiaries

Loans to subsidiaries consisted of the following.

- 1) As at 30 June 2020, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited, are in the form of promissory notes amounting to USD 1.08 million (31 December 2019: USD 4.30 million), bearing no interest and are due at call. The Company intends to call for the loans repayment within one year; therefore, as at 30 June 2020 the loans are classified as short-term loans.

(Unaudited but reviewed)

- 2) On 30 December 2019, the Company executed a loan agreement with Precious Shipping (Singapore) Pte. Limited (“PSSP”) in order to refinance the existing loans amounting to USD 150 million between the Company as lender and PSSP as borrower. As at 30 June 2020, the Company had long-term loan to PSSP amounting to USD 117 million (31 December 2019: USD 150 million).

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

	(Unit: Thousand Baht)
	Separate financial statements
Balance as at 1 January 2020	4,652,762
Adjustments of long-term loans to subsidiary due to adoption financial reporting standards related to financial instruments	(888,021)
Decrease	(203,505)
Translation adjustment	97,450
Total	3,658,686
Less: reclassified to short-term loans to subsidiary	(33,362)
Balance as at 30 June 2020	3,625,324

6. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

Subsidiaries' name	(Unit: Thousand Baht)					
	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
			%	%		
Precious Metals Limited	275,000	275,000	99.99	99.99	327,305	319,502
Precious Wishes Limited	230,000	230,000	99.99	99.99	278,620	271,977
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	260,265	254,060
Precious Minerals Limited	230,000	230,000	99.99	99.99	236,667	231,024
Precious Lands Limited	306,000	306,000	99.99	99.99	299,520	292,379
Precious Rivers Limited*	234,000	234,000	99.99	99.99	196,863	192,169
Precious Lakes Limited	184,000	184,000	99.99	99.99	172,751	168,633
Precious Seas Limited*	100,000	100,000	99.99	99.99	121,139	118,251
Precious Stars Limited*	105,000	105,000	99.99	99.99	127,196	124,163
Precious Oceans Limited	175,000	175,000	99.99	99.99	211,993	206,939
Precious Planets Limited	270,000	270,000	99.99	99.99	287,451	280,597

(Unaudited but reviewed)

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30	31	30	31	30	31
	June	December	June	December	June	December
2020	2019	2020	2019	2020	2019	
Precious Diamonds Limited	205,000	205,000	99.99	99.99	179,965	175,674
Precious Sapphires Limited	144,000	144,000	99.99	99.99	122,098	119,186
Precious Emeralds Limited	366,000	366,000	99.99	99.99	292,772	285,791
Precious Rubies Limited	259,360	259,360	99.99	99.99	244,446	238,618
Precious Opals Limited	249,360	249,360	99.99	99.99	236,606	230,965
Precious Garnets Limited	379,000	379,000	99.99	99.99	301,975	294,776
Precious Pearls Limited	173,000	173,000	99.99	99.99	172,475	168,363
Precious Flowers Limited	336,000	336,000	99.99	99.99	332,546	324,617
Precious Forests Limited	286,000	286,000	99.99	99.99	258,535	252,371
Precious Trees Limited	202,000	202,000	99.99	99.99	201,825	197,013
Precious Ponds Limited	124,000	124,000	99.99	99.99	121,395	118,501
Precious Ventures Limited	202,000	202,000	99.99	99.99	218,919	213,700
Precious Capitals Limited	200,000	200,000	99.99	99.99	242,278	236,502
Precious Jasmines Limited	147,000	147,000	99.99	99.99	164,602	160,677
Precious Orchids Limited	217,000	217,000	99.99	99.99	186,006	181,571
Precious Lagoons Limited	140,000	140,000	99.99	99.99	169,595	165,551
Precious Cliffs Limited*	140,000	140,000	99.99	99.99	169,595	165,551
Precious Hills Limited*	140,000	140,000	99.99	99.99	169,595	165,551
Precious Mountains Limited*	140,000	140,000	99.99	99.99	169,595	165,551
Precious Resorts Limited	140,000	140,000	99.99	99.99	169,595	165,551
Precious Cities Limited*	170,000	170,000	99.99	99.99	192,851	188,253
Precious Comets Limited	141,000	141,000	99.99	99.99	128,940	125,866
Precious Ornaments Limited	156,000	156,000	99.99	99.99	141,513	138,139
Precious Moons Limited	1,000	1,000	99.98	99.98	943	921
Precious Venus Limited	298,800	298,800	99.99	99.99	261,934	255,689
Precious Neptune Limited	298,800	298,800	99.99	99.99	261,934	255,689
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	309	302
Precious Shipping (Singapore)						
Pte. Limited	363,338	363,338	100.00	100.00	1,736,739	316,331
Precious Shipping (UK) Limited	250	250	100.00	100.00	309	302
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	334,982	326,995
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					9,704,642	8,094,261
Less: Allowance for loss on investments in subsidiaries					(2,106,005)	(2,055,793)
Total investments in subsidiaries - net					7,598,637	6,038,468

* The subsidiaries are in the process of liquidation.

(Unaudited but reviewed)

As at 30 June 2020, the Company has pledged the shares of 18 subsidiaries amounting to Baht 3,148.60 million (net of allowance for loss on investments) (31 December 2019: 26 subsidiaries amounting to Baht 4,770.45 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 and impact of adoption financial reporting standards related to financial instruments.

As at 30 June 2020 and 31 December 2019, the amounts under allowance for loss on investments in subsidiaries in the separate financial statements are derived from subsidiaries which have sold vessels and insofar have no plan of buying replacement vessels.

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		Cost		Carrying amounts based on equity method		
		30 June	31 December	30 June	31 December	30 June	31 December	
Associate's name	Nature of business	2020	2019	2020	2019	2020	2019	
	Country of incorporation	%	%					
International Seaports (Haldia) Private Limited	Port development	India	22.40	22.40	62,944	61,443	67,380	68,092

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 30 June			
Associate's name		Share of profit		Dividend received	
		2020	2019	2020	2019
International Seaports (Haldia) Private Limited		3,677	7,917	2,058	-

(Unit: Thousand Baht)

		Consolidated financial statements			
		For the six-month periods ended 30 June			
Associate's name		Share of profit		Dividend received	
		2020	2019	2020	2019
International Seaports (Haldia) Private Limited		4,529	4,982	2,058	6,759

(Unaudited but reviewed)

Shares of profit from investment in associate held by a subsidiary for the three-month and six-month periods ended 30 June 2020 and 2019, included in the consolidated income statements, were calculated based on the financial information for the three-month and six-month periods ended 31 March 2020 and 2019, 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		Profit for the	
	31 March		31 March		31 March		six-month periods ended		six-month periods ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Thousand INR	Thousand INR								
International Seaports										
(Haldia) Private Limited	440,580	440,580	332,391	336,016	31,588	36,814	193,037	234,504	20,219	22,241

8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	20,097,548	6,668
Acquisitions of equipment and payment of dry-dock and special survey expenses during period - at cost	86,135	2,348
Write-off	(12)	(12)
Depreciation for the period	(607,302)	(1,705)
Translation adjustment	505,062	143
Net book value as at 30 June 2020	20,081,431	7,442

As at 30 June 2020, the subsidiaries have mortgaged 28 vessels (31 December 2019: 31 vessels) with net book value of Baht 15,944.64 million (31 December 2019: Baht 17,744.05 million) with banks to secure long-term loans as referred to in Note 11 to the financial statements.

(Unaudited but reviewed)

9. Advances for vessel constructions

Movements of the advances for vessel constructions account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	2,047,470	2,039,751
Losses on settlement agreement	(868,717)	(860,602)
Translation adjustment	72,312	71,916
Balance as at 30 June 2020	<u>1,251,065</u>	<u>1,251,065</u>

During the year 2016 and 2015, the Company cancelled 12 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 three vessels between 2016 and 2017. The Company received notices of arbitration from Sainty for the remaining nine vessels. 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.

(Unaudited but reviewed)

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

On 10 July 2020, the Company and Sainty (the Company and Sainty are jointly referred to as the “Parties”) executed an amicable settlement agreement (“Settlement Agreement”) in order to fully and finally settle any and all of their disputes and claims arising out of and/or in relation to the SBCs, the Vessels, the refund guarantees thereof and/or the arbitration and court proceedings. The key terms of the Settlement Agreement are as follows:

Settlement Amount	The Settlement Amount is USD 40,500,000 which shall be paid by Sainty and/or CEXIM (“Refund Guarantor”) (by way of the Buyer’s demand of payments under the relevant refund guarantees) to the Buyer on or before 31 July 2020 (“Payment Date”).
Effect of the Buyer’s receipt of the full Settlement Amount on or before the Payment date	<ul style="list-style-type: none"> • There shall be no remaining and/or outstanding issues whatsoever between the Parties. • The refund guarantees in relation to the Contracts shall become null and void and any and all responsibilities, duties, liabilities and obligations of the Refund Guarantor under each refund guarantee shall be discharged and released. • Both Parties will withdraw their claims, counterclaims and/or appeals in relation to the Contracts and terminate the arbitrations and court proceedings, with no remaining and/or outstanding issues.

(Unaudited but reviewed)

On 13 July 2020, the Company submitted a Letter of Demand to CEXIM to refund USD 40.50 million to the Company according to the Settlement Agreement, subsequently on 29 July 2020, the Company fully received USD 40.50 million as mentioned in Note 16 to the financial statements.

10. Deferred contract costs

Movements of the deferred contract costs account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2020	162,783
Amortisation for the period	(8,764)
Translation adjustment	4,215
Balance as at 30 June 2020	<u>158,234</u>

11. Long-term loan facilities

As at 30 June 2020 and 31 December 2019, long-term loans accounts are presented below.

(Unit: Thousand Baht)

Consolidated financial statements													
As at 30 June 2020													
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Total
Long-term loans	-	887,175	723,956	378,445	272,232	1,546,727	622,573	292,897	473,130	767,472	420,821	864,934	7,250,362
Add (less): Deferred financial fees	-	(1,324)	(6,082)	(1,456)	(892)	44,994	(18,798)	(4,125)	(3,939)	(10,520)	5,897	(2,506)	1,249
Total	-	885,851	717,874	376,989	271,340	1,591,721	603,775	288,772	469,191	756,952	426,718	862,428	7,251,611
Less: Current portion	-	(885,851)	(78,667)	(39,683)	(60,298)	(135,716)	(46,428)	-	(27,069)	(285,202)	(234,039)	(64,682)	(1,857,635)
Long-term loans - net of current portion	-	-	639,207	337,306	211,042	1,456,005	557,347	288,772	442,122	471,750	192,679	797,746	5,393,976

(Unit: Thousand Baht)

Consolidated financial statements													
As at 31 December 2019													
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Total
Long-term loans	529,629	951,419	745,416	388,866	295,268	1,552,745	578,580	349,127	470,731	818,027	468,279	-	7,148,087
Add (less): Deferred financial fees	(197)	(3,452)	(6,894)	(1,632)	(1,063)	45,069	(16,035)	(4,564)	(4,661)	(13,624)	8,116	-	1,063
Total	529,432	947,967	738,522	387,234	294,205	1,597,814	562,545	344,563	466,070	804,403	476,395	-	7,149,150
Less: Current portion	(529,432)	(737,052)	(76,726)	(38,723)	(58,841)	(176,639)	(57,358)	(36,270)	(35,175)	(157,254)	(233,788)	-	(2,137,258)
Long-term loans - net of current portion	-	210,915	661,796	348,511	235,364	1,421,175	505,187	308,293	430,895	647,149	242,607	-	5,011,892

(Unaudited but reviewed)

Movements of the long-term loans accounts during the six-month period ended 30 June 2020 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements													
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Total
Balance as at 1 January 2020	529,432	947,967	738,522	387,234	294,205	1,597,814	562,545	344,563	466,070	804,403	476,395	-	7,149,150
Add: Drawdown	-	-	-	-	-	-	336,068	-	-	-	-	890,627	1,226,695
Amortisation of financial fees	207	2,275	1,007	222	203	(1,209)	3,731	566	859	3,533	(2,486)	215	9,123
Less: Deferred financial fees	-	-	-	-	-	-	(6,161)	-	-	-	-	(2,796)	(8,957)
Repayment	(7,687)	(89,934)	(40,778)	(20,476)	(31,096)	(45,249)	(26,199)	(9,692)	(9,369)	(60,734)	(60,645)	-	(401,859)
Prepayment	(550,994)	-	-	-	-	-	(279,264)	(56,804)	-	-	-	-	(887,062)
Unrealised exchange gain	-	-	-	-	-	-	-	-	-	(11,848)	-	-	(11,848)
Translation adjustment	29,042	25,543	19,123	10,009	8,028	40,365	13,055	10,139	11,631	21,598	13,454	(25,618)	176,369
Balance as at 30 June 2020	-	885,851	717,874	376,989	271,340	1,591,721	603,775	288,772	469,191	756,952	426,718	862,428	7,251,611

(Unaudited but reviewed)

The Group's bank loan facilities are summarised below.

Facility	Bank	Borrower	Interest rate per loan/amendment agreement
Facility 1	DNB Asia ASA and 5 other banks, total 6 banks	The Company and indirect subsidiaries in Singapore	LIBOR + margin
Facility 2	ING Bank N.V. (Singapore Branch) and DNB Asia ASA	4 indirect subsidiaries in Singapore	LIBOR + margin
Facility 3	Bangkok Bank PLC. (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin
Facility 4	Bangkok Bank PLC. (Singapore Branch)	ABC Four Pte. Limited	LIBOR + margin
Facility 5	TMB Bank PLC.	ABC One Pte. Limited	LIBOR + margin
Facility 6	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin
Facility 7	BNP Paribas	The Company and indirect subsidiaries in Singapore	LIBOR + margin
Facility 8	BNP Paribas	The Company and indirect subsidiary in Singapore	LIBOR + margin
Facility 9	Export-Import Bank of Thailand	The Company and local subsidiary	LIBOR + margin
Facility 10	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
Facility 11	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin
Facility 12	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin
Facility 13	Export-Import Bank of Thailand	The Company and local subsidiary and indirect subsidiary in Singapore	LIBOR + margin

As at 30 June 2020, the Group had an undrawn loan balance in the amount of USD 10.10 million (31 December 2019: USD 28 million).

(Unaudited but reviewed)

During the period, the updated transactions of the Group's loan facilities are as follows.

Facility 1

On 14 February 2020, the Company prepaid all outstanding loan.

Facility 2

As at 30 June 2020, the Company is unable to maintain compliance with a certain financial covenant. The Company has been in discussions with the bank 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 loan due and payable on demand under the loan agreement. However, the Company has presented all outstanding balance of this loan that is due for repayment within the next twelve months as current liabilities.

Facility 6

On 13 May 2020, the Company and 4 local subsidiaries ("the Borrowers") executed an Amendment Agreement with Export-Import Bank of Thailand ("the Lender"), whereby no principal repayment was to be due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.

Facility 7

On 15 April 2020, the Company along with its indirect subsidiaries in Singapore, Precious Skies Pte. Ltd. and Precious Tides Pte. Ltd., have executed a first amendment and restatement deed ("Deed") in relation to Term Loan Facility Dated 29 December 2014, mainly to upsize the original Loan by an additional loan amount of up to USD 10.6 million ("Upsize Loan"). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

The main details of the Upsize Loan are summarised as follows.

Facility	Description
Upsize Loan Facility	The maximum amount of USD 10.60 million divided into two tranches; a Green Tranche and a General Tranche.
Purposes	The Green Tranche is to finance and/or refinance part of the aggregate cost related to Ballast Water Treatment Systems. The Company has obtained the second party opinion on the Green financing from Vigeo Eiris. The General Tranche is for general corporate use.
Drawdown Amount	USD 10,600,000 in one lump sum
Final maturity	4 years after the drawdown
Repayment	The loans shall be repaid over 4 years, in 16 equal quarterly installments of USD 662,500, beginning from three calendar months after the drawdown.

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its quarterly 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.

On 20 April 2020, the Company had drawn down the loan amounting to USD 10.60 million.

Following a breach of the security coverage ratio on 30 April 2020, the borrowers had provided a cash collateral of USD 1,100,000 to maintain the minimum security coverage ratio of not less than 135% of the aggregate amount outstanding as per the loan agreement. On 17 July 2020, the borrowers entered into a supplemental agreement in relation to the cross collateralisation of facility 7 and facility 8 following which there was no longer a breach of the minimum-security cover. Subsequently on 21 July 2020, the bank released the USD 1,100,000 of cash collateral.

Facility 9

On 13 May 2020, the Company along with its subsidiary ("the Borrowers") executed an Amendment Agreement with Export-Import Bank of Thailand ("the Lender"), whereby no principal repayment was to be due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.

Facility 10

On 23 March 2020, Krung Thai Bank Plc. as the facility agent informed the Company that the lenders approved the waiver of the testing of the financial covenants regarding the Debt Service Coverage Ratio and Debt to EBITDA ratio up to 31 December 2020. A principal condition of the approval is that the Company is not allowed to pay dividends or make any other distributions to its shareholders during the waiver period.

Facility 11

On 13 May 2020, the Company and 5 local subsidiaries ("the Borrowers") executed an Amendment Agreement with Export-Import Bank of Thailand ("the Lender"), whereby no principal repayment was to be due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.

Facility 12

On 31 January 2020, the Company had drawn down the loan amounting to USD 28.00 million.

On 13 May 2020, the Company and 5 local subsidiaries (“the Borrowers”) executed an Amendment Agreement with Export-Import Bank of Thailand (“the Lender”), whereby no principal repayment was to be due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.

Facility 13

On 28 May 2020, the Company along with 2 subsidiaries executed a USD 10.10 million Term loan Facility with Export-Import Bank of Thailand (“EXIM”) to be used for partial redemption of the debentures No.2/2016 due in December 2021 (as extended). Subsequently, on 29 July 2020, the Company along with 2 subsidiaries and EXIM executed an Amendment Agreement to amend the utilisation of the loan facility for partial redemption of the Debentures No.1/2016 due in January 2021. 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
Loan Facility	Up to USD 10,100,000
Drawdown	Totally USD 10.10 million
Final maturity	1 year after the drawdown
Repayment	The loans shall be repaid over 1 year, in 2 equal installments. The first repayment shall fall 9 months after the drawdown date and the second repayment shall be 12 months after the drawdown date.
Security	a) 1 st priority mortgage on the vessel 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 year end consolidated USD financial statements starting from year end 2020 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 200,000 per vessel owned by the Group.

(Unaudited but reviewed)

As at 30 June 2020, there is no outstanding balance as the Company has not drawn the loans as yet.

12. Debentures

As at 30 June 2020 and 31 December 2019, details of 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	
						30 June 2020	31 December 2019
1	Entirely redeemed on 22 January 2021 (5 years)	3,590	1,000	5.25	Quarterly	3,569,742	3,569,015
2	Extended the maturity date to be redeemed by 9 December 2021 (5 years)	1,960	800	6.50	Quarterly	1,559,152	1,948,543
Total						5,128,894	5,517,558
Less: Deferred debenture issuing costs						(2,068)	(4,716)
Debentures - net						5,126,826	5,512,842
Less: Current portion						(3,567,674)	(1,947,630)
Debentures - net of current portion						1,559,152	3,565,212

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.

(Unaudited but reviewed)

On 27 April 2020, the Board of Directors' Meeting No. 2/2020 of the Company approved the following proposal to amend the terms and conditions of the Debentures of Precious Shipping Public Company Limited No. 2/2016 Due 2020 (PSL206A) as follows:

- a) an extension of the maturity date for 1.5 years from 9 June 2020 to 9 December 2021;
- b) a partial upfront repayment of 20 percent on the existing maturity date (i.e. 9 June 2020);
- c) an increase in the coupon rate from 5.00 percent per annum to 6.50 percent per annum starting from 9 June 2020; and
- d) The Company will have right to make an early redemption of the debentures (in whole or in part).

On 19 May 2020, the bondholders' meeting of PSL206A approved the abovementioned amended terms and conditions. Subsequently on 16 June 2020, the Company purchased a put option with a strike of Baht 30.15 to protect against the appreciation of the Thai Baht against the US Dollar, for Baht 1,250 million of the outstanding amount.

On 16 June 2020, the Board of Directors' Meeting No. 5/2020 of the Company approved the following proposal to amend the terms and conditions of the Debentures of Precious Shipping Public Company Limited No. 1/2016 Due 2021 (PSL211A) which will be proposed for the bondholders' approval at the bondholders' meeting on 30 July 2020:

- a) an extension of the maturity date by 1.5 years from 22 January 2021 to 22 July 2022;
- b) a partial upfront redemption payment of 20 percent on or before the existing maturity date (i.e. 22 January 2021);
- c) an increase in the coupon rate from 5.25 percent per annum to 6.75 percent per annum starting from 22 January 2021; and
- d) The Company will have right to make an early redemption of the debentures (in whole or in part).

On 30 July 2020, the bondholders' meeting of PSL211A approved the above amended terms and conditions.

(Unaudited but reviewed)

13. Provision for maritime claims

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2020	46,240
Increase during the period	25,039
Decrease (including actual claims) during the period	(13,750)
Translation adjustment	789
Balance as at 30 June 2020	<u>58,318</u>

14. Basic earnings per share

Basic earnings per share is calculated by dividing 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 Handysize, Supramax and Ultramax dry bulk vessels on a tramp shipping basis (i.e. without any set routes). This is the main industry segment that the Company operates in and almost all revenues are derived from it. As such, no segmental bifurcation is applicable since the operations are almost entirely limited to this one main 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.

(Unaudited but reviewed)

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 and six-month periods ended 30 June 2020 and 2019.

(Unit: Thousand Baht)

Consolidated financial statements										
For the three-month periods ended 30 June										
	Time charter		Voyage charter		Total		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Hire income	557,705	773,098	-	-	557,705	773,098	-	-	557,705	773,098
Freight income	-	-	124,135	292,769	124,135	292,769	(2,324)	(62,549)	121,811	230,220
Total vessel operating income	557,705	773,098	124,135	292,769	681,840	1,065,867	(2,324)	(62,549)	679,516	1,003,318
Voyage disbursements	-	-	(27,604)	(105,434)	(27,604)	(105,434)	2,324	62,549	(25,280)	(42,885)
Bunker consumption	-	-	(51,190)	(74,612)	(51,190)	(74,612)	-	-	(51,190)	(74,612)
Total voyage expenses	-	-	(78,794)	(180,046)	(78,794)	(180,046)	2,324	62,549	(76,470)	(117,497)
Net vessel operating income/time charter equivalent income	557,705	773,098	45,341	112,723	603,046	885,821	-	-	603,046	885,821

(Unit: Thousand Baht)

Consolidated financial statements										
For the six-month periods ended 30 June										
	Time charter		Voyage charter		Total		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Hire income	1,253,722	1,619,874	-	-	1,253,722	1,619,874	-	-	1,253,722	1,619,874
Freight income	-	-	565,093	428,065	565,093	428,065	(85,013)	(95,791)	480,080	332,274
Total vessel operating income	1,253,722	1,619,874	565,093	428,065	1,818,815	2,047,939	(85,013)	(95,791)	1,733,802	1,952,148
Voyage disbursements	-	-	(185,630)	(163,053)	(185,630)	(163,053)	85,013	95,791	(100,617)	(67,262)
Bunker consumption	-	-	(195,250)	(101,112)	(195,250)	(101,112)	-	-	(195,250)	(101,112)
Total voyage expenses	-	-	(380,880)	(264,165)	(380,880)	(264,165)	85,013	95,791	(295,867)	(168,374)
Net vessel operating income/time charter equivalent income	1,253,722	1,619,874	184,213	163,900	1,437,935	1,783,774	-	-	1,437,935	1,783,774

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, on 10 July 2020, the Company and Sainty executed an amicable settlement agreement (“Settlement Agreement”) in order to fully and finally settle any and all of their disputes and claims arising out of and/or in relation to the SBCs, the Vessels, the refund guarantees thereof and/or the arbitration and court proceedings. This Settlement Agreement is binding upon the Parties, subject to the terms and conditions specified which the Settlement Amount of USD 40.50 million shall be paid by Sainty which the Company subsequently fully received it on 29 July 2020. The Group recorded loss on settlement agreement in the amount of USD 27.40 million (The Company only: USD 27.14 million) in the income statements for the three-month and six-month periods ended 30 June 2020. The settlement amount of USD 40.50 million has been recorded to “Advances for vessel constructions” under current assets in the consolidated and separate statements of financial position as at 30 June 2020. Hence, there is no contingent liability as of 30 June 2020.

17. Functional currency financial statements

The USD functional currency statements of financial position as at 30 June 2020 and 31 December 2019 and the income statements for the three-month and six-month periods ended 30 June 2020 and 2019 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2020

	(Unit: Thousand USD)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
Assets				
Current assets				
Cash and cash equivalents	28,957	39,172	8,836	14,700
Restricted bank deposit	1,100	-	-	-
Trade and other receivables	4,435	6,056	120,990	115,397
Short-term loans to subsidiary	-	-	1,080	4,300
Bunker oil	2,186	5,853	-	-
Derivative assets	16,510	-	16,510	-
Advances for vessel constructions	40,500	-	40,500	-
Other current assets				
Advances to vessel masters	2,336	2,437	-	-
Claim recoverables	148	353	-	-
Others	1,693	1,861	395	544
Total other current assets	4,177	4,651	395	544
Total current assets	97,865	55,732	188,311	134,941

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Statement of financial position (continued)****As at 30 June 2020**

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Non-current assets				
Long-term loans to subsidiary	-	-	117,360	150,000
Derivative assets	955	-	495	-
Receivables from cross currency swap contracts	-	31,534	-	30,568
Investments in subsidiaries	-	-	245,986	200,254
Investment in associate held by a subsidiary	2,181	2,258	-	-
Investment in equity instrument of non-listed company	568	568	568	568
Property, plant and equipment	650,084	666,497	241	221
Right-of-use assets	892	-	747	-
Intangible assets	221	224	221	224
Other non-current assets				
Claim recoverables - maritime claims	1,245	818	-	-
Advances for vessel constructions	-	67,900	-	67,644
Deferred contract costs	5,123	5,398	-	-
Others	154	157	129	132
Total other non-current assets	6,522	74,273	129	67,776
Total non-current assets	661,423	775,354	365,747	449,611
Total assets	759,288	831,086	554,058	584,552

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2020

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade and other payables	3,638	2,345	191	446
Advances received from related parties	-	-	63,749	58,028
Accrued crew accounts	2,738	2,811	-	-
Accrued expenses	2,734	11,209	1,375	1,980
Accrued employee bonus	-	1,141	-	816
Total trade and other payables	9,110	17,506	65,315	61,270
Advances received from charterers	1,249	2,490	-	-
Current portion of long-term loans	60,136	70,878	-	-
Current portion of debentures	115,494	64,590	115,494	64,590
Current portion of lease liabilities	170	-	132	-
Income tax payable	47	50	-	-
Other current liabilities	593	759	437	442
Total current liabilities	186,799	156,273	181,378	126,302
Non-current liabilities				
Long-term loans - net of current portion	174,616	166,210	-	-
Debentures - net of current portion	50,474	118,234	50,474	118,234
Lease liabilities - net of current portion	706	-	602	-
Derivative liabilities	3,280	-	-	-
Provision for maritime claims	1,888	1,533	-	-
Provision for long-term employee benefits	5,437	5,502	4,183	4,295
Total non-current liabilities	236,401	291,479	55,259	122,529
Total liabilities	423,200	447,752	236,637	248,831
Shareholders' equity				
Share capital				
Registered share capital	51,055	51,055	51,055	51,055
Issued and fully paid up	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	559	552	559	552
Unappropriated	205,354	248,797	195,468	213,203
Other components of shareholders' equity	(6,252)	(2,442)	(572)	-
Equity attributable to owners of the Company	336,087	383,333	317,421	335,721
Non-controlling interests of the subsidiaries	1	1	-	-
Total shareholders' equity	336,088	383,334	317,421	335,721
Total liabilities and shareholders' equity	759,288	831,086	554,058	584,552

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 June 2020**

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Revenues				
Vessel operating income				
Hire income	17,590	24,560	-	-
Freight income	3,843	7,313	-	-
Total vessel operating income	21,433	31,873	-	-
Service income	24	125	704	706
Gains on sales of equipment	-	12	-	-
Interest income	83	308	1,417	129
Total revenues	21,540	32,318	2,121	835
Expenses				
Vessel operating costs				
Vessel running expenses	11,852	13,237	-	-
Voyage disbursements	797	1,362	-	-
Bunker consumption	1,615	2,370	-	-
Total vessel operating costs	14,264	16,969	-	-
Depreciation	9,576	9,460	62	25
Cost of services	32	32	-	-
Administrative expenses	2,058	3,628	1,355	2,445
Management remuneration including perquisites	526	1,030	552	1,051
Losses on settlement agreement	27,400	-	27,144	-
Expected credit losses/Bad debts and doubtful accounts	-	50	-	-
Exchange losses	679	107	548	59
Total expenses	54,535	31,276	29,661	3,580
Profit (loss) from operating activities	(32,995)	1,042	(27,540)	(2,745)
Share of profit from investment in associate held by a subsidiary	116	251	-	-
Gain on derivative	553	-	553	-
Finance cost	(4,989)	(5,775)	(2,258)	(2,330)
Loss for the period	(37,315)	(4,482)	(29,245)	(5,075)
Loss attributable to:				
Equity holders of the Company	(37,315)	(4,482)	(29,245)	(5,075)
Non-controlling interests of the subsidiaries	-	-	-	-
Loss for the period	(37,315)	(4,482)	(29,245)	(5,075)
Basic earnings per share				
Loss attributable to equity holders of the Company	(0.0239)	(0.0029)	(0.0188)	(0.0033)

(Unaudited but reviewed)

Precious Shipping Public Company Limited and its subsidiaries**Income statement****For the six-month period ended 30 June 2020**

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Revenues				
Vessel operating income				
Hire income	39,472	51,432	-	-
Freight income	15,106	10,552	-	-
Total vessel operating income	54,578	61,984	-	-
Service income	56	157	1,416	1,411
Gains on sales of equipment	-	12	-	-
Exchange gains	95	-	46	-
Interest income	211	601	3,120	231
Other income	-	4	-	-
Total revenues	54,940	62,758	4,582	1,642
Expenses				
Vessel operating costs				
Vessel running expenses	23,878	25,872	-	-
Voyage disbursements	3,166	2,136	-	-
Bunker consumption	6,144	3,211	-	-
Total vessel operating costs	33,188	31,219	-	-
Depreciation	19,212	18,895	122	49
Cost of services	65	102	-	-
Administrative expenses	5,344	6,245	4,160	4,083
Management remuneration including perquisites	749	1,661	798	1,678
Losses on settlement agreement	27,400	-	27,144	-
Expected credit losses/Bad debts and doubtful accounts	280	51	-	-
Exchange losses	-	143	-	31
Total expenses	86,238	58,316	32,224	5,841
Profit (loss) from operating activities	(31,298)	4,442	(27,642)	(4,199)
Share of profit from investment in associate held by a subsidiary	143	158	-	-
Gain on derivative	553	-	553	-
Finance cost	(10,395)	(11,752)	(4,757)	(4,696)
Loss for the period	(40,997)	(7,152)	(31,846)	(8,895)
Loss attributable to:				
Equity holders of the Company	(40,997)	(7,152)	(31,846)	(8,895)
Non-controlling interests of the subsidiaries	-	-	-	-
Loss for the period	(40,997)	(7,152)	(31,846)	(8,895)
Basic earnings per share				
Loss attributable to equity holders of the Company	(0.0263)	(0.0046)	(0.0204)	(0.0057)

18. Approval of interim financial information

This interim financial information was authorised for issue by the Company's authorised directors on 10 August 2020.