

Precious Shipping Public Company Limited  
and its subsidiaries  
Audit report and consolidated financial statements  
31 December 2014

## **Independent Auditor's Report**

To the Shareholders of Precious Shipping Public Company Limited

I have audited the accompanying consolidated financial statements of Precious Shipping Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Precious Shipping Public Company Limited for the same period.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Precious Shipping Public Company Limited and its subsidiaries and of Precious Shipping Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Sumalee Reewarabandith  
Certified Public Accountant (Thailand) No. 3970

EY Office Limited  
Bangkok: 30 January 2015

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	535,001,673	2,941,784,496	84,076,966	2,122,520,960
Current investment	7	-	-	-	-
Trade and other receivables	8	317,561,137	1,073,957,161	1,503,991,429	1,880,363,584
Short-term loans to a subsidiary	10	-	-	1,661,335,200	2,342,891,040
Current portion of advances for vessel constructions	17	-	593,136,394	-	593,136,394
Bunker oil		115,495,892	102,231,828	-	-
Other current assets					
Advances to vessel masters		134,794,628	124,109,259	-	-
Claim recoverables		30,380,041	27,910,018	-	-
Others		39,524,366	72,566,409	15,561,357	47,717,019
Total other current assets		204,699,035	224,585,686	15,561,357	47,717,019
<b>Total current assets</b>		<b>1,172,757,737</b>	<b>4,935,695,565</b>	<b>3,264,964,952</b>	<b>6,986,628,997</b>
<b>Non-current assets</b>					
Long-term loans to a subsidiary	11	-	-	319,807,026	505,395,067
Investments in subsidiaries	12	-	-	8,110,938,244	7,716,554,518
Investment in associate held by a subsidiary	13	95,581,951	102,372,355	-	-
Other long-term investment	14	13,731,526	8,538,481	13,731,526	8,538,481
Receivables from cross currency swap contracts		-	1,783,980	-	-
Property, plant and equipment	15	22,070,925,175	18,669,560,324	5,448,058	7,084,753
Intangible assets	16	2,795,441	4,066,394	2,776,175	4,033,955
Other non-current assets					
Claim recoverables - maritime claims		144,524,065	139,368,908	-	-
Advances for vessel constructions - net of					
current portion	17	4,014,210,287	1,380,194,340	3,660,902,839	468,696,337
Deferred financial fees	18	124,190,631	97,337,213	120,953,991	75,457,170
Deferred contract costs	19, 33.4	266,733,863	167,767,733	-	-
Others		3,077,357	3,074,057	2,395,608	2,394,603
Total other non-current assets		4,552,736,203	1,787,742,251	3,784,252,438	546,548,110
<b>Total non-current assets</b>		<b>26,735,770,296</b>	<b>20,574,063,785</b>	<b>12,236,953,467</b>	<b>8,788,154,884</b>
<b>Total assets</b>		<b>27,908,528,033</b>	<b>25,509,759,350</b>	<b>15,501,918,419</b>	<b>15,774,783,881</b>

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables					
Trade accounts payable	9	128,024,368	21,568,698	98,393,785	204,014
Advances received from related parties	9	-	-	1,403,844,229	2,023,147,663
Accrued crew accounts		113,499,321	86,065,976	-	-
Accrued expenses		155,652,048	70,177,623	21,975,998	761,349
Current portion of accrued employee bonus	20	14,159,437	43,460,626	12,901,420	40,080,620
Total trade and other payables		411,335,174	221,272,923	1,537,115,432	2,064,193,646
Advances received from charterers		17,214,218	65,637,282	-	-
Current portion of long-term loans	21	811,972,034	653,903,696	-	-
Income tax payable		3,732,540	7,872,528	-	-
Other current liabilities		21,661,725	28,329,648	6,174,985	6,237,765
<b>Total current liabilities</b>		<b>1,265,915,691</b>	<b>977,016,077</b>	<b>1,543,290,417</b>	<b>2,070,431,411</b>
<b>Non-current liabilities</b>					
Accrued employee bonus - net of current portion	20	-	30,680,984	-	28,216,803
Payables to cross currency swap contracts		2,439,466	-	-	-
Long-term loans - net of current portion	21	11,101,329,726	8,618,853,404	36,410,473	-
Provision for maritime claims	22	181,705,142	175,620,553	-	-
Provision for long-term employee benefits	23	73,284,618	76,561,675	66,727,634	70,297,223
<b>Total non-current liabilities</b>		<b>11,358,758,952</b>	<b>8,901,716,616</b>	<b>103,138,107</b>	<b>98,514,026</b>
<b>Total liabilities</b>		<b>12,624,674,643</b>	<b>9,878,732,693</b>	<b>1,646,428,524</b>	<b>2,168,945,437</b>

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Shareholders' equity</b>					
Share capital					
Registered share capital					
1,039,520,600 ordinary shares					
of Baht 1 each		1,039,520,600	1,039,520,600	1,039,520,600	1,039,520,600
Issued and paid-up share capital					
1,039,520,600 ordinary shares					
of Baht 1 each		1,039,520,600	1,039,520,600	1,039,520,600	1,039,520,600
Paid-in capital					
Premium on ordinary shares		411,429,745	411,429,745	411,429,745	411,429,745
Premium on treasury stock		172,445,812	172,445,812	172,445,812	172,445,812
Retained earnings					
Appropriated					
Statutory reserve - the Company	24	103,952,060	103,952,060	103,952,060	103,952,060
- subsidiaries	24	523,320,000	523,320,000	-	-
Corporate social responsibility reserve	25	16,587,639	16,107,479	16,587,639	16,107,479
Unappropriated		13,907,253,962	14,299,768,791	11,618,389,129	11,433,273,222
Other components of shareholders' equity		(889,507,521)	(945,955,606)	493,164,910	429,109,526
Equity attributable to owners of the Company		15,285,002,297	15,620,588,881	13,855,489,895	13,605,838,444
Non-controlling interests of the subsidiaries		(1,148,907)	10,437,776	-	-
<b>Total shareholders' equity</b>		<b>15,283,853,390</b>	<b>15,631,026,657</b>	<b>13,855,489,895</b>	<b>13,605,838,444</b>
<b>Total liabilities and shareholders' equity</b>		<b>27,908,528,033</b>	<b>25,509,759,350</b>	<b>15,501,918,419</b>	<b>15,774,783,881</b>
		-	-	-	-

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

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Directors  
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Precious Shipping Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Revenues</b>					
Vessel operating income					
Hire income		3,307,649,614	2,618,006,617	-	-
Freight income		1,267,377,264	1,239,638,215	-	-
Total vessel operating income		4,575,026,878	3,857,644,832	-	-
Service income	9	10,455,636	11,248,164	92,791,839	89,987,229
Gains on sales of vessel and equipment	15	26,975,835	104,003	-	104,003
Gains on novation/cancellation of shipbuilding contracts	17	39,554,472	935,412,070	39,554,472	896,604,149
Interest income	9	5,218,949	8,503,458	6,042,774	13,819,162
Exchange gains		4,326,627	13,332,083	196,814	15,805,505
Other income		37,933	2,420,873	38,678	2,421,466
Dividend received	9, 12	-	-	702,599,250	551,149,410
<b>Total revenues</b>		<b>4,661,596,330</b>	<b>4,828,665,483</b>	<b>841,223,827</b>	<b>1,569,890,924</b>
<b>Expenses</b>					
Vessel operating costs					
Vessel running expenses		1,980,274,880	1,665,314,857	-	-
Voyage disbursements		207,585,794	172,268,652	-	-
Bunker consumption		535,746,927	548,350,934	-	-
Total vessel operating costs		2,723,607,601	2,385,934,443	-	-
Depreciation	15	1,267,075,761	1,136,718,983	2,477,506	2,774,920
Cost of services		4,635,132	4,864,667	-	-
Administrative expenses	9	173,167,527	218,329,458	144,660,498	187,257,414
Management remuneration including perquisites	9	79,174,357	109,250,657	76,161,293	103,025,080
Bad debts and doubtful accounts		2,063,553	2,032,805	-	-
<b>Total expenses</b>		<b>4,249,723,931</b>	<b>3,857,131,013</b>	<b>223,299,297</b>	<b>293,057,414</b>
<b>Profit before share of profit from     investment in associate, finance cost     and income tax expenses</b>		<b>411,872,399</b>	<b>971,534,470</b>	<b>617,924,530</b>	<b>1,276,833,510</b>
Share of profit from investment in associate held by a subsidiary	13.1	7,631,022	31,580,216	-	-
<b>Profit before finance cost and income tax     expenses</b>		<b>419,503,421</b>	<b>1,003,114,686</b>	<b>617,924,530</b>	<b>1,276,833,510</b>
Finance cost		(499,622,667)	(458,553,674)	(120,511,673)	(121,140,111)
<b>Profit (loss) before income tax expenses</b>		<b>(80,119,246)</b>	<b>544,561,012</b>	<b>497,412,857</b>	<b>1,155,693,399</b>
Income tax expenses	27	(2,237,374)	(7,898,134)	-	-
<b>Profit (loss) for the year</b>		<b>(82,356,620)</b>	<b>536,662,878</b>	<b>497,412,857</b>	<b>1,155,693,399</b>

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

Precious Shipping Public Company Limited and its subsidiaries

Income statement (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(80,217,879)	527,765,488	497,412,857	1,155,693,399
Non-controlling interests of the subsidiaries		(2,138,741)	8,897,390	-	-
<b>Profit (loss) for the year</b>		<u>(82,356,620)</u>	<u>536,662,878</u>	<u>497,412,857</u>	<u>1,155,693,399</u>
<b>Basic earnings (loss) per share</b>	29				
Profit (loss) attributable to equity holders of the Company		<u>(0.08)</u>	<u>0.51</u>	<u>0.48</u>	<u>1.11</u>

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Profit (loss) for the year</b>	<u>(82,356,620)</u>	<u>536,662,878</u>	<u>497,412,857</u>	<u>1,155,693,399</u>
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operation's financial statements	(4,639,822)	(19,176,151)	-	-
Exchange differences on translation of functional currency to presentation currency financial statements	60,991,449	1,044,782,063	64,055,384	905,405,551
<b>Other comprehensive income for the year</b>	<u>56,351,627</u>	<u>1,025,605,912</u>	<u>64,055,384</u>	<u>905,405,551</u>
<b>Total comprehensive income for the year</b>	<u><u>(26,004,993)</u></u>	<u><u>1,562,268,790</u></u>	<u><u>561,468,241</u></u>	<u><u>2,061,098,950</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(23,769,794)	1,553,058,635	561,468,241	2,061,098,950
Non-controlling interests of the subsidiaries	(2,235,199)	9,210,155	-	-
	<u><u>(26,004,993)</u></u>	<u><u>1,562,268,790</u></u>	<u><u>561,468,241</u></u>	<u><u>2,061,098,950</u></u>

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

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

**Cash flow statement**

**For the year ended 31 December 2014**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(80,119,246)	544,561,012	497,412,857	1,155,693,399
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,268,348,338	1,145,845,857	3,736,944	11,889,321
Bad debt and doubtful accounts	2,063,553	2,032,805	-	-
Write-off equipment	7,586	50,784	7,586	50,784
Gains on sales of vessel and equipment	(26,975,835)	(104,003)	-	(104,003)
Gains on novation/cancellation of shipbuilding contracts	(39,554,472)	(935,412,070)	(39,554,472)	(896,604,149)
Write-off deferred financial fees	74,773,968	34,506,915	74,773,968	20,518,589
Amortisation of deferred contract costs	9,418,209	-	-	-
Share of profit from investment in associate held by a subsidiary	(7,631,022)	(31,580,216)	-	-
Provision for maritime claims	850,574	11,753,682	-	-
Provision for long-term employee benefits	5,530,005	6,261,294	5,233,461	6,012,945
Unrealised exchange losses (gains)	2,274,622	(3,829,591)	1,161,903	(7,065,065)
Amortised financial fees to interest expense	43,941,035	36,074,967	-	-
Interest expense	308,329,031	280,730,257	-	-
Interest income	(1,173,609)	(5,351,083)	(3,507,403)	(11,558,584)
Profit from operating activities before changes in operating assets and liabilities	1,560,082,737	1,085,540,610	539,264,844	278,833,237
Operating assets (increase) decrease				
Trade and other receivables	(79,542,628)	(3,556,070)	463,231,958	296,703,505
Bunker oil	(16,050,956)	49,348,257	-	-
Other current assets	16,019,453	(9,094,100)	26,752,394	2,768,637
Other non-current assets	(106,260,584)	(89,590,104)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	69,668,412	(47,281,442)	(646,836,104)	(741,116,957)
Advances received from charterers	(48,239,419)	27,648,064	-	-
Other current liabilities	(7,767,466)	1,276,329	138,863	(8,395,521)
Other non-current liabilities	(33,242,990)	7,884,493	(30,675,316)	7,166,221
Cash flows from (used in) operating activities	1,354,666,559	1,022,176,037	351,876,639	(164,040,878)
Cash paid for corporate income tax and withholding tax deducted at source	(8,842,334)	(9,413,042)	(2,554,162)	(3,395,197)
<b>Net cash flows from (used in) operating activities</b>	<b>1,345,824,225</b>	<b>1,012,762,995</b>	<b>349,322,477</b>	<b>(167,436,075)</b>

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

Precious Shipping Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from investing activities</b>				
Acquisitions of vessels and equipment and payment of dry-dock and special survey expenses	(3,433,213,024)	(1,730,111,575)	(840,333)	(1,539,800)
Cash received from sales of vessel and equipment	46,146,986	105,360	-	104,004
Cash paid for advances for vessel constructions and other direct costs	(3,585,553,887)	(1,395,140,073)	(3,356,193,553)	(690,080,980)
Cash received from novation/cancellation of shipbuilding contracts	1,454,278,055	4,708,882,657	853,863,479	4,120,491,117
Cash paid for acquisition of a subsidiary	-	(414,474,224)	-	(414,474,224)
Cash paid for investments in subsidiaries	-	(30)	(350,720,000)	(197,800,030)
Cash paid for other long-term investment	(5,065,215)	-	(5,065,215)	-
Decrease in short-term loans to a subsidiary	-	-	678,147,000	149,450,100
Decrease in long-term loans to a subsidiary	-	-	186,311,340	195,242,994
Dividend received from associate held by a subsidiary	10,396,014	25,262,901	-	-
Interest income	1,173,609	5,351,083	3,507,403	11,558,584
<b>Net cash flows from (used in) investing activities</b>	<b>(5,511,837,462)</b>	<b>1,199,876,099</b>	<b>(1,990,989,879)</b>	<b>3,172,951,765</b>
<b>Cash flows from financing activities</b>				
Cash paid for interest expense and commitment fees	(321,589,545)	(312,577,551)	-	(8,845,080)
Cash paid for deferred financial fees	(121,762,583)	(3,197,054)	(112,303,572)	-
Cash received from long-term loans	3,481,381,624	2,025,831,431	36,558,558	-
Repayment of long-term loans	(714,031,860)	(725,682,087)	-	(355,544,341)
Prepayment of long-term loans	(225,264,715)	(1,024,288,485)	-	-
Prepayment of long-term loans due to cancellation of loan facility	-	(833,968,477)	-	(833,968,477)
Dividends paid to the Company's shareholders	(311,816,790)	(415,473,580)	(311,816,790)	(415,473,580)
Dividend paid to non-controlling interests of the subsidiary	(9,351,484)	-	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>1,777,564,647</b>	<b>(1,289,355,803)</b>	<b>(387,561,804)</b>	<b>(1,613,831,478)</b>
Increase (decrease) in translation adjustments	(18,334,233)	115,720,524	(9,214,788)	84,560,393
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,406,782,823)</b>	<b>1,039,003,815</b>	<b>(2,038,443,994)</b>	<b>1,476,244,605</b>
Cash and cash equivalents at beginning of year	2,941,784,496	1,901,014,613	2,122,520,960	646,276,355
Cash increased from acquisition of a subsidiary	-	1,766,068	-	-
<b>Cash and cash equivalents at end of year</b>	<b>535,001,673</b>	<b>2,941,784,496</b>	<b>84,076,966</b>	<b>2,122,520,960</b>
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The accompanying notes are an integral part of the financial statements.

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

**Cash flow statement (continued)**

**For the year ended 31 December 2014**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Dividend income from subsidiaries offset against receivable from/payable to subsidiaries	-	-	702,599,250	551,149,410
Transfer of interest expenses and commitment fee to advances for vessel constructions	11,398,712	28,993,789	63,889	6,500,632
Amortisation of financial fees to advances for vessel constructions	40,659	605,904	3,427	175,283
Transfer of deferred financial fees to present as a deduction from long-term loans	41,790,923	24,512,775	374,086	1,256,547
Transfer of deferred financial fees to subsidiaries in proportion to the drawdown amount	-	-	13,452,169	12,223,336
Transfer of advances for vessel constructions to vessel and equipment of subsidiaries	1,089,918,100	580,028,663	296,698,813	580,028,663
Transfer investment in jointly controlled entity to investment in a subsidiary	-	-	-	31

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements											
Equity attributable to the parent's shareholders											
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Unappropriated	Exchange differences on translation of financial statements	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Corporate social responsibility reserve					
				Statutory reserve							
				The Company	Subsidiaries						
<b>Balance as at 1 January 2013</b>	1,039,520,600	411,429,745	172,445,812	103,952,060	518,120,000	14,951,051	14,193,833,311	(1,971,248,753)	14,483,003,826	1,227,621	14,484,231,447
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	-	(415,473,580)	-	(415,473,580)	-	(415,473,580)
Total comprehensive income for the year	-	-	-	-	-	-	527,765,488	1,025,293,147	1,553,058,635	9,210,155	1,562,268,790
Appropriated to statutory reserve (Note 24)	-	-	-	-	5,200,000	-	(5,200,000)	-	-	-	-
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	-	1,156,428	(1,156,428)	-	-	-	-
<b>Balance as at 31 December 2013</b>	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>523,320,000</u>	<u>16,107,479</u>	<u>14,299,768,791</u>	<u>(945,955,606)</u>	<u>15,620,588,881</u>	<u>10,437,776</u>	<u>15,631,026,657</u>
<b>Balance as at 1 January 2014</b>	1,039,520,600	411,429,745	172,445,812	103,952,060	523,320,000	16,107,479	14,299,768,791	(945,955,606)	15,620,588,881	10,437,776	15,631,026,657
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	-	(311,816,790)	-	(311,816,790)	(9,351,484)	(321,168,274)
Total comprehensive income for the year	-	-	-	-	-	-	(80,217,879)	56,448,085	(23,769,794)	(2,235,199)	(26,004,993)
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	-	480,160	(480,160)	-	-	-	-
<b>Balance as at 31 December 2014</b>	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>523,320,000</u>	<u>16,587,639</u>	<u>13,907,253,962</u>	<u>(889,507,521)</u>	<u>15,285,002,297</u>	<u>(1,148,907)</u>	<u>15,283,853,390</u>
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Separate financial statements							Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Other components of shareholders' equity -	
				Statutory reserve	Appropriated		Exchange differences on translation of financial statements	
					Corporate social responsibility reserve	Unappropriated		
<b>Balance as at 1 January 2013</b>	1,039,520,600	411,429,745	172,445,812	103,952,060	14,951,051	10,694,209,831	(476,296,025)	11,960,213,074
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	(415,473,580)	-	(415,473,580)
Total comprehensive income for the year	-	-	-	-	-	1,155,693,399	905,405,551	2,061,098,950
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	1,156,428	(1,156,428)	-	-
<b>Balance as at 31 December 2013</b>	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>16,107,479</u>	<u>11,433,273,222</u>	<u>429,109,526</u>	<u>13,605,838,444</u>
<b>Balance as at 1 January 2014</b>	1,039,520,600	411,429,745	172,445,812	103,952,060	16,107,479	11,433,273,222	429,109,526	13,605,838,444
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	(311,816,790)	-	(311,816,790)
Total comprehensive income for the year	-	-	-	-	-	497,412,857	64,055,384	561,468,241
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	480,160	(480,160)	-	-
<b>Balance as at 31 December 2014</b>	<u>1,039,520,600</u>	<u>411,429,745</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>16,587,639</u>	<u>11,618,389,129</u>	<u>493,164,910</u>	<u>13,855,489,895</u>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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

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

**Notes to consolidated financial statements**

**For the year ended 31 December 2014**

**1. General information**

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

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Precious Shipping Public Company Limited and the following subsidiaries and associate (“the Group”).

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2014 %	2013 %
<u>Subsidiaries held by the Company</u>				
1. Precious Metals Limited	Shipowner	Thailand	99.99	99.99
2. Precious Wishes Limited	Shipowner	Thailand	99.99	99.99
3. Precious Stones Shipping Limited	Shipowner	Thailand	99.99	99.99
4. Precious Minerals Limited	Shipowner	Thailand	99.99	99.99
5. Precious Lands Limited	Shipowner	Thailand	99.99	99.99
6. Precious Rivers Limited	Shipowner	Thailand	99.99	99.99
7. Precious Lakes Limited	Shipowner	Thailand	99.99	99.99
8. Precious Seas Limited	Shipowner	Thailand	99.99	99.99
9. Precious Stars Limited	Shipowner	Thailand	99.99	99.99
10. Precious Oceans Limited	Shipowner	Thailand	99.99	99.99
11. Precious Planets Limited	Shipowner	Thailand	99.99	99.99
12. Precious Diamonds Limited	Shipowner	Thailand	99.99	99.99
13. Precious Sapphires Limited	Shipowner	Thailand	99.99	99.99
14. Precious Emeralds Limited	Shipowner	Thailand	99.99	99.99
15. Precious Rubies Limited	Shipowner	Thailand	99.99	99.99
16. Precious Opals Limited	Shipowner	Thailand	99.99	99.99
17. Precious Garnets Limited	Shipowner	Thailand	99.99	99.99
18. Precious Pearls Limited	Shipowner	Thailand	99.99	99.99
19. Precious Flowers Limited	Shipowner	Thailand	99.99	99.99
20. Precious Forests Limited	Shipowner	Thailand	99.99	99.99
21. Precious Trees Limited	Shipowner	Thailand	99.99	99.99
22. Precious Ponds Limited	Shipowner	Thailand	99.99	99.99
23. Precious Ventures Limited	Shipowner	Thailand	99.99	99.99
24. Precious Capitals Limited	Shipowner	Thailand	99.99	99.99
25. Precious Jasmines Limited	Shipowner	Thailand	99.99	99.99
26. Precious Orchids Limited	Shipowner	Thailand	99.99	99.99
27. Precious Lagoons Limited	Shipowner	Thailand	99.99	99.99
28. Precious Cliffs Limited	Shipowner	Thailand	99.99	99.99
29. Precious Hills Limited	Shipowner	Thailand	99.99	99.99
30. Precious Mountains Limited	Shipowner	Thailand	99.99	99.99
31. Precious Resorts Limited	Shipowner	Thailand	99.99	99.99
32. Precious Cities Limited	Shipowner	Thailand	99.99	99.99
33. Precious Comets Limited	Shipowner	Thailand	99.99	99.99
34. Precious Ornaments Limited	Shipowner	Thailand	99.99	99.99
35. Nedtex Limited	Bulk storage barges*	Thailand	69.99	69.99
36. Precious Storage Terminals Limited	Bulk storage barges*	Thailand	69.99	69.99

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2014	2013
			%	%
37. Thebes Pte. Limited	Maritime Business*	Singapore	100.00	100.00
38. Precious Shipping (Panama) S.A.	Shipowner/ Chartering	Panama	99.99	99.99
39. Precious Shipping (Mauritius) Limited	Holding company*	Mauritius	100.00	100.00
40. Precious Shipping (Singapore) Pte. Limited	Holding company/ Chartering	Singapore	100.00	100.00
41. Precious Shipping (UK) Limited	Chartering	England	100.00	100.00
42. Great Circle Shipping Agency Limited	Technical manager of ships	Thailand	99.99	99.99
43. Precious Projects Pte. Limited	Investment holding company*	Singapore	100.00	100.00
44. Associated Bulk Carriers Pte. Limited	Holding company	Singapore	100.00	100.00
<u>Subsidiaries held by subsidiaries</u>				
45. PSL Investments Limited	Holding company*	Mauritius	100.00	100.00
46. International Lighterage Limited	Holding company*	Mauritius	100.00	100.00
47. PSL Thun Shipping Pte. Limited	Chartering	Singapore	64.06	64.06
48. Regidor Pte. Limited	Maritime business *	Singapore	100.00	100.00
49. Precious Forests Pte. Limited	Shipowner	Singapore	100.00	100.00
50. Precious Fragrance Pte. Limited	Shipowner	Singapore	100.00	100.00
51. Precious Thoughts Pte. Limited	Shipowner	Singapore	100.00	100.00
52. Precious Comforts Pte. Limited	Shipowner	Singapore	100.00	100.00
53. Precious Sparks Pte. Limited	Shipowner	Singapore	100.00	100.00
54. Precious Visions Pte. Limited	Shipowner	Singapore	100.00	100.00
55. Precious Bridges Pte. Limited	Shipowner	Singapore	100.00	100.00
56. Precious Tides Pte. Limited	Shipowner	Singapore	100.00	-
57. Precious Skies Pte. Limited	Shipowner	Singapore	100.00	-
58. ABC One Pte. Limited	Shipowner	Singapore	100.00	100.00
59. ABC Two Pte. Limited	Shipowner	Singapore	100.00	100.00
60. ABC Three Pte. Limited	Shipowner	Singapore	100.00	100.00
61. ABC Four Pte. Limited	Shipowner	Singapore	100.00	100.00
<u>Associate held by a subsidiary</u>				
62. International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40

\*Business suspended

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

Investment in associate is accounted for using the equity method and is recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investee from the date that significant influence incurs until the date that significant influence ceases.

- c) The financial statements of the subsidiaries are prepared for the same reporting period as the Company and using the same significant accounting policies as the Company.

The financial statements of the associate are prepared for a reporting date that differs from that of the Company by no more than three months. In this respect, the accounting periods and differences are consistent and the financial statements are prepared using the same significant accounting policies as the Company.

- d) The financial statements of all subsidiaries and associate are prepared in their respective functional currencies. Where the functional currency is not USD, the financial statements are translated into USD using the exchange rate prevailing on the end of reporting period in respect of assets and liabilities, and at a rate that approximates the actual rate at the date of the transaction in respect of revenues and expenses. The resultant differences have been shown under the caption of "Exchange differences on translation of financial statements" in other comprehensive income, other components of shareholders' equity.
- e) Material balances and transactions between the Company and subsidiaries, and investments in subsidiaries by the Company and shareholders' equity of the subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

### 3. New accounting standards

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

#### (a) Accounting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease

TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These accounting standards do not have any significant impact on the financial statements.

**(b) Accounting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Group believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these accounting standards involve changes to key principles, as discussed below.

**TAS 19 (revised 2014) Employee Benefits**

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

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

## **TFRS 10 Consolidated Financial Statements**

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

The management of the Group believes that this standard will not have any significant impact on the Group's financial statements.

## **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Group believes that this standard will not have any impact on the Group's financial statements.

## **TFRS 12 Disclosure of Interests in Other Entities**

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

## **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Group believes that this standard will not have any significant impact on the Group's financial statements.

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

##### **4.1 Revenue and expense recognition**

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

Vessel operating income (consisting of Hire income from Time charter and Freight income from Voyage charter) and related expenses are recognised on an accrual basis.

###### ***Rendering of services***

Service revenue is recognised when services have been rendered taking into account the stage of completion.

###### ***Interest income***

Interest income is recognised as interest accrues based on the effective rate method.

###### ***Dividend received***

Dividends received are recognised when the right to receive the dividends is established.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

##### **4.4 Bunker oil**

Bunker oil is valued at the lower of cost (first-in, first-out method) and net realisable value and is charged to vessel operating costs whenever consumed.

#### 4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement. If the Company disposes only part of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

#### 4.6 Property, plant and equipment

Land and condominium units, vessels and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of vessels, condominium units and equipment is calculated by reference to their costs, after deducting residual value, on the straight-line basis over the following estimated useful lives.

Vessels and equipment	25 years and 5 years, respectively
Dry-dock and special survey expenses	2 years and 4 years, respectively
Condominium units	20 years
Leasehold improvement	5 years
Others	5 years

Depreciation is included in determining income.

No depreciation is provided on land and asset under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.8 Intangible assets and amortisation**

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The estimated useful lives of computer software are 5 years and 10 years.

#### **4.9 Deferred financial fees**

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

#### **4.10 Deferred contract costs**

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

#### **4.11 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **4.12 Long-term leases**

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

#### **4.13 Foreign currencies**

The Group's financial statements are presented in Thai Baht, which is different from the Group's functional currency of USD. Each entity in the Group determines its own functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

##### **a) Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency. Foreign currency transactions during a particular month are translated into functional currency at the average exchange rates ruling during the previous transaction month.

Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at the exchange rate ruling at the end of reporting period. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

##### **b) Group companies**

The assets and liabilities of Group companies whose functional currency is not USD are translated into USD at the exchange rate ruling at the end of reporting period and their income statement and statements of comprehensive income are translated at a rate that approximates the actual rate at the date of the transaction.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

#### **4.14 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

#### **4.15 Employee benefits**

##### **a) Short-term employee benefits**

Short-term employee benefit obligations, which include salaries, wages, bonuses, and contributions to the social security fund, are measured on an undiscounted basis and are expensed when they are incurred.

##### **b) Post-employment benefits**

The Group provides post-employment benefits through a defined contribution plan (under the Provident Fund Act B.E. 2530 (1987)) and a defined benefit plan (obligations for retired employees under the Thai Labor Protection Act B.E. 2541 (1998)).

##### **- Defined contribution plan**

A defined contribution plan comprises a provident fund which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

- Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Such benefits are discounted to determine its present value using the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

The Group recognised all actuarial gains or losses arising from defined benefit plans in other comprehensive income in the period in which they arise.

c) Other long-term employee benefits

The Group's obligation in respect of accrued bonuses is classified as long-term employee benefits other than retirement benefit plans, and is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in the income statement.

d) Termination benefits

The Group recognised termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

#### **4.16 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

### *Provisions for maritime claims*

Provisions for maritime claims are recorded by the subsidiaries upon receipt of the claim advices from the charterers, based on the best estimate of the expenditure required to settle the subsidiaries present obligation.

#### **4.17 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Income tax of the Company and subsidiaries in Thailand is provided for in the accounts based on the taxable income determined in accordance with tax legislation in Thailand. Overseas subsidiaries and associate calculate corporate income tax in accordance with the method and tax rates stipulated by tax laws in those countries.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognised deferred tax liabilities for all taxable temporary differences while it recognised deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.18 Premium on treasury stock**

Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented in premium on treasury stock and retained earnings, consecutively.

## **4.19 Derivatives**

### **Cross currency swap contracts**

Receivables and payables arising from cross currency swap contracts are translated into USD at the exchange rates ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in the income statement.

### **Interest rate swap contracts**

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

## **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows.

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

### **Property, plant and equipment/Depreciation**

In calculating depreciation on vessels, condominium units and equipment, the management estimates useful lives and residual values of the Company's and subsidiaries' vessels, condominium units and equipment and reviews estimated useful lives and residual values if there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Intangible assets**

The initial recognition and measurement of intangible assets and subsequent impairment testing require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be recognised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## **6. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	848	689	837	678
Bank deposits	534,154	2,941,095	83,240	2,121,843
Total	<u>535,002</u>	<u>2,941,784</u>	<u>84,077</u>	<u>2,122,521</u>

As at 31 December 2014, bank deposits carried interest between 0.10% and 0.30% per annum for USD savings deposits and between 0.37% and 0.50% per annum for Baht savings deposits (2013: between 0.13% and 0.45% per annum for USD savings deposits, 0.50% per annum for Baht savings deposits and between 0.74% per annum for USD fixed deposits).

## 7. Current investment

(Unit: Thousand Baht)

Consolidated financial statements								
Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method		
2014	2013	2014	2013	2014	2013	2014	2013	
Thousand INR	Thousand INR	%	%					
<b>Investment in associate held by a subsidiary</b>								
Southern LPG Limited	64,592	64,592	50.00	50.00	28,768	28,637	18,101	18,019
Less: Allowance for loss on investment							(18,101)	(18,019)
Current investment - net							-	-

On 23 December 2013, PSL Investments Limited and International Lighterage Limited, (“PSL Inv” and “Lighterage”), two subsidiaries of the Company that are registered in Mauritius (shareholding is through Precious Shipping (Mauritius) Limited), sold all 3,229,575 shares of their investments in the ordinary shares of Southern LPG Limited (“SLPG”) to Precious Shipping (Singapore) Pte. Limited (“Precious Singapore”), another subsidiary of the Company, at a price of INR 5.00 per share, totaling INR 16.15 million (or approximately Baht 8.31 million). This restructuring of shareholding was made in order to improve administrative convenience. The change of ownership does not affect the Group’s holding in SLPG, which is unchanged at 50.00%. This transaction was approved by a Directors’ Meeting of Precious Singapore on 20 May 2013 and a Directors’ Meeting of PSL Inv and Lighterage on 30 May 2013. The transactions are considered as sales of investments under common control of the Group.

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

The Group is currently processing the voluntary winding-up of Southern LPG Limited with the relevant authority in India, and so the investment in Southern LPG Limited is still presented as a current investment, under current assets, and has made a full provision for loss on this investment.

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	314,821	231,870	-	-
3 - 6 months	1,967	6,366	-	-
6 - 12 months	773	30	-	-
Over 12 months	22	4,805	-	-
Total	317,583	243,071	-	-
Less: Allowance for doubtful debts	(22)	(4,805)	-	-
Total trade receivables - unrelated parties, net	317,561	238,266	-	-
<u>Other receivables - unrelated parties</u>				
Guarantor receivables (Note 17)	-	835,691	-	232,937
<u>Other receivables - related parties</u>				
Advances to related parties (Note 9)	-	-	1,503,991	1,647,427
Total other receivables	-	835,691	1,503,991	1,880,364
Total trade and other receivables - net	317,561	1,073,957	1,503,991	1,880,364

## 9. Related party transactions

In addition to relationship between the Company and its subsidiaries as stated in Note 12 to the financial statements, and its associate as stated in Note 13 to the financial statements, the other related party transactions and relationship are summarised below.

Related party's name	Transaction	Relationship
Globex Corporation Limited	None	Major shareholder holding 25.65% ordinary shares in the Company and related by way of the Company's directors as shareholders and directors in the related party
Unistretch Limited	Office rental and service expenses	Related by way of common shareholders and directors
Ambika Tour Agency Limited	Air ticket expenses	Related by way of common shareholders and directors

Related party's name	Transaction	Relationship
Maestro Controls Limited	Air-conditioning service expenses	Related by way of common shareholders and directors
Maxwin Builders Limited	Hotel service and management service expenses	Related by way of common shareholders and directors
InsurExcellence Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
InsurExcellence Life Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
Quidlab Company Limited	Computer hardware or software purchases	Related by way of Company Senior Manager's close family member as the related party's shareholder and director in the related party

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

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2014	2013	2014	2013	
<b>Transactions with subsidiaries</b>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	92,792	83,861	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Vessel construction supervision income	-	-	-	6,126	In accordance with contract based on market practice
Dividend received	-	-	702,599	551,149	As declared
Interest income	-	-	2,334	8,613	At interest rate of 0.40% per annum until 31 March 2014
Condominium rental expenses	-	-	8,533	8,846	Market price
Sales of new building vessels (as part of advances for vessel construction and other direct cost)	-	-	296,699	580,029	At cost

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2014	2013	2014	2013	
<b>Transaction with associate</b>					
Dividend received	10,396	25,263	-	-	As declared
<b>Transactions with related companies</b>					
Air ticket expenses	12,679	11,432	4,022	3,259	Market price
Rental and service expenses	6,761	6,599	5,057	5,192	Market price
Computer purchases	1,734	381	1,281	381	Market price

The balances of the accounts as at 31 December 2014 and 2013 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Other receivables - related parties (Note 8)</b>				
Subsidiaries	-	-	1,503,991	1,647,427
Total other receivables - related parties	-	-	1,503,991	1,647,427
<b>Trade and other payables - related parties</b>				
Subsidiaries	-	-	1,403,844	2,023,148
Related companies	444	27	192	27
Total trade and other payables - related parties	444	27	1,404,036	2,023,175

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

#### Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	77,950	94,715	74,939	89,762
Post-employment benefits	1,224	1,940	1,222	1,940
Other long-term benefits	-	12,596	-	11,323
Total	79,174	109,251	76,161	103,025

### 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.

#### **10. Short-term loans to a subsidiary**

As at 31 December 2014, short-term loans to a wholly owned subsidiary, Precious Shipping (Singapore) Pte. Limited, are in the form of promissory notes in US Dollar, amounting to USD 50.40 million (2013: USD 71.40 million), which carried interest at the rate of 0.40% per annum until 31 March 2014, and bearing no interest after 31 March 2014 (2013: 0.40% per annum), and are due at call. Movements in the balance of the loans during the year were as follows.

	(Unit: Thousand Baht)	
	Separate financial statements	
	2014	2013
Balance at beginning of year	2,342,891	2,352,507
Increase	-	294,981
Decrease	(678,147)	(444,431)
Translation adjustment	(3,409)	139,834
Balance at end of year	<u>1,661,335</u>	<u>2,342,891</u>

#### **11. Long-term loans to a subsidiary**

As at 31 December 2014, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited ("ABC Company"), are in the form of promissory notes in US Dollar, bearing no interest and are due at call. The Company does not intend to call for the loans repayment in the foreseeable future; therefore, the loans are classified as long-term loans.

The details of long-term loans were as follows.

- (a) As at 31 December 2013, the loan amounting to USD 5.70 million was made available by the Company to enable ABC One Pte. Limited, the subsidiary of ABC Company to pay the installment due to ABG Shipyard Ltd., India per Shipbuilding Contract signed on 22 April 2010. During the year ended 31 December 2014; the Company received all repayment of the loan due to the cancellation of shipbuilding contract of the subsidiary.
- (b) The loan amounting to USD 9.70 million (31 December 2013: USD 9.70 million) was made available by the Company to enable 4 subsidiaries of ABC Company per details below to pay the installments due to China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China, per respective Shipbuilding Contracts.

Subsidiaries' name	Shipbuilding Contract date
ABC Two Pte. Limited	5 December 2012
ABC Three Pte. Limited	5 December 2012
ABC Four Pte. Limited	3 April 2013
ABC One Pte. Limited*	30 August 2013

\* On 13 January 2014, ABC Company ("Original buyer") entered into an agreement with its subsidiary, ABC One Pte. Limited. ("New buyer") and China Shipbuilding & Offshore International Co. Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd. ("Sellers") to transfer all the rights, title, interest, benefits, obligation and/or liabilities of the shipbuilding contract dated 30 August 2013 for construction of one 20,000 DWT Cement Carrier having builder hull No. CC200-04.

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

	(Unit: Thousand Baht)	
	Separate financial statements	
	2014	2013
Balance at beginning of the year	505,395	-
Transferred from long-term loans to jointly controlled entity	-	410,035
Increase from acquisition of a subsidiary	-	253,325
Increase	-	153,795
Decrease	(186,311)	(349,038)
Translation adjustment	723	37,278
Balance at end of the year	<u>319,807</u>	<u>505,395</u>

## 12. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

Subsidiaries' name	(Unit: Thousand Baht)							
	Separate financial statements						Dividend received for the years ended	
	Paid-up capital		Shareholding percentage		Cost		31 December	
2014	2013	2014	2013	2014	2013	2014	2013	
		%	%					
Precious Metals Limited	275,000	275,000	99.99	99.99	349,265	347,682	-	-
Precious Wishes Limited	230,000	230,000	99.99	99.99	297,313	295,965	-	23,000
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	277,727	276,468	91,000	39,000
Precious Minerals Limited	230,000	230,000	99.99	99.99	252,545	251,401	-	46,000
Precious Lands Limited	306,000	306,000	99.99	99.99	319,615	318,167	-	-
Precious Rivers Limited	234,000	234,000	99.99	99.99	210,071	209,119	46,800	35,100

(Unit: Thousand Baht)

## Separate financial statements

Subsidiaries' name	Paid-up capital		Shareholding percentage		Cost		Dividend received for the years ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013
	Precious Lakes Limited	184,000	184,000	99.99	99.99	184,342	183,506	-
Precious Seas Limited	100,000	100,000	99.99	99.99	129,266	128,680	30,000	-
Precious Stars Limited	105,000	105,000	99.99	99.99	135,730	135,114	63,000	21,000
Precious Oceans Limited	175,000	175,000	99.99	99.99	226,216	225,191	-	-
Precious Planets Limited	270,000	270,000	99.99	99.99	306,736	305,346	-	13,500
Precious Diamonds Limited	205,000	205,000	99.99	99.99	192,039	191,168	-	30,750
Precious Sapphires Limited	144,000	144,000	99.99	99.99	130,289	129,699	28,800	64,800
Precious Emeralds Limited	366,000	366,000	99.99	99.99	312,414	310,998	109,800	36,600
Precious Rubies Limited	259,360	84,000	99.99	99.99	260,847	80,854	-	-
Precious Opals Limited	249,360	74,000	99.99	99.99	252,480	72,525	-	-
Precious Garnets Limited	379,000	379,000	99.99	99.99	322,236	320,775	75,800	37,900
Precious Pearls Limited	173,000	173,000	99.99	99.99	184,047	183,213	-	-
Precious Flowers Limited	336,000	336,000	99.99	99.99	354,857	353,249	-	-
Precious Forests Limited	96,000	96,000	99.99	99.99	98,558	98,111	-	-
Precious Trees Limited	202,000	202,000	99.99	99.99	215,366	214,390	-	20,200
Precious Ponds Limited	124,000	124,000	99.99	99.99	129,540	128,953	-	-
Precious Ventures Limited	202,000	202,000	99.99	99.99	233,607	232,548	-	10,100
Precious Capitals Limited	200,000	200,000	99.99	99.99	258,533	257,361	-	-
Precious Jasmines Limited	147,000	147,000	99.99	99.99	175,645	174,849	-	-
Precious Orchids Limited	217,000	217,000	99.99	99.99	198,486	197,586	43,400	21,700
Precious Lagoons Limited	140,000	140,000	99.99	99.99	180,973	180,153	-	21,000
Precious Cliffs Limited	140,000	140,000	99.99	99.99	180,973	180,153	49,000	14,000
Precious Hills Limited	140,000	140,000	99.99	99.99	180,973	180,153	21,000	35,000
Precious Mountains Limited	140,000	140,000	99.99	99.99	180,973	180,153	27,999	41,999
Precious Resorts Limited	140,000	140,000	99.99	99.99	180,973	180,153	14,000	14,000
Precious Cities Limited	170,000	170,000	99.99	99.99	205,789	204,857	102,000	25,500
Precious Comets Limited	141,000	141,000	99.99	99.99	137,590	136,967	-	-
Precious Ornaments Limited	156,000	156,000	99.99	99.99	151,007	150,323	-	-
Nedtex Limited	2,500	2,500	69.99	69.99	838	834	-	-
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	5,429	5,404	-	-
Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	-	-	-	-
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	330	328	-	-
Precious Shipping (Mauritius) Limited	250	250	100.00	100.00	330	328	-	-
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	345,799	344,232	-	-
Precious Shipping (UK) Limited	250	250	100.00	100.00	330	328	-	-
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	357,457	355,837	-	-

(Unit: Thousand Baht)

## Separate financial statements

Subsidiaries' name	Paid-up capital		Shareholding percentage		Cost		Dividend received for the years ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013
	Precious Projects Pte. Limited	0.0345	0.0345	100.00	100.00	-	-	-
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-	-	-
Total investments in subsidiaries					8,117,534	7,723,121	702,599	551,149
Less: Allowance for loss on investments in subsidiaries					(6,596)	(6,566)		
Total investments in subsidiaries - net					8,110,938	7,716,555		

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

As at 31 December 2014, the Company has pledged the shares of 34 subsidiaries amounting to Baht 7,665.92 million (2013: 27 subsidiaries amounting to Baht 6,071.25 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 21 to the financial statements.

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

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

### Additional investments in subsidiaries

#### 2014

During the year 2014, the Company subscribed and paid for newly issued ordinary shares of subsidiaries as detailed below.

Subsidiaries' name	Date	New ordinary shares		
		Par value	No. of shares	Total value
		(Baht)	(Million Shares)	(Million Baht)
Precious Rubies Limited	3 October 2014	100.00	1.75	175.36
Precious Opals Limited	3 October 2014	100.00	1.75	175.36

## 2013

- During the year 2013, the Company subscribed and paid for newly issued ordinary shares of subsidiaries as detailed below.

Subsidiaries' name	Date	New ordinary shares		
		Par value	No. of shares	Total value
		(Baht)	(Million Shares)	(Million Baht)
Precious Ponds Limited	25 April 2013	100.00	0.40	40.00
Precious Comets Limited	25 April 2013	100.00	0.70	69.90
Precious Ornaments Limited	31 July 2013	100.00	0.88	87.90

- On 1 June 2013, the Company purchased one ordinary share of Precious Shipping (UK) Limited from the non-controlling interests of the subsidiary at par value of USD 1.00.

### 13. Investment in associate held by a subsidiary

#### 13.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

Consolidated financial statements								
Associate's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2014	2013	2014	2013	2014	2013
			%	%				
International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40	67,167	66,863	95,582	102,372

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 years ended 31 December				
Associate's name	Share of profit from investment in associate held by a subsidiary		Dividend received from associate held by a subsidiary	
	2014	2013	2014	2013
International Seaports (Haldia) Private Limited	7,631	31,580	10,396	25,263

Share of profit from investment in associate held by a subsidiary for the years ended 31 December 2014 and 2013, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2014 and 2013, respectively.

### 13.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Profit	
	30 September		30 September		30 September		for the years ended		for the years ended	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Thousand INR	Thousand INR								
International Seaports										
(Haldia) Private Limited	440,580	440,580	484,368	566,800	57,662	109,781	423,174	531,596	34,067	140,983

On 11 September 2013, International Lighterage Limited, ("Lighterage"), a subsidiary of the Company, which is registered in Mauritius (shareholding is through Precious Shipping (Mauritius) Limited), sold all 9,868,287 shares of its investment in the ordinary shares of International Seaports (Haldia) Private Limited ("Haldia") to Precious Shipping (Singapore) Pte. Limited ("Precious Singapore"), another subsidiary of the Company, at a price of INR 10.00 per share, totaling INR 98.68 million (or approximately Baht 46.21 million). This restructuring of shareholding was made in order to improve administrative convenience. The change of ownership does not affect the Group's holding in Haldia, which is unchanged at 22.40%. This transaction was approved by Directors' Meeting of Precious Singapore on 20 May 2013 and Directors' Meeting of Lighterage on 30 May 2013. The transaction is considered as sales of investment under common control of the Group.

### 14. Other long-term investment

On 9 May 2014, the Company paid an additional called portion of 2,026,086 ordinary shares of Baht 2.50 each amounting to Baht 5.07 million in TMN Company Limited. As a result, as at 31 December 2014, the Company paid up Baht 7.50 per share, or a total of Baht 15.20 million, representing 3% of total issued and paid-up share capital (31 December 2013: Baht 5.00 per share, or a total of Baht 10.13 million, representing 3% of total issued and paid-up share capital).

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

## 15. Property, plant and equipment

(Unit: Thousand Baht)

### Consolidated financial statements

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

(Unit: Thousand Baht)

## Consolidated financial statements

	Land and condominium units	Vessels and equipment			Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
		Vessels and equipment	Dry-dock and special survey expenses	Total				
<b>Cost</b>								
1 January 2013	220,427	21,315,998	557,235	21,873,233	53,601	13,638	12,595	22,173,494
Acquisitions/transfer in	792	2,072,191	235,600	2,307,791	1,557	-	-	2,310,140
Disposals/transfer out/write-off	-	-	(170,553)	(170,553)	(532)	(350)	-	(171,435)
Translation adjustment	15,760	1,695,831	53,912	1,749,743	3,925	963	896	1,771,287
31 December 2013	236,979	25,084,020	676,194	25,760,214	58,551	14,251	13,491	26,083,486
<b>Accumulated depreciation</b>								
1 January 2013	200,046	5,438,027	252,951	5,690,978	48,134	11,534	10,230	5,960,922
Depreciation for the year	4,909	870,017	258,201	1,128,218	2,468	514	610	1,136,719
Depreciation on disposals/transfer out/ write-off	-	-	(170,553)	(170,553)	(480)	(350)	-	(171,383)
Translation adjustment	14,558	441,655	26,274	467,929	3,564	844	773	487,668
31 December 2013	219,513	6,749,699	366,873	7,116,572	53,686	12,542	11,613	7,413,926
<b>Net book value</b>								
1 January 2013	20,381	15,877,971	304,284	16,182,255	5,467	2,104	2,365	16,212,572
31 December 2013	17,466	18,334,321	309,321	18,643,642	4,865	1,709	1,878	18,669,560
<b>Depreciation for the year</b>								
2013								1,136,719

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
<b>Cost</b>				
1 January 2013	22,867	12,361	10,016	45,244
Acquisitions/transfer in	1,540	-	-	1,540
Disposals/transfer out/write-off	(532)	(350)	-	(882)
Translation adjustment	1,735	871	714	3,320
31 December 2013	25,610	12,882	10,730	49,222
<b>Accumulated depreciation</b>				
1 January 2013	18,511	11,222	7,652	37,385
Depreciation for the year	1,909	256	610	2,775
Depreciation on disposals/ transfer out/write-off	(480)	(350)	-	(830)
Translation adjustment	1,413	806	588	2,807
31 December 2013	21,353	11,934	8,850	42,137
<b>Net book value</b>				
1 January 2013	4,356	1,139	2,364	7,859
31 December 2013	4,257	948	1,880	7,085
<b>Depreciation for the year</b>				
2013				2,775

On 9 January 2014, Precious Shipping (Panama) S.A., (“the overseas subsidiary”), which held 41 of 64 shares in the Fujisan Maru Vessel (“Vessel”), and the Joint Owner (held 23 of 64 shares) entered into a Memorandum of Agreement with an overseas company to sell the Vessel for USD 2.31 million. According to the shareholding in the Vessel, the sale price of the Vessel to be paid to the overseas subsidiary is USD 1.48 million (or approximately Baht 48.86 million). On 15 January 2014, the vessel is already delivered to the buyer. The overseas subsidiary already received the selling price (net of direct selling expense) of USD 1.41 million (or approximately Baht 46.15 million). The Group recorded gains from sales of vessel amounting to USD 0.83 million (or approximately Baht 26.98 million) in the consolidated income statement for the year ended 31 December 2014.

As at 31 December 2014, certain condominium units, vessels and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 295.46 million (2013: Baht 442.85 million) in the consolidated financial statements and Baht 37.65 million (2013: Baht 37.17 million) in the separate financial statements.

As at 31 December 2014, the subsidiaries have mortgaged 37 vessels (2013: 34 vessels) with net book value of Baht 20,788.82 million (2013: Baht 17,651.83 million) with banks to secure long-term loans as referred to in Note 21 to the financial statements.

## 16. Intangible assets

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

(Unit: Thousand Baht)

	Consolidated		Separated	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Cost</b>				
Cost at beginning of year	55,031	51,372	54,965	51,310
Translation adjustment	250	3,659	250	3,655
Cost at end of year	55,281	55,031	55,215	54,965
<b>Accumulated amortisation</b>				
Accumulated amortisation at beginning of year	50,965	38,516	50,931	38,497
Amortisation for the year	1,272	9,127	1,259	9,114
Translation adjustment	249	3,322	249	3,320
Accumulated amortisation at end of year	52,486	50,965	52,439	50,931
<b>Net book value as at 31 December</b>	<b>2,795</b>	<b>4,066</b>	<b>2,776</b>	<b>4,034</b>
<b>Amortisation for the year</b>	<b>1,272</b>	<b>9,127</b>	<b>1,259</b>	<b>9,114</b>

## 17. Advances for vessel constructions

The Group has outstanding orders for Newbuilding Vessels as at 31 December 2014 as follows.

<b>Vessel type</b>	1 Cement Carrier	2 Dry Bulk Carriers (Handysize vessel)	8 Dry Bulk Carriers (4 Handysize vessels and 4 Ultramax vessels)	2 Dry Bulk Carriers (Ultramax Vessel)	10 Dry Bulk Carriers (Ultramax Vessel)	2 Dry Bulk Carriers (Ultramax Vessel)
<b>Acquirer</b>	ABC One Pte. Limited ("new buyer") Associated Bulk Carriers Pte. Limited ("Original buyer")	The Company	The Company	The Company	The Company	The Company
<b>Seller</b>	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	Taizhou Sanfu Ship Engineering Co., Ltd., China	Sainty Marine Corporation Ltd., China	Sainty Marine Corporation Ltd., China	Taizhou Sanfu Ship Engineering Co., Ltd. and Jiangsu Ruihai International Trade Co., Ltd., China
<b>Contract date</b>	30 August 2013 and amendment agreement dated 13 January 2014	25 November 2013	20 December 2013	24 February 2014	26 February 2014 and addendum dated 18 August 2014	17 March 2014
<b>Contract price</b>	USD 24.48 million	USD 22.32 million per vessel (USD 44.64 million in aggregate)	USD 21.96 million per Handysize vessel and USD 27.48 million per Ultramax vessel (USD 197.75 million in aggregate)	USD 27.90 million per vessel (USD 55.80 million in aggregate)	USD 27.90 million per vessel for 8 vessels and USD 27.40 million per vessel for 2 vessels ("original contract price") plus USD 70,382 per vessel, according to the addendum (USD 278.70 million in aggregate)	USD 27.90 million per vessel (USD 55.80 million in aggregate)

<p><b>Payment terms</b></p>	<p>The contract price will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of ABC One Pte. Limited to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.</p>	<p>The contract price of each vessel will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.</p>	<p>The contract price of each vessel will be paid in 4 installments. The first installment of USD 200,000 on signing the contract and the second installment of 15% of contract price with deduction of the first installment (USD 200,000) would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the Pre-Delivery Installments. The third installment of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 75% of contract price would be payable on delivery.</p>	<p>The contract price will be paid in 5 installments. The first to the fourth installment each of 10% of contract price would be payable on the submission of a bank guarantee in favor of the Company and relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.</p>	<p>The contract price will be paid in 5 installments. The first to the fourth installment each of 10% of original contract price would be payable on the submission of a bank guarantee in favor of the Company and relevant milestone certificates. The last installment of 60% of original contract price plus 70,382 USD would be payable on delivery.</p>	<p>The contract price of each vessel will be paid in 3 installments. The first installment of 15% of contract price would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the Pre-Delivery Installments. The second installment of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 75% of contract price would be payable on delivery.</p>
<p><b>Expected delivery date</b></p>	<p>January 2015</p>	<p>Within 2015</p>	<p>Year 2015 to Year 2016</p>	<p>On or before 31 March 2015</p>	<p>Year 2015 to Year 2016</p>	<p>Year 2015 to Year 2016</p>

Movements of the advances for vessel constructions account during the years ended 31 December 2014 and 2013 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		Financial statements	
	2014	2013	2014	2013
Balance at beginning of year	1,973,330	4,942,348	1,061,832	4,250,803
Additions	3,449,378	1,351,228	3,288,375	670,233
Increase from acquisition of investment in				
a subsidiary	-	533,026	-	-
Capitalisation of finance cost	11,399	28,994	64	6,501
Amortisation of financial fees	41	606	3	175
Other direct costs	231,450	43,912	163,094	19,848
Novation/cancellation of shipbuilding				
contracts	(582,277)	(4,580,770)	(582,277)	(3,443,374)
Transfer to cost of vessels and equipment				
of subsidiaries	(1,089,918)	(580,029)	(296,699)	(580,029)
Translation adjustment	20,807	234,015	26,511	137,675
Balance at end of year	4,014,210	1,973,330	3,660,903	1,061,832
Less: Current portion	-	(593,136)	-	(593,136)
Advances for vessel constructions - net				
of current portion	4,014,210	1,380,194	3,660,903	468,696

During the year ended 31 December 2014, the amount of borrowing costs capitalised was Baht 11.40 million (2013: Baht 28.99 million) in the consolidated financial statements and Baht 0.06 million (2013: Baht 6.50 million) in the separate financial statements. The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 2.74% - 2.93% (2013: 1.43% - 2.64%) in the consolidated financial statements and was 2.74% (2013: 1.43% - 1.56%) in the separate financial statements.

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

### **Submission the Letter of Demand for Hull No. 342**

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

During the year 2013 the Group recognised gains from novation/cancellation of shipbuilding contracts as detailed below.

### **Novation of new Shipbuilding Contracts**

During the year ended 31 December 2013, the Company completed 4 Novations of Shipbuilding Contracts for Hull Nos. 316, 336, 340 and 347 and recorded gains on Novation of Shipbuilding Contracts of USD 21.80 million (or approximately Baht 650.83 million) in the consolidated and separate income statements for the year ended 31 December 2013.

### **Cancellation of Shipbuilding Contract**

During the year ended 31 December 2013, ABC Three Pte., Limited received the cancellation proceeds of USD 6.70 million or approximately Baht 198.66 million and recorded gain on Cancellation of Shipbuilding Contract of USD 0.75 million or approximately Baht 22.14 million in the consolidated income statement.

Moreover in 2013, the Company, ABC One Pte. Limited and ABC Two Pte. Limited (the "Buyers") issued 7 Cancellation Notices to ABG Shipyard Ltd. ("Shipbuilder") under 7 Shipbuilding Contracts ("SBCs"). The Buyers made claims of advance installments paid and interest thereon under the SBCs. Since the Shipbuilder failed to fulfill the Shipbuilder's obligation in accordance with the SBCs and did not make the payment demanded to the Buyers for the claims, the Buyers then invoked the Guarantees available with the Buyers and submitted the Letters of Demand against the Irrevocable Letters of Guarantee and/or Performance Guarantees to the various Indian Banks in India ("Guarantors") in accordance with the SBCs.

During the year ended 31 December 2013, the Buyers received an aggregate amount of USD 101.18 million (or approximately Baht 3,205.50 million) being all the guaranteed amounts with applicable interest pursuant to 5 SBCs for Hull Nos. 337, 348, 379, 349, and 338 from the Guarantors as a result of the claims submitted, and for Hull No. 339, the Company received USD 13.08 million (or approximately Baht 418.64 million) and recorded the remaining balance of USD 25.47 million (or approximately Baht 835.69 million) for Hull Nos. 339 and 378 under “Trade and other receivables” account in the statement of financial position as at 31 December 2013 and recorded gains on Cancellation of Shipbuilding Contracts for all the 7 Hulls of USD 8.27 million (or approximately Baht 262.44 million) in the consolidated income statement and USD 7.75 million (or approximately Baht 245.77 million) in the separate income statement for the year ended 31 December 2013. Subsequently, on 7 January 2014, the Group received the remaining total balance of USD 25.47 million (or approximately Baht 832.45 million) towards the claims for Hull No. 339 and 378 from the Guarantors.

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

During the year ended 31 December 2014, 3 cement carriers were completed and delivered to the Company’s indirect subsidiaries incorporated in Singapore as detailed below.

<b>Delivery date</b>	<b>Subsidiary’s name</b>	<b>Hull No.</b>	<b>Cost of vessel construction and other direct costs</b>
25 March 2014	ABC Two Pte. Limited	CC200-01	USD 25.27 million (or approximately Baht 819.72 million)
12 June 2014	ABC Three Pte. Limited	CC200-02	USD 25.50 million (or approximately Baht 827.55 million)
3 September 2014	ABC Four Pte. Limited	CC200-03	USD 24.99 million (or approximately Baht 809.14 million)

Delivery of vessels under the Shipbuilding Contracts with Saintry Marine Corporation Ltd., China

During the year ended 31 December 2014, 2 dry bulk vessels were completed and delivered to 2 local subsidiaries as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
3 July 2014	Precious Opals Limited	SAM13010B	USD 28.50 million (or approximately Baht 922.63 million)
16 July 2014	Precious Rubies Limited	SAM13009B	USD 28.47 million (or approximately Baht 921.71 million)

#### Delivery of vessel under the Shipbuilding Contract with ABG Shipyard Ltd., India

During the year ended 31 December 2013, 1 vessel was completed and delivered to 1 indirect subsidiary incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
15 January 2013	Precious Thoughts Pte. Limited	335	USD 24.58 million (or approximately Baht 728.17 million)

#### 18. Deferred financial fees

Movements of the deferred financial fees account during the years ended 31 December 2014 and 2013 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Balance at beginning of year	97,337	125,212	75,457	100,561
Additions	135,241	3,197	125,782	-
Increase from acquisition of investment in a subsidiary	-	12,811	-	-
Transfer to present as a deduction against long-term loans	(41,791)	(24,513)	(374)	(1,257)
Transfer to subsidiaries as a borrower	-	-	(13,452)	(12,223)
Write-off deferred financial fee	(74,774)	(25,942)	(74,774)	(16,355)
Transfer from other current assets	8,008	-	8,008	-
Translation adjustment	170	6,572	307	4,731
Balance at end of year	<u>124,191</u>	<u>97,337</u>	<u>120,954</u>	<u>75,457</u>



## 21. Long-term loan facilities

As at 31 December 2014 and 2013, long-term loans accounts are presented below.

(Unit: Thousand Baht)

Consolidated financial statements																				
Loan facilities for financing the construction and acquisition of new vessels														Loan facilities for purchasing of vessels				Total		
Facility 1		Facility 2		Facility 3		Facility 4		Facility 5		Facility 6		Facility 8		Facility 1		Facility 3		Total		
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
Long-term loans	1,244,032	1,339,379	1,973,561	2,150,472	1,238,133	-	637,637	-	161,387	-	1,392,549	-	36,783	-	3,694,331	3,944,267	1,706,000	2,011,080	12,084,413	9,445,198
Less: Deferred financial fees	(6,399)	(7,926)	(32,046)	(38,304)	(20,441)	-	(4,588)	-	(1,041)	-	(6,005)	-	(373)	-	(98,203)	(112,789)	(2,015)	(13,422)	(171,111)	(172,441)
Total	1,237,633	1,331,453	1,941,515	2,112,168	1,217,692	-	633,049	-	160,346	-	1,386,544	-	36,410	-	3,596,128	3,831,478	1,703,985	1,997,658	11,913,302	9,272,757
Less: Current portion	(100,925)	(100,390)	(183,669)	(182,545)	(83,258)	-	(42,203)	-	(12,026)	-	(78,484)	-	-	-	(123,085)	(122,381)	(188,322)	(248,588)	(811,972)	(653,904)
Long-term loans - net of current portion	1,136,708	1,231,063	1,757,846	1,929,623	1,134,434	-	590,846	-	148,320	-	1,308,060	-	36,410	-	3,473,043	3,709,097	1,515,663	1,749,070	11,101,330	8,618,853

(Unit: Thousand Baht)

	Separate financial statements	
	Loan facility for financing the construction and acquisition of new vessels	
	Facility 8	
	2014	2013
Long-term loans	36,783	-
Less: Deferred financial fees	(373)	-
Total	36,410	-

The details of each loan facility are summarised as follows.

### **21.1 Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)**

#### **Facility 1**

On 3 July 2008, the Company entered into a secured loan agreement with overseas and local commercial banks to obtain a loan facility of USD 398.40 million carrying interest at LIBOR plus margin which is to be paid quarterly. The loan was to be used to finance the construction and acquisition of 15 new vessels (9 handysize vessels and 6 supramax vessels) out of the 18 new vessels already ordered by the Company with ABG Shipyard Limited and the total loan amount was equivalent to 80% of the aggregate contract prices of the 15 vessels.

During the years 2011 to 2013, the Company drawn the loans to finance 3 new vessels amounting to USD 54.50 million. The Company prepaid the loans drawn towards the Pre-delivery facility for financing the new shipbuildings ordered amounting to USD 101.20 million and cancelled the undrawn balance loan facility amounting to USD 242.70 million.

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

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

Facility / Description	Post-delivery facility
<b>Final maturity</b>	10 years from delivery of the first vessel (15 March 2020)
<b>Repayment</b>	Each tranche (aggregate drawings in respect of each vessel) is to be amortised (repaid) in quarterly installments, each equivalent to 1/60th of the post-delivery facility amount, and in a balloon amount equal to the balance under such tranche on final maturity. The first quarterly repayment of each tranche shall commence 3 months after delivery of each respective vessel.
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage over the vessels</li> <li>b) Pledge of the vessel-owning subsidiaries' shares</li> <li>c) Corporate guarantee from the Company if the Company is not a joint borrower</li> <li>d) 1st priority assignment of requisition compensation in respect of the vessels</li> <li>e) 1st priority assignment of all insurance proceeds</li> <li>f) 1st priority assignment of the earnings of the vessels and pledge over the earnings and retention account of each vessel</li> </ul>

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

- a) maintenance of a funded debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of a funded debt to EBITDA ratio not exceeding 6:1
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group

## **Facility 2**

On 14 October 2011, 4 indirect subsidiaries incorporated in Singapore ("SPCs") have executed an USD 84.96 million Loan Agreement with ING Bank N.V., Singapore Branch and DNB Asia Ltd. to finance up to 80% of the Total Acquisition Cost of the 4 new Supramax 57,000 DWT Dry Bulk vessels ordered by each SPC to be built in China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

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

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

Facility / Description	Post-delivery facility
<b>Final maturity</b>	8 years after final drawdown of each vessel tranche (10 January 2021)
<b>Repayment</b>	For each Vessel, in 32 equal quarterly installments of USD 354,000 and a balloon repayment of USD 9,912,000 together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel.
<b>Security</b>	<ul style="list-style-type: none"> <li>a) Pledge of shares of the borrowers</li> <li>b) 1st priority mortgage on the vessels</li> <li>c) 1st priority assignment of earnings and time charters</li> <li>d) 1st priority pledge over the earnings accounts with the security agent</li> <li>e) 1st priority assignment of all insurances and requisition compensation of the vessels</li> <li>f) Corporate guarantee from the Company</li> <li>g) All the above post-delivery securities to be cross collateralised</li> </ul>

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

- a) maintenance of the maximum funded debt to total shareholders' equity ratio of 2:1
- b) maintenance of the maximum funded debt to EBITDA ratio of 6:1
- c) maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Precious Group, if funded debt to EBITDA is more than 5:1 but less than or equal to 6:1 and maintenance of a minimum free cash balance of USD 100,000 per vessel if funded debt to EBITDA is no more than 5:1

### Facility 3

On 15 February 2012, ABC Two Pte. Limited and ABC Three Pte. Limited (“ABC Two Company and ABC Three Company”), SPC subsidiaries of Associated Bulk Carriers Pte. Limited, (“ABC Company”) executed a USD 45.60 million Term Loan Facility with Bangkok Bank Public Company Limited (Singapore Branch) to finance up to 80% of the Contract Price of 2 new Cement Carriers ordered with ABG Shipyard Ltd., India, which were subsequently cancelled.

On 18 September 2013, ABC Two Company and ABC Three Company have executed the First Supplemental Agreement to amend the Term Loan Facility dated 15 February 2012, mainly to amend the purpose, maximum loan facility, repayment term and security as a consequence of the cancellation of the 2 cement carriers ordered with ABG Shipyard Ltd., India and replacement with the orders from China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

Facility / Description	Post-delivery facility													
<b>Maximum Loan Facility</b>	Maximum loan facility for both Vessels shall not exceed USD 38,688,000 of which, each vessel loan shall not exceed USD 19,344,000 per vessel.													
<b>Drawdown</b>	USD 19,344,000 or 80% of the contract price to be made available in a single disbursement for each vessel loan part of which will be used to repay the pre-delivery facility.													
<b>Final maturity</b>	10 years after drawdown of each vessel loan													
<b>Repayment</b>	For each Vessel, in 39 equal quarterly installments and a balloon repayment together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel.													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Detail of repayment</th> <th style="text-align: center;">ABC Two Company</th> <th style="text-align: center;">ABC Three Company</th> </tr> </thead> <tbody> <tr> <td><b>Installments</b></td> <td style="text-align: center;">USD 319,650</td> <td style="text-align: center;">USD 322,400</td> </tr> <tr> <td><b>The remaining together with the final installments</b></td> <td style="text-align: center;">USD 6,712,650</td> <td style="text-align: center;">USD 6,770,400</td> </tr> <tr> <td><b>Final installment dates</b></td> <td style="text-align: center;">2 April 2024</td> <td style="text-align: center;">1 July 2024</td> </tr> </tbody> </table>		Detail of repayment	ABC Two Company	ABC Three Company	<b>Installments</b>	USD 319,650	USD 322,400	<b>The remaining together with the final installments</b>	USD 6,712,650	USD 6,770,400	<b>Final installment dates</b>	2 April 2024	1 July 2024
Detail of repayment	ABC Two Company	ABC Three Company												
<b>Installments</b>	USD 319,650	USD 322,400												
<b>The remaining together with the final installments</b>	USD 6,712,650	USD 6,770,400												
<b>Final installment dates</b>	2 April 2024	1 July 2024												
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage over the vessel</li> <li>b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessels</li> <li>c) 1st priority assignment of Time Charter contracts</li> <li>d) 1st priority charge over the Earnings Account and Retention Account</li> <li>e) Corporate guarantee from ABC Company</li> <li>f) Corporate guarantee from the Company for up to USD 8 million per vessel</li> </ul>													

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

- a) Debt Service Coverage Ratio (“DSCR”) of no less than 1.1 times
- b) Equity Ratio (ratio of Equity to Total Assets) of no less than 20%.

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

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

#### **Facility 4**

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

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

<b>Facility / Description</b>	<b>Post-delivery facility</b>
<b>Loan Facility</b>	USD 19,344,000 or 80% of the Contract Price to be made available in a single disbursement, part of which will be used to repay the pre-delivery facility.
<b>Drawdown</b>	100% of the post-delivery facility amount is to be drawn upon delivery of the vessel.
<b>Final maturity</b>	10 years after full drawdown of the loan facility but not later than 28 April 2025.
<b>Repayment</b>	To be repaid in 39 quarterly installments of USD 322,400 from the end of the first quarter after the delivery of vessel and a final installment of USD 6,770,400 at the end of the Term (1 October 2024)
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessel</li> <li>b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel</li> <li>c) 1st priority assignment of Time Charter contract</li> <li>d) 1st priority charge over the Earnings Account and Retention Account</li> <li>e) Corporate guarantee from ABC Company</li> <li>f) Corporate guarantee from the Company for up to USD 8 million</li> </ul>

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

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

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

### Facility 5

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

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

<b>Facility / Description</b>	<b>Pre-delivery facility</b>	<b>Post-delivery facility</b>
<b>Loan Facility</b>	USD 4,896,000 or 20% of the Contract Price	USD 19,584,000 or 80% of the Contract Price to be made available in a single disbursement, part of which will be used to repay the pre-delivery facility.
<b>Drawdown</b>	Up to 10% of the Contract Price but not more than USD 2,448,000 on Keel Laying milestone and up to 10% of the Contract Price but not more than USD 2,448,000 on Launching milestone	100% of the post-delivery facility amount is to be drawn upon delivery of the vessel.
<b>Final maturity</b>	Delivery of vessel	10 years after full drawdown of the loan facility but not later than 30 November 2024.
<b>Repayment</b>	To be repaid in one lump sum (from post-delivery facility) upon delivery of vessel	To be repaid in 40 quarterly installments of USD 489,600 from the end of the first quarter after the delivery of vessel

Facility / Description	Pre-delivery facility	Post-delivery facility
<b>Security</b>	a) 1st priority assignment of the shipbuilding contract b) 1st priority assignment of the refund guarantee c) Pledge of the shares of ABC One Company held by ABC Company d) Corporate guarantee from the Company and ABC Company	a) 1st priority mortgage on the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel c) 1st priority assignment of Time Charter contracts d) 1st priority charge over the Earnings Account and Retention Account e) Corporate guarantee from ABC Company f) Corporate guarantee from the Company for up to USD 8 million

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

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

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

### **Facility 6**

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

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

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

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

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

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

#### **Facility 7**

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

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

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

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

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

### Facility 8

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

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

Facility / Description	Pre-delivery facility	Post-delivery facility		
<b>Purpose</b>	To provide pre-delivery and post-delivery financing up to 75% of the Contract Price of the respective Dry Bulk Vessels ("Vessel" or "Vessels") ordered with Shanhaiguan New Shipbuilding Industry Co. Ltd. ("SHG") and Sainty Marine Corporation Ltd. ("Sainty"), China:			
	Vessel No.	Hull Nos.	DWT	Seller
	Vessel One	BC385-11	38,500	SHG
	Vessel Two	BC385-12	38,500	SHG
	Vessel Three	SAM14021B	64,000	Sainty
	Vessel Four	SAM14022B	64,000	Sainty
	Vessel Five	SAM14023B	64,000	Sainty
	Vessel Six	SAM14024B	64,000	Sainty
	Vessel Seven	SAM14025B	64,000	Sainty
	Vessel Eight	SAM14026B	64,000	Sainty
	Vessel Nine	SAM14027B	64,000	Sainty
	Vessel Ten	SAM14028B	64,000	Sainty

Facility / Description	Pre-delivery facility	Post-delivery facility
<b>Loan Facility</b>	<p>The Maximum Loan Amount of USD 200.00 million is divided into ten vessel loans (“Vessel Loan” or “Vessel Loans”) comprised of Pre-delivery facility and Post-delivery facility.</p> <p>a) for Vessel One and Two: up to USD 3,347,700 each;</p> <p>b) for Vessel Three, Four, Seven, Eight, Nine and Ten: up to USD 4,185,000 each; and</p> <p>c) for Vessel Five and Six: up to USD 4,110,000 each.</p> <p>Total loan facilities for Pre-delivery are up to USD 40,025,400.</p>	<p>a) for each of Vessel One and Two: up to lesser of (i) USD 16,738,500 and (ii) 75% of the Market Value of the relevant Vessel;</p> <p>b) for each of Vessel Loans Three, Four, Seven, Eight, and Nine: up to lesser of (i) USD 20,900,000 and (ii) 75% of the Market Value of the relevant Vessel;</p> <p>c) for each of Vessel Five and Six: up to lesser of (i) USD 20,550,000 and (ii) 75% of the Market Value of the relevant Vessel; and</p> <p>d) for Vessel Ten: Up to lesser of (i) USD 20,923,000 and (ii) 75% of the Market Value of this Vessel.</p>
<b>Drawdown</b>	<p>On Keel Laying milestone</p> <p>a) for Vessel One and Two: USD 1,115,900 each;</p> <p>b) for Vessel Three, Four, Seven, Eight, Nine and Ten: USD 1,395,000 each; and</p> <p>c) for Vessel Five and Six: USD 1,370,000 each.</p> <p>On Launching milestone</p> <p>a) for Vessel One and Two: USD 2,231,800 each;</p> <p>b) for Vessel Three, Four, Seven, Eight, Nine and Ten: USD 2,790,000 each; and</p> <p>c) for Vessel Five and Six: USD 2,740,000 each.</p>	<p>100% of the Post-delivery facility amount is to be drawn upon delivery of each vessel.</p>
<b>Final maturity</b>	<p>Delivery of each vessel</p>	<p>The earlier of (i) the 7th anniversary of the delivery date of the last Vessel and (ii) 27 September 2023.</p>
<b>Repayment</b>	<p>To be repaid in one lump sum upon delivery of each vessel from the proceeds of the respective Post-delivery facility.</p>	<p>Each Post-delivery facility shall be repaid in quarterly installments, beginning from the end of the next quarter after the respective each drawdown, based on a 15-year profile as follows:</p> <p>a) USD 278,975 for each of Vessel One and Two;</p> <p>b) USD 348,333 for each of Vessel Three, Four, Seven, Eight and Nine;</p> <p>c) USD 342,500 for each of Vessel Five and Six;</p> <p>d) USD 348,717 for Vessel Ten.</p> <p>All amounts outstanding under each Post-delivery facility after the above quarterly installments have been paid shall be repaid in full and the respective Post-delivery facility shall be reduced to zero on the Termination Date by way of a single Balloon</p>

		Repayment of all such amounts.
<b>Facility / Description</b>	<b>Pre-delivery facility</b>	<b>Post-delivery facility</b>
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority assignment of refund guarantees</li> <li>b) 1st priority assignment of the shipbuilding contracts</li> </ul>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessels</li> <li>b) Pledge of shares of the Subsidiary Borrowers</li> <li>c) 1st priority assignment of the Earnings Accounts of the Subsidiary Borrowers</li> <li>d) 1st priority assignment of all insurances and requisition compensation of the vessels</li> </ul>

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

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

### Facility 9

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

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

<b>Loan Facility</b>	Up to USD 13,500,000 in multiple drawdowns
<b>Drawdown</b>	A minimum of USD 1,000,000, with increments of multiples of USD 100,000 while not exceeding the relevant pre-delivery payment to be drawn within 6 months from the date of loan agreement.
<b>Maturity Date</b>	12 months after first drawdown of the loan facility ("Maturity Date"), with the option to request for a further 12 months extension
<b>Repayment</b>	The loan shall be repaid in one lump sum on the Maturity Date or if extended, then paid in equal quarterly installments starting from the quarter after the Maturity Date.
<b>Security</b>	<ul style="list-style-type: none"> <li>a) Pledge of all issued shares of the Subsidiaries</li> <li>b) 1st priority mortgage on vessels of the Subsidiaries</li> <li>c) 1st priority assignment of all earnings, insurance policies and requisition compensation of the vessels</li> </ul>

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

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

### **Facility 10**

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

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

<b>Loan Facility</b>	Up to USD 42,000,000 divided into two vessel loans ("Vessel Loan" or "Vessel Loans")
<b>Drawdown</b>	The lower of USD 21,000,000 or 75% of the market value of each vessel to be drawn upon delivery of each vessel.
<b>Final maturity</b>	8 years after drawdown of each Vessel Loan
<b>Repayment</b>	Each Vessel Loan shall be repaid over 8 years, in 32 quarterly installments beginning from three calendar months after each drawdown. The 1st to 16th such quarterly installment shall be an amount of USD 350,000 and the 17th to 32nd such quarterly installment shall be an amount of USD 525,000, along with a balloon repayment of USD 7,000,000 on the due date of each of the final installments of the respective Vessel Loan.
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessels</li> <li>b) Pledge of shares of the Subsidiary Borrowers</li> <li>c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrowers</li> <li>d) 1st priority assignment of all insurance and requisition compensation of the vessels</li> </ul>

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

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

## **21.2 Loan facilities for purchasing of vessels**

### **Facility 1**

The Company and local subsidiaries entered into the Loan Agreement dated 18 January 2007 to mainly fund the purchase of vessels. During 2009 to 2011, the Loan Agreement had been amended for certain terms and conditions.

The summarised details of drawdown of this facility are as follows.

- a) During the years 2011 and 2010, 2 local subsidiaries had drawn down Baht 1,502.35 million for purchase of 2 vessels.
- b) During the year 2011, 4 local subsidiaries had drawn down USD 92.00 million from this facility and the undrawn facility was reduced to USD 108.00 million. In order to extend the availability period of the undrawn facility, on 9 March 2012, the Company and local subsidiaries executed a USD 50.00 million Term Loan Facility on same terms and conditions with one of the three local commercial banks and the loan was used for purchase of vessels by 2 local subsidiaries and thereafter the balance of USD 58.00 million was cancelled.
- c) During the years 2011 and 2010, 2 local subsidiaries swapped the Thai Baht loan of Baht 1,502.35 million into USD 45.90 million.
- d) During the year 2012, 4 local subsidiaries swapped the interest of the USD loans of USD 64.82 million, from floating interest rates (LIBOR) to fixed interest rate (2.10%) for interest payable during the period from 31 December 2014 to 30 September 2022.

The loan facilities have been secured by the mortgage of the subsidiaries' vessels, the pledge of the subsidiaries' shares, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders.

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

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

- a) maintenance of a total debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of a total debt to EBITDA ratio not exceeding 6:1
- c) maintenance of minimum free cash balance of USD 100,000 per vessel
- d) maintenance of debt service coverage ratio of at least 1.1:1

### **Facility 2**

On 14 January 2010, the Company entered into a new Secured Term Loan Facility Agreement of USD 250.00 million with the Bangkok Branch of an international bank and 4 local banks to fund additional second-hand vessels which the Company may want to buy. The loan is carrying interest at LIBOR plus margin which is to be paid quarterly. The loan is to be used for purchase of vessels and to be repaid in equal quarterly installments over a period of 8 years commencing from the end of the availability period.

During 2011 to 2013, the Loan Facility Agreement has been amended mainly to extend the availability period of the loan facility to 30 June 2014 with the balance of loan facility of USD 150.00 million.

As at 31 December 2014, the loan facility has expired without any drawings and has thereby been automatically cancelled.

### **Facility 3**

On 17 February 2012, the Company executed a USD 100.00 million Term Loan Facility with Export-Import Bank of Thailand to finance up to 80% of the Acquisition Cost of new or second-hand Dry Bulk Vessels which the Company may want to buy. The loan carries interest at LIBOR plus margin which is to be paid quarterly. The loan is to be repaid in equal quarterly installments over a period of 8.5 years commencing from the end of the availability period.

On 12 December 2013, the Company executed the Amendment Agreement to the Term Loan Facility to extend the availability period of the balance facility of USD 35.18 million up to 30 December 2014.

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

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

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

- a) maintenance of debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of net funded debt to EBITDA ratio not exceeding 6:1
- c) maintenance of debt service coverage ratio of at least 1.1:1

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

The Group's bank loan facilities and the undrawn loan balances as at 31 December 2014 and 2013 are summarised below.

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				2014	2013	2014	2013
<b>Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)</b>							
Facility 1	DNB Asia Ltd. and 5 other banks, total 6 banks	The Company and subsidiaries	LIBOR + margin	54.50	54.50	-	-
Facility 2	ING Bank N.V. (Singapore Branch) and DNB Asia Ltd.	4 indirect subsidiaries in Singapore	LIBOR + margin	84.96	84.96	-	-
Facility 3	Bangkok Bank Plc. (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin	38.69	38.69	-	38.69
Facility 4	Bangkok Bank Plc. (Singapore Branch)	ABC Four Pte. Limited	LIBOR + margin	19.34	-	-	-
Facility 5	TMB Bank Plc.	ABC One Pte. Limited	LIBOR + margin	19.58	-	14.69	-
Facility 6	Export-Import Bank of Thailand	The Company and subsidiaries	LIBOR + margin	81.50	-	37.66	-
Facility 7	Norddeutsche Landesbank Girozentrale (Singapore Branch)	The Company and subsidiaries in Singapore	LIBOR + margin	41.85	-	41.85	-
Facility 8	DNB Asia Ltd. and Export-Import Bank of China	The Company and subsidiaries in Singapore	LIBOR + margin	200.00	-	198.88	-
Facility 9	Krung Thai Bank Public Company Limited	The Company and 5 local subsidiaries	LIBOR + margin	13.50	-	13.50	-
Facility 10	BNP Paribas	The Company and subsidiaries in Singapore	LIBOR + margin	42.00	-	42.00	-

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				2014	2013	2014	2013
<b>Loan facilities for purchasing of vessels</b>							
Facility 1	Krung Thai Bank Plc. and 2 other banks, total 3 banks	The Company and local subsidiaries	MLR-1 for Thai Baht loan and LIBOR + margin for USD loan	USD 142.00 million and Baht 1,502.35 million	USD 142.00 million and Baht 1,502.35 million	-	-
Facility 2	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch and 2 other banks, total 3 banks	The Company and subsidiaries	LIBOR + margin	-	150.00	-	150.00
Facility 3	Export-Import Bank of Thailand	The Company and subsidiaries	LIBOR + margin	64.82	100.00	-	35.18

## 22. Provision for maritime claims

(Unit: Thousand Baht)

	Consolidated financial statements	
	2014	2013
Balance at beginning of year	175,621	67,699
Increase during the year	92,192	179,748
Decrease during the year	(86,721)	(83,319)
Translation adjustment	613	11,493
Balance at end of year	181,705	175,621

## 23. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	76,562	70,312	70,297	64,298
Current service cost	3,839	4,247	3,611	4,057
Interest cost	1,691	2,015	1,622	1,956
Benefits paid during the year	(1,335)	-	(1,335)	-
Transfer to accrued expenses	(7,360)	-	(7,360)	-
Translation adjustment	(112)	(12)	(107)	(14)
Defined benefit obligation at end of year	73,285	76,562	66,728	70,297
Provisions for long-term employee benefits at end of year	73,285	76,562	66,728	70,297

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	3,839	4,247	3,611	4,057
Interest cost	1,691	2,015	1,622	1,956
Total expenses recognised in the income statement	5,530	6,262	5,233	6,013
Line items under which such expenses are included in the income statement				
Administrative expenses	4,306	4,322	4,011	4,073
Management remuneration including perquisites	1,224	1,940	1,222	1,940

Principal actuarial assumptions at the valuation date were as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.80	3.80	3.80	3.80
Future salary increase rate	6.50	6.50	6.50	6.50
Staff turnover rate (depending on age)	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00

Amounts of defined benefit obligation for the current and previous four periods are as follows.

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2014	73,285	66,728	-	-
Year 2013	76,562	70,297	-	-
Year 2012	70,312	64,298	(3,392)	(2,937)
Year 2011	63,023	57,001	-	-
Year 2010	57,408	51,551	-	-

## 24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to Section 1202 of the Thai Civil and Commercial Code, a subsidiary (incorporated under Thai Laws) is required to set aside a statutory reserve equal to at least 5% of its profit each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

## 25. Corporate social responsibility (CSR) reserve

The Company has earmarked 0.5% of its profit for the year as a reserve towards CSR activities. The Company expects to earmark amounts based on the same percentage of profit annually on a cumulative basis, but subject to a minimum of Baht 1.75 million and a maximum of Baht 25.00 million per year. The reserve was approved by a meeting of the Board of Directors of the Company on 14 August 2008.

During the year 2014, the Company set aside Baht 1.75 million (2013: Baht 2.64 million) to a reserve for CSR activities and reversed Baht 1.27 million (2013: Baht 1.48 million) from the reserve when the Company made related payments against the reserve.

## 26. Expenses by nature

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Salary, wages and other benefits of employees and crews	1,508,011	1,323,853	180,015	243,102
Rental expenses from operating lease agreements	5,293	5,310	3,854	3,856

## **27. Income tax**

No corporate income tax was payable for the years 2014 and 2013, since the Company had tax losses brought forward from previous years.

### Local subsidiaries

- a) In accordance with the Director - General's Notification on Income Tax No. 72 dated 20 March 1998, the local subsidiaries are exempted from the payment of income tax on their marine transportation income. In addition, the subsidiaries are exempted from the payment of income tax on their marine transportation business under the provisions of the Investment Promotion Act B.E. 2520.
- b) Corporate income tax for the year ended 31 December 2014 has been calculated at a rate of 20% (2013: 20%) on net profit, after adding back certain provisions and expenses which are disallowed for tax computation purposes.

### Overseas subsidiaries and associate

Corporate income tax of the overseas subsidiaries and associate has been calculated by applying the applicable statutory rates of the relevant countries.

As at 31 December 2014 the Group has deductible temporary differences, temporary differences arising from exchange difference occurring while translating financial statements in functional currency into presentation currency and unused tax losses totaling Baht 1,199.42 million (2013: Baht 1,115.89 million) (the Company Baht 124.04 million, 2013: Baht 94.99 million). However, the Group did not recognise deferred tax assets as the Group believes that it is not probable that future taxable profit will be available to allow the entire deferred tax assets to be utilised.

As at 31 December 2014, the Company has temporary difference arising from exchange difference from the translation of the financial statements from functional currency into presentation currency associated with investments in subsidiaries for which deferred tax liability has not been recognised, aggregating Baht 595.89 million (2013: Baht 552.20 million).

## **28. Promotional privileges**

The Company has been granted promotional privileges under the Investment Promotion Act, as approved by the Board of Investment under BOI certificate No. 1405/2550 dated 23 March 2007. Subject to certain imposed conditions, the significant privileges are the rights to employ skilled foreigners to work within the scope of duties approved by the Board of Investment and for the period for which they are permitted to stay in Thailand, permission to own land in an amount considered appropriate by the Board of Investment, and permission to transfer funds in or out of Thailand in foreign currencies.

Under the provisions of the Investment Promotion Act B.E. 2520, the local subsidiaries were granted certain promotional privileges for their marine transportation. The promotional privileges include, among other things, exemption from the payment of income tax for a period of 8 years commencing as from the date of first earning operating income on the condition that the vessels owned by the subsidiaries are registered in Thailand. During the year ended 31 December 2014, the subsidiaries have 16 vessels (2013: 16 vessels) under investment promoted operations.

Revenues and expenses for 2014 and 2013 (before eliminating related transactions), classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations				Total	
	2014	2013	Operations exempted from corporate income tax in accordance with the Director-General's Notification on Income Tax No. 72		Operations not eligible for corporate income tax exemption		2014	2013
			2014	2013	2014	2013		
Revenues	1,726,759	1,533,042	1,732,712	1,363,448	2,250,768	1,856,540	5,710,239	4,753,030
Costs and expenses	(1,691,918)	(1,638,502)	(1,892,223)	(1,572,174)	(1,580,001)	(1,371,636)	(5,164,142)	(4,582,312)

## 29. Basic earnings (loss) per share

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

## 30. Segment information

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

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

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

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

The following table presents net vessel operating income from Time charter and Voyage charter of the Group for the years ended 31 December 2014 and 2013.

(Unit: Thousand Baht)

	Consolidated financial statements									
	Time charter		Voyage charter		Total		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Hire income	3,308,675	2,668,205	-	-	3,308,675	2,668,205	(1,025)	(50,198)	3,307,650	2,618,007
Freight income	-	-	1,534,519	1,306,987	1,534,519	1,306,987	(267,142)	(67,349)	1,267,377	1,239,638
Total vessel operating income	3,308,675	2,668,205	1,534,519	1,306,987	4,843,194	3,975,192	(268,167)	(117,547)	4,575,027	3,857,645
Voyage disbursements	-	-	(475,753)	(289,816)	(475,753)	(289,816)	268,167	117,547	(207,586)	(172,269)
Bunker consumption	-	-	(535,747)	(548,351)	(535,747)	(548,351)	-	-	(535,747)	(548,351)
Total voyage expenses	-	-	(1,011,500)	(838,167)	(1,011,500)	(838,167)	268,167	117,547	(743,333)	(720,620)
Net vessel operating income/time charter equivalent income	3,308,675	2,668,205	523,019	468,820	3,831,694	3,137,025	-	-	3,831,694	3,137,025

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

For the year 2013, the Group has no major customer with revenues of 10% or more of the Group's revenues.

### **31. Provident fund**

The Company and subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company/the subsidiaries contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by Kasikornbank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company and subsidiaries contributed Baht 3.68 million (2013: Baht 3.40 million) to the provident fund (Separate financial statements: Baht 3.32 million, 2013: Baht 3.12 million).

### **32. Dividends paid**

The dividends were approved for paying to the Company's ordinary shareholders as at the closing date of the share register, after deduction of the shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares).

Dividends declared during the year 2014 consist of the following.

	Approved by	Qualified ordinary share (shares)	Shares held by the registrar (shares)	Dividend per share (Baht)	Dividend paid (Million Baht)	Paid date
a) Interim dividend based on the retained earnings as of 30 June 2014	Board of Directors' meeting on 31 July 2014	1,039,388,799	131,801	0.10	103.94	29 August 2014
b) Interim dividend based on the retained earnings as of 31 March 2014	Board of Directors' meeting on 30 April 2014	1,039,393,299	127,301	0.10	103.94	29 May 2014
c) Final dividend based on the retained earnings as of 31 December 2013	Annual General Meeting of the shareholders on 31 March 2014	1,039,385,799	134,801	0.10	103.94	11 April 2014
Total				<u>0.30</u>	<u>311.82</u>	

Dividends declared during the year 2013 consist of the following.

	Approved by	Qualified ordinary share (shares)	Shares held by the registrar (shares)	Dividend per share (Baht)	Dividend paid (Million Baht)	Paid date
a) Interim dividend based on the retained earnings as of 30 September 2013	Board of Directors' meeting on 31 October 2013	1,038,587,599	933,001	0.10	103.85	28 November 2013
b) Interim dividend based on the retained earnings as of 30 June 2013	Board of Directors' meeting on 31 July 2013	1,038,373,899	1,146,701	0.10	103.84	28 August 2013
c) Interim dividend based on the retained earnings as of 31 March 2013	Board of Directors' meeting on 30 April 2013	1,038,394,700	1,125,900	0.10	103.84	29 May 2013
d) Final dividend based on the retained earnings as of 31 December 2012	Annual General Meeting of the shareholders on 1 April 2013	1,039,379,600	141,000	0.10	103.94	11 April 2013
Total				<u>0.40</u>	<u>415.47</u>	

### 33. Commitments and contingent liabilities

#### 33.1 Shipbuilding contracts commitments

As at 31 December 2014 and 2013, the Group had future minimum payment commitments under shipbuilding contracts as detailed below.

	2014		2013	
	(Million USD)	(Equivalent to Million Baht)	(Million USD)	(Equivalent to Million Baht)
The Company	525.57	17,324.32	294.91	9,676.89
Subsidiaries	14.69	484.16	70.36	2,308.83
Total	540.26	17,808.48	365.27	11,985.72

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

As at 31 December 2014 and 2013, the Group had obligations in respect of the charges for management of the undrawn portion of loan facilities, which are summarised as follows.

Facility	Commitment fees payable by the Group	Undrawn loan balance as at		Terms of payment of commitment fees	Payable upto
		2014	2013		
		(Million USD)	(Million USD)		
<b>Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)</b>					
Facility 3	1.20% per annum of undrawn loan balance	-	38.69	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 5	0.60% per annum of undrawn loan balance	14.69	-	Every three months until the end of the drawdown period	Upon delivery of vessel
Facility 6	0.70% per annum of undrawn loan balance	37.66	-	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 7	1.02% per annum of undrawn loan balance	41.85	-	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 8	1.00% per annum of undrawn loan balance	198.88	-	Every three months until the end of the drawdown period	Upon delivery of each vessel

Facility	Commitment fees payable by the Group	Undrawn loan balance as at		Terms of payment of commitment fees	Payable upto
		2014	2013		
		(Million USD)	(Million USD)		
Facility 9	0.50% per annum of undrawn loan balance	13.50	-	Every three months until the end of the drawdown period	2 June 2015
Facility 10	1.00% per annum of undrawn loan balance	42.00	-	Every three months until the end of the drawdown period	Upon delivery of each vessel
<b>Loan facilities for purchasing of vessels</b>					
Facility 2	0.70% per annum of undrawn loan balance	-	150.00	Every three months until the end of the drawdown period	30 June 2014
Facility 3	0.70% per annum of undrawn loan balance	-	35.18	Every three months until the end of the drawdown period	30 December 2014

### 33.3 Uncalled portion of other long-term investment

As at 31 December 2014, the Company has a commitment of Baht 5.06 million in respect of the uncalled portion of other long-term investment (TMN Company Limited) (31 December 2013: Baht 10.13 million).

### 33.4 Long-term time charter commitments

Pursuant to a Memorandum of Understanding signed in October 2009, on 2 December 2009 and on 7 September 2012, the Company signed Long-Term Time Charter Contracts with a company incorporated in India (the charterer) for 4 new cement carriers. The charter periods under the contracts are 15 years, with a fixed charter rate per day as stipulated in the contracts. There is an option to extend the charter period twice by blocks of 5 years, with reduced charter rates as stipulated in the contracts. The vessels are new custom-built cement carriers, which have to be delivered to the charterer as per the committed schedule during 2011 to 2014. If the vessels are not delivered to the charterer within the agreed schedule, there is a fine payable of USD 4,250 per vessel per day.

The Company has nominated the 4 Long-Term Charter Contracts to ABC One Pte. Limited, ABC Two Pte. Limited, ABC Three Pte. Limited, and ABC Four Pte. Limited.

As discussed in Note 17 to the financial statements, during the year ended 31 December 2014, 3 cement carriers were delivered to 3 ABC Company's subsidiaries. As a result, as at 31 December 2014, ABC One Pte. Limited has commitment of fine payable under its Long-Term Time Charter Contract.

### **33.5 Commitment from option deed agreement**

As part of the Share Sale and Purchase Agreement between the Company (“the Buyer”) and Varada Marine Pte. Ltd. (“the Seller”) dated 18 January 2013 to purchase one ordinary share of jointly controlled entity, Associated Bulk Carriers Pte. Limited (“ABC Company”), which currently is the Company’s subsidiary. ABC Company (as Grantor) has also entered into an Option Deed with the Seller on 18 January 2013 under which, the Seller shall have the option to purchase 50% of the issued share capital of each of the existing Subsidiaries (“Option Securities”) at the Price of ABC Company’s cost of investment (including Shareholder Loans) together with interest at 7.50% per annum. Each of the Option Securities for each of the subsidiary, may be exercised at any time during the period of 60 days commencing 30 days after the date of actual delivery of each Vessel of each of the Subsidiaries under the respective Shipbuilding Contracts.

## **34. Financial instruments**

### **34.1 Financial risk management**

The Group’s financial instruments, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables and loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Group is exposed to credit risk primarily with respect to trade accounts receivable. The Group manages the risk by adopting a credit policy whereby they evaluate the creditworthiness of charterers and other parties and restricts dealings to financially sound parties, and strictly attend to the preparation and completeness of documentation and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

#### ***Interest rate risk***

The Group’s exposure to interest rate risk relates primarily to its cash at banks and long-term loans. However, since most of the Group’s financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

## Consolidated financial statements

As at 31 December 2013

	Fixed			Total	Interest rate (% p.a.)		
	interest rate with				Fixed	Floating	
	maturity date	Floating	Non-interest			USD	USD
	within 1 year	interest rate	bearing		USD		USD
<b>Financial assets</b>							
Cash and cash equivalents	409,894	2,530,666	1,224	2,941,784	0.74	0.13 - 0.45	0.50
Trade and other receivables	-	-	1,073,957	1,073,957	-	-	-
<b>Total</b>	<b>409,894</b>	<b>2,530,666</b>	<b>1,075,181</b>	<b>4,015,741</b>			
<b>Financial liabilities</b>							
Trade accounts payable	-	-	21,569	21,569	-	-	-
Long-term loans	-	9,272,757	-	9,272,757	-	1.35 - 3.00	6.25
<b>Total</b>	<b>-</b>	<b>9,272,757</b>	<b>21,569</b>	<b>9,294,326</b>			

(Unit: Thousand Baht)

## Separate financial statements

As at 31 December 2013

	Fixed		Floating	Non-interest	Total	Interest rate (% p.a.)		
	interest rate with					Fixed	Floating	
	maturity date	interest rate					USD	USD
	within 1 year	with maturity date at call				rate		bearing
<b>Financial assets</b>								
Cash and cash equivalents	328,136	-	1,794,091	294	2,122,521	0.74	0.35 - 0.45	0.50
Trade and other receivables	-	-	-	1,880,364	1,880,364	-	-	-
Short-term loans to								
a subsidiary	-	2,342,891	-	-	2,342,891	0.40	-	-
Long-term loans to								
a subsidiary	-	-	-	505,395	505,395	-	-	-
<b>Total</b>	<b>328,136</b>	<b>2,342,891</b>	<b>1,794,091</b>	<b>2,386,053</b>	<b>6,851,171</b>			
<b>Financial liabilities</b>								
Trade accounts payable	-	-	-	204	204	-	-	-
Advances received from								
related parties	-	-	-	2,023,148	2,023,148	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,023,352</b>	<b>2,023,352</b>			

### **Foreign currency risk**

Almost all revenues and expenditures of the Group is denominated in US Dollars, which provide a natural hedge against the currency risk associated with transactions in US Dollars. Consequently, the Group is exposed to a currency risk in respect of financial instruments denominated in other currencies. However, the Group's management has decided to maintain an open position with regard to this exposure, but endeavors to limit this exposure to the minimum possible amounts by not holding significant amounts of financial instruments denominated in other currencies or use derivative instruments, as and when it considers appropriate, to manage such risks.

The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.

The Group has the following significant financial assets and liabilities denominated in foreign currencies (currencies other than US Dollars which is the Group's functional currency).

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht loan	-	-	970.27	1,095.46	0.0302	0.0303

Foreign currency swap contracts outstanding are summarised below.

As at 31 December 2014			
Bought amount	Sold amount	Contractual exchange rate	Contractual maturity date
		(USD per 1 foreign currency unit)	
Baht 970.27 million	USD 29.64 million	0.0302, 0.0309	Quarterly corresponding to the loan repayment schedule upto September 2022
As at 31 December 2013			
Bought amount	Sold amount	Contractual exchange rate	Contractual maturity date
		(USD per 1 foreign currency unit)	
Baht 1,095.46 million	USD 33.47 million	0.0302, 0.0309	Quarterly corresponding to the loan repayment schedule upto September 2022

## **34.2 Fair values of financial instruments**

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instruments.

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

## **35. Capital management**

The primary objective of the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Group manages its capital position with reference to its debt-to-equity ratio also to comply with a condition in the long-term loan agreements, which require the Group to maintain a consolidated debt-to-equity ratio of not more than 2:1.

As at 31 December 2014, the Group's debt-to-equity ratio was 0.83:1 (2013: 0.63:1) and the Company's was 0.12:1 (2013: 0.16:1) which is calculated from USD functional currency financial statements.

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

On 6 January 2015, a cement carrier under a shipbuilding contract with China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China, was completed and delivered to the Company's indirect subsidiary incorporated in Singapore (ABC One Pte. Limited). The contract price of the vessel with Hull No. CC200-04 is USD 24.48 million or approximately Baht 805.43 million.

### 37. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2014 and 2013 and income statements for the years ended 31 December 2014 and 2013 are as follows.

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

#### Statement of financial position

As at 31 December 2014

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	16,230	89,651	2,551	64,684
Current investment	-	-	-	-
Trade and other receivables	9,634	32,729	45,626	57,304
Short-term loans to a subsidiary	-	-	50,400	71,400
Current portion of advances for vessel constructions	-	18,076	-	18,076
Bunker oil	3,504	3,116	-	-
Other current assets				
Advances to vessel masters	4,089	3,782	-	-
Claim recoverables	922	851	-	-
Others	1,199	2,211	472	1,454
Total other current assets	6,210	6,844	472	1,454
<b>Total current assets</b>	<b>35,578</b>	<b>150,416</b>	<b>99,049</b>	<b>212,918</b>
<b>Non-current assets</b>				
Long-term loans to a subsidiary	-	-	9,702	15,402
Investments in subsidiaries	-	-	246,062	235,163
Investment in associate held by a subsidiary	2,900	3,120	-	-
Other long-term investment	417	260	417	260
Receivables from cross currency swap contracts	-	54	-	-
Property, plant and equipment	669,567	568,958	165	216
Intangible assets	85	124	84	123
Other non-current assets				
Claim recoverables - maritime claims	4,384	4,247	-	-
Advances for vessel constructions - net of current portion	121,779	42,062	111,061	14,284
Deferred financial fees	3,767	2,966	3,669	2,300
Deferred contract costs	8,092	5,113	-	-
Others	93	94	73	73
Total other non-current assets	138,115	54,482	114,803	16,657
<b>Total non-current assets</b>	<b>811,084</b>	<b>626,998</b>	<b>371,233</b>	<b>267,821</b>
<b>Total assets</b>	<b>846,662</b>	<b>777,414</b>	<b>470,282</b>	<b>480,739</b>

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014

(Unit: Thousand USD)

	Consolidated		Separate	
	2014	2013	2014	2013
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables				
Trade accounts payable	3,884	657	2,985	6
Advances received from related parties	-	-	42,588	61,656
Accrued crew accounts	3,443	2,623	-	-
Accrued expenses	4,722	2,139	667	23
Current portion of accrued employee bonus	430	1,324	391	1,222
Total trade and other payables	12,479	6,743	46,631	62,907
Advances received from charterers	522	2,000	-	-
Current portion of long-term loans	24,633	19,928	-	-
Income tax payable	113	240	-	-
Other current liabilities	657	864	187	190
<b>Total current liabilities</b>	<b>38,404</b>	<b>29,775</b>	<b>46,818</b>	<b>63,097</b>
<b>Non-current liabilities</b>				
Accrued employee bonus - net of current portion	-	935	-	860
Payables to cross currency swap contracts	74	-	-	-
Long-term loans - net of current portion	336,782	262,661	1,105	-
Provision for maritime claims	5,512	5,352	-	-
Provision for long-term employee benefits	2,223	2,333	2,024	2,142
<b>Total non-current liabilities</b>	<b>344,591</b>	<b>271,281</b>	<b>3,129</b>	<b>3,002</b>
<b>Total liabilities</b>	<b>382,995</b>	<b>301,056</b>	<b>49,947</b>	<b>66,099</b>
<b>Shareholders' equity</b>				
Share capital				
Registered share capital	35,308	35,308	35,308	35,308
Issued and paid-up share capital	35,308	35,308	35,308	35,308
Paid-in capital				
Premium on ordinary shares	16,135	16,135	16,135	16,135
Premium on treasury stock	4,819	4,819	4,819	4,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	2,802	2,802	2,802	2,802
- subsidiaries	14,460	14,460	-	-
Corporate social responsibility reserve	527	511	527	511
Unappropriated	391,438	403,659	360,744	355,065
Other components of shareholders' equity	(1,787)	(1,654)	-	-
Equity attributable to owner of the Company	463,702	476,040	420,335	414,640
Non-controlling interests of the subsidiaries	(35)	318	-	-
<b>Total shareholders' equity</b>	<b>463,667</b>	<b>476,358</b>	<b>420,335</b>	<b>414,640</b>
<b>Total liabilities and shareholders' equity</b>	<b>846,662</b>	<b>777,414</b>	<b>470,282</b>	<b>480,739</b>

**Precious Shipping Public Company Limited and its subsidiaries**  
**Income statement**  
**For the year ended 31 December 2014**

(Unit: Thousand USD)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
<b>Revenues</b>				
Vessel operating income				
Hire income	101,639	84,746	-	-
Freight income	39,024	40,011	-	-
Total vessel operating income	140,663	124,757	-	-
Service income	321	368	2,854	2,917
Gains on sales of vessel and equipment	825	1	-	1
Gains on novation/cancellation of shipbuilding contracts	1,232	30,824	1,232	29,550
Interest income	160	274	185	444
Exchange gains	133	423	60	502
Other income	1	78	1	78
Dividend received	-	-	21,600	17,932
<b>Total revenues</b>	<b>143,335</b>	<b>156,725</b>	<b>25,932</b>	<b>51,424</b>
<b>Expenses</b>				
Vessel operating costs				
Vessel running expenses	60,898	53,874	-	-
Voyage disbursements	6,391	5,583	-	-
Bunker consumption	16,516	17,766	-	-
Total vessel operating costs	83,805	77,223	-	-
Depreciation	38,968	36,790	76	91
Cost of services	143	158	-	-
Administrative expenses	5,328	7,091	4,452	6,082
Management remuneration including perquisites	2,436	3,547	2,344	3,344
Bad debts and doubtful accounts	63	39	-	-
<b>Total expenses</b>	<b>130,743</b>	<b>124,848</b>	<b>6,872</b>	<b>9,517</b>
<b>Profit before share of profit from     investment in associate, finance cost and     income tax expenses</b>	<b>12,592</b>	<b>31,877</b>	<b>19,060</b>	<b>41,907</b>
Share of profit from investment in associate held by a subsidiary	234	1,025	-	-
<b>Profit before finance cost and     income tax expenses</b>	<b>12,826</b>	<b>32,902</b>	<b>19,060</b>	<b>41,907</b>
Finance cost	(15,366)	(14,881)	(3,703)	(3,963)
<b>Profit (loss) before income tax expenses</b>	<b>(2,540)</b>	<b>18,021</b>	<b>15,357</b>	<b>37,944</b>
Income tax expenses	(68)	(250)	-	-
<b>Profit (loss) for the year</b>	<b>(2,608)</b>	<b>17,771</b>	<b>15,357</b>	<b>37,944</b>
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	(2,542)	17,493	15,357	37,944
Non-controlling interests of the subsidiaries	(66)	278	-	-
<b>Profit (loss) for the year</b>	<b>(2,608)</b>	<b>17,771</b>	<b>15,357</b>	<b>37,944</b>
(Unit: USD)				
<b>Basic earnings (loss) per share</b>				
Profit (loss) attributable to equity holders of the Company	(0.0024)	0.0168	0.0148	0.0365

**38. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 30 January 2015.