

Precious Shipping Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## **Independent Auditor's Report**

To the Shareholders of Precious Shipping Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Precious Shipping Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Precious Shipping Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Precious Shipping Public Company Limited and its subsidiaries and of Precious Shipping Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Emphasis of Matter**

I draw attention to note 15 and 31.2 to the financial statements regarding the cancellation of the Shipbuilding Contracts and the uncertainty regarding the outcome of arbitration proceedings. My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

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

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

### **Revenue recognition**

The Group has entered into agreements with a large number of customers and these include both Time Charter and Voyage Charter type agreements, whereby the freight rates fluctuate in line with global market rates. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

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

## **Impairment of vessels**

In determining the impairment loss, management had to exercise judgement with respect to its projections of future operating performance, plans for management of assets of companies in the group, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss recorded on vessels.

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

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

I considered the scope and probability of potential changes in the key assumptions and in particular the growth rates applied in preparing the cash flow projections, by comparing them to economic and industry forecasts.

## **Other Information**

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Vissuta Jariyathanakorn  
Certified Public Accountant (Thailand) No. 3853

EY Office Limited  
Bangkok: 11 February 2020

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	1,181,180,928	1,842,832,325	443,250,723	496,613,795
Trade and other receivables	7	182,609,681	254,213,633	3,479,692,640	4,155,580,792
Short-term loans to a subsidiary	9	-	-	129,662,200	-
Bunker oil		176,485,980	95,946,393	-	-
Other current assets					
Advances to vessel masters		73,485,984	87,397,845	-	-
Claim recoverables		10,638,849	6,221,685	-	-
Others		56,120,774	30,541,384	16,413,404	12,613,549
Total other current assets		140,245,607	124,160,914	16,413,404	12,613,549
<b>Total current assets</b>		<b>1,680,522,196</b>	<b>2,317,153,265</b>	<b>4,069,018,967</b>	<b>4,664,808,136</b>
<b>Non-current assets</b>					
Long-term loans to subsidiaries	9	-	-	4,523,100,000	5,020,048,960
Investments in subsidiaries	10	-	-	6,038,468,017	6,498,211,828
Investment in associate held by a subsidiary	11	68,092,056	73,356,329	-	-
Other long-term investment	12	17,113,615	18,416,575	17,113,615	18,416,575
Receivables from cross currency swap contracts		950,890,975	565,589,563	921,749,079	559,158,376
Property, plant and equipment	13	20,097,547,770	22,409,263,232	6,667,802	9,440,336
Intangible assets	14	6,749,632	6,966	6,749,630	6,964
Other non-current assets					
Claim recoverables - maritime claims		24,656,504	51,776,586	-	-
Advances for vessel constructions	15	2,047,469,556	2,203,355,363	2,039,751,204	2,195,049,367
Deferred contract costs	16	162,782,861	193,135,598	-	-
Others		4,726,165	4,853,419	3,963,183	4,082,536
Total other non-current assets		2,239,635,086	2,453,120,966	2,043,714,387	2,199,131,903
<b>Total non-current assets</b>		<b>23,380,029,134</b>	<b>25,519,753,631</b>	<b>13,557,562,530</b>	<b>14,304,414,942</b>
<b>Total assets</b>		<b>25,060,551,330</b>	<b>27,836,906,896</b>	<b>17,626,581,497</b>	<b>18,969,223,078</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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables					
Trade and other payables	8	70,720,959	73,773,305	13,457,673	663,803
Advances received from related parties	8	-	-	1,749,783,634	1,726,757,047
Accrued crew accounts		84,749,692	86,351,026	-	-
Accrued expenses		338,001,089	192,952,188	59,705,463	43,037,219
Accrued employee bonus		34,421,325	35,608,883	24,608,801	25,531,982
<b>Total trade and other payables</b>		<b>527,893,065</b>	<b>388,685,402</b>	<b>1,847,555,571</b>	<b>1,795,990,051</b>
Advances received from charterers		75,091,199	19,937,516	-	-
Current portion of long-term loans	17	2,137,257,692	1,877,205,466	-	-
Current portion of debentures	18	1,947,630,244	-	1,947,630,244	-
Income tax payable		1,506,626	983,695	-	-
Other current liabilities		22,871,888	21,662,611	13,318,266	13,747,298
<b>Total current liabilities</b>		<b>4,712,250,714</b>	<b>2,308,474,690</b>	<b>3,808,504,081</b>	<b>1,809,737,349</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	17	5,011,892,056	7,150,290,378	-	-
Debentures - net of current portion	18	3,565,211,716	5,510,770,671	3,565,211,716	5,510,770,671
Provision for maritime claims	19	46,239,681	59,786,420	-	-
Provision for long-term employee benefits	20	165,910,413	112,128,780	129,516,980	89,758,318
<b>Total non-current liabilities</b>		<b>8,789,253,866</b>	<b>12,832,976,249</b>	<b>3,694,728,696</b>	<b>5,600,528,989</b>
<b>Total liabilities</b>		<b>13,501,504,580</b>	<b>15,141,450,939</b>	<b>7,503,232,777</b>	<b>7,410,266,338</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 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Shareholders' equity</b>					
Share capital	21				
Registered share capital					
1,559,291,862 ordinary shares of Baht 1 each					
(2018: 1,611,256,930 ordinary shares					
of Baht 1 each)		1,559,291,862	1,611,256,930	1,559,291,862	1,611,256,930
Issued and paid-up share capital					
1,559,291,862 ordinary shares of Baht 1 each		1,559,291,862	1,559,291,862	1,559,291,862	1,559,291,862
Paid-in capital					
Premium on ordinary shares		1,967,897,516	1,967,897,516	1,967,897,516	1,967,897,516
Premium on treasury stock		172,445,812	172,445,812	172,445,812	172,445,812
Retained earnings					
Appropriated					
Statutory reserve - the Company	23	103,952,060	103,952,060	103,952,060	103,952,060
- subsidiaries	23	523,320,000	523,320,000	-	-
Corporate social responsibility reserve	24	17,696,466	17,393,326	17,696,466	17,393,326
Unappropriated		8,891,670,774	9,135,682,800	6,587,677,745	7,220,773,166
Other components of shareholders' equity		(1,677,260,039)	(784,562,105)	(285,612,741)	517,202,998
Equity attributable to owners of the Company		11,559,014,451	12,695,421,271	10,123,348,720	11,558,956,740
Non-controlling interests of the subsidiaries		32,299	34,686	-	-
<b>Total shareholders' equity</b>		<b>11,559,046,750</b>	<b>12,695,455,957</b>	<b>10,123,348,720</b>	<b>11,558,956,740</b>
<b>Total liabilities and shareholders' equity</b>		<b>25,060,551,330</b>	<b>27,836,906,896</b>	<b>17,626,581,497</b>	<b>18,969,223,078</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 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Vessel operating income					
Hire income		3,334,212,863	4,085,563,317	-	-
Freight income		810,069,757	843,546,625	-	-
Total vessel operating income		4,144,282,620	4,929,109,942	-	-
Service income	8	7,772,123	3,683,276	88,964,983	90,689,351
Interest income		29,875,934	37,325,315	11,582,523	20,646,823
Dividend income		405,217	-	405,217	-
Gains on sales of equipment		387,079	-	-	-
Other income		309,382	3,926	676	2,727
<b>Total revenues</b>		<b>4,183,032,355</b>	<b>4,970,122,459</b>	<b>100,953,399</b>	<b>111,338,901</b>
<b>Expenses</b>					
Vessel operating costs					
Vessel running expenses		1,571,125,467	1,624,254,113	-	-
Voyage disbursements		154,239,088	185,096,107	-	-
Bunker consumption		258,786,320	256,191,882	-	-
Total vessel operating costs		1,984,150,875	2,065,542,102	-	-
Depreciation	13	1,183,432,145	1,184,948,008	3,060,022	2,961,152
Cost of services		5,214,405	5,220,213	-	-
Loss on impairment of investments in subsidiaries	10	-	-	-	107,056,303
Administrative expenses	8	453,750,431	356,103,646	330,224,548	230,849,013
Management remuneration including perquisites	8	92,129,527	96,942,413	94,071,876	93,275,087
Bad debts and doubtful accounts (reversal)		645,194	(3,639,483)	-	-
Exchange losses		6,041,219	5,359,659	927,326	4,403,306
<b>Total expenses</b>		<b>3,725,363,796</b>	<b>3,710,476,558</b>	<b>428,283,772</b>	<b>438,544,861</b>
<b>Profit (loss) before share of profit from investment in associate, finance cost and income tax expense</b>		<b>457,668,559</b>	<b>1,259,645,901</b>	<b>(327,330,373)</b>	<b>(327,205,960)</b>
Share of profit from investment in associate held by a subsidiary	11.1	19,848,843	24,425,838	-	-
<b>Profit (loss) before finance cost and income tax expense</b>		<b>477,517,402</b>	<b>1,284,071,739</b>	<b>(327,330,373)</b>	<b>(327,205,960)</b>
Finance cost		(703,300,816)	(825,725,070)	(294,704,664)	(307,299,051)
<b>Profit (loss) before income tax expense</b>		<b>(225,783,414)</b>	<b>458,346,669</b>	<b>(622,035,037)</b>	<b>(634,505,011)</b>
Income tax expense	26	(2,707,665)	(2,142,895)	-	-
<b>Profit (loss) for the year</b>		<b>(228,491,079)</b>	<b>456,203,774</b>	<b>(622,035,037)</b>	<b>(634,505,011)</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 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(228,491,145)	456,203,424	(622,035,037)	(634,505,011)
Non-controlling interests of the subsidiaries		66	350	-	-
<b>Profit (loss) for the year</b>		<u>(228,491,079)</u>	<u>456,203,774</u>	<u>(622,035,037)</u>	<u>(634,505,011)</u>
<b>Basic earnings per share</b>					
	28				
Profit (loss) attributable to equity holders of the Company		<u>(0.15)</u>	<u>0.29</u>	<u>(0.40)</u>	<u>(0.41)</u>
Weighted average number of ordinary shares (Shares)		<u>1,559,291,862</u>	<u>1,559,286,575</u>	<u>1,559,291,862</u>	<u>1,559,286,575</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 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<b>Profit (loss) for the year</b>	<u>(228,491,079)</u>	<u>456,203,774</u>	<u>(622,035,037)</u>	<u>(634,505,011)</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	455,648	(8,600,405)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>455,648</u>	<u>(8,600,405)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss	(15,217,741)	(1,354,830)	(10,757,244)	(388,658)
Exchange differences on translation of functional currency to presentation currency financial statements	(893,156,035)	(86,471,290)	(802,815,739)	(87,549,790)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(908,373,776)</u>	<u>(87,826,120)</u>	<u>(813,572,983)</u>	<u>(87,938,448)</u>
<b>Other comprehensive income for the year</b>	<u>(907,918,128)</u>	<u>(96,426,525)</u>	<u>(813,572,983)</u>	<u>(87,938,448)</u>
<b>Total comprehensive income for the year</b>	<u><u>(1,136,409,207)</u></u>	<u><u>359,777,249</u></u>	<u><u>(1,435,608,020)</u></u>	<u><u>(722,443,459)</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(1,136,406,820)	359,777,142	(1,435,608,020)	(722,443,459)
Non-controlling interests of the subsidiaries	(2,387)	107	-	-
	<u>(1,136,409,207)</u>	<u>359,777,249</u>	<u>(1,435,608,020)</u>	<u>(722,443,459)</u>
	-	-	-	-

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

Precious Shipping Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Unappropriated	Exchange differences on translation of financial statements	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Corporate social responsibility reserve					
				Statutory reserve							
				The Company	Subsidiaries						
<b>Balance as at 1 January 2018</b>	1,559,280,897	1,967,716,593	172,445,812	103,952,060	523,320,000	16,443,099	8,681,784,433	(689,490,653)	12,335,452,241	34,579	12,335,486,820
Profit for the year	-	-	-	-	-	-	456,203,424	-	456,203,424	350	456,203,774
Other comprehensive income for the year	-	-	-	-	-	-	(1,354,830)	(95,071,452)	(96,426,282)	(243)	(96,426,525)
Total comprehensive income for the year	-	-	-	-	-	-	454,848,594	(95,071,452)	359,777,142	107	359,777,249
Issuance of ordinary shares as a result of warrants exercised (Note 21)	10,965	180,923	-	-	-	-	-	-	191,888	-	191,888
Appropriated to corporate social responsibility reserve (Note 24)	-	-	-	-	-	950,227	(950,227)	-	-	-	-
<b>Balance as at 31 December 2018</b>	<u>1,559,291,862</u>	<u>1,967,897,516</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>523,320,000</u>	<u>17,393,326</u>	<u>9,135,682,800</u>	<u>(784,562,105)</u>	<u>12,695,421,271</u>	<u>34,686</u>	<u>12,695,455,957</u>
<b>Balance as at 1 January 2019</b>	1,559,291,862	1,967,897,516	172,445,812	103,952,060	523,320,000	17,393,326	9,135,682,800	(784,562,105)	12,695,421,271	34,686	12,695,455,957
Loss for the year	-	-	-	-	-	-	(228,491,145)	-	(228,491,145)	66	(228,491,079)
Other comprehensive income for the year	-	-	-	-	-	-	(15,217,741)	(892,697,934)	(907,915,675)	(2,453)	(907,918,128)
Total comprehensive income for the year	-	-	-	-	-	-	(243,708,886)	(892,697,934)	(1,136,406,820)	(2,387)	(1,136,409,207)
Appropriated to corporate social responsibility reserve (Note 24)	-	-	-	-	-	303,140	(303,140)	-	-	-	-
<b>Balance as at 31 December 2019</b>	<u>1,559,291,862</u>	<u>1,967,897,516</u>	<u>172,445,812</u>	<u>103,952,060</u>	<u>523,320,000</u>	<u>17,696,466</u>	<u>8,891,670,774</u>	<u>(1,677,260,039)</u>	<u>11,559,014,451</u>	<u>32,299</u>	<u>11,559,046,750</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 2019

(Unit: Baht)

	Separate financial statements							Other components of shareholders' equity - other comprehensive income	Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Exchange differences on translation of financial statements		
				Appropriated		Unappropriated			
				Statutory reserve	Corporate social responsibility reserve				
<b>Balance as at 1 January 2018</b>	1,559,280,897	1,967,716,593	172,445,812	103,952,060	16,443,099	7,856,617,062	604,752,788	12,281,208,311	
Loss for the year	-	-	-	-	-	(634,505,011)	-	(634,505,011)	
Other comprehensive income for the year	-	-	-	-	-	(388,658)	(87,549,790)	(87,938,448)	
Total comprehensive income for the year	-	-	-	-	-	(634,893,669)	(87,549,790)	(722,443,459)	
Issuance of ordinary shares as a result of warrants exercised (Note 21)	10,965	180,923	-	-	-	-	-	191,888	
Appropriated to corporate social responsibility reserve (Note 24)	-	-	-	-	950,227	(950,227)	-	-	
<b>Balance as at 31 December 2018</b>	<b>1,559,291,862</b>	<b>1,967,897,516</b>	<b>172,445,812</b>	<b>103,952,060</b>	<b>17,393,326</b>	<b>7,220,773,166</b>	<b>517,202,998</b>	<b>11,558,956,740</b>	
<b>Balance as at 1 January 2019</b>	1,559,291,862	1,967,897,516	172,445,812	103,952,060	17,393,326	7,220,773,166	517,202,998	11,558,956,740	
Loss for the year	-	-	-	-	-	(622,035,037)	-	(622,035,037)	
Other comprehensive income for the year	-	-	-	-	-	(10,757,244)	(802,815,739)	(813,572,983)	
Total comprehensive income for the year	-	-	-	-	-	(632,792,281)	(802,815,739)	(1,435,608,020)	
Appropriated to corporate social responsibility reserve (Note 24)	-	-	-	-	303,140	(303,140)	-	-	
<b>Balance as at 31 December 2019</b>	<b>1,559,291,862</b>	<b>1,967,897,516</b>	<b>172,445,812</b>	<b>103,952,060</b>	<b>17,696,466</b>	<b>6,587,677,745</b>	<b>(285,612,741)</b>	<b>10,123,348,720</b>	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	

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 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(225,783,414)	458,346,669	(622,035,037)	(634,505,011)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,183,436,915	1,185,274,704	3,064,792	3,287,848
Bad debts and doubtful accounts (reversal)	645,194	(3,639,483)	-	-
Write-off equipment	7,334	26,648	7,225	26,644
Gains on sales of equipment	(387,079)	-	-	-
Loss on impairment of investments in subsidiaries	-	-	-	107,056,303
Amortisation of deferred contract costs	17,134,187	17,986,981	-	-
Share of profit from investment in associate held by a subsidiary	(19,848,843)	(24,425,838)	-	-
Provision for maritime claims (reversal)	14,196,191	(8,633,566)	-	-
Provision for long-term employee benefits	45,706,571	24,507,066	35,857,176	21,696,472
Unrealised exchange losses (gains)	(3,442,673)	2,686,672	(5,613,116)	876,775
Amortised financial fees to interest expenses	21,690,513	32,262,558	-	-
Interest expense	692,386,864	764,771,012	286,763,765	299,195,753
Amortisation of deferred debentures issuing cost	5,797,602	6,053,898	5,797,602	6,053,898
Write-off withholding tax deducted at source	-	2,833,099	-	1,980,813
Profit (loss) from operating activities before changes in operating assets and liabilities	1,731,539,362	2,458,050,420	(296,157,593)	(194,330,505)
Operating assets (increase) decrease				
Trade and other receivables	55,690,606	(59,826,006)	(242,581,463)	(135,685,783)
Bunker oil	(88,285,147)	(40,863,787)	-	-
Other current assets	(22,185,561)	8,323,100	(2,632,306)	(217,764)
Other non-current assets	1,845	(1,828,383)	1,845	(1,707,988)
Operating liabilities increase (decrease)				
Trade and other payables	165,346,546	(81,552,741)	289,739,022	(286,937,831)
Advances received from charterers	58,017,647	(16,740,032)	-	-
Other current liabilities	1,225,191	(833)	168,107	964,630
Non-current liabilities	(7,140,875)	(6,474,893)	(6,888,005)	(6,474,893)
Cash flows from (used in) operating activities	1,894,209,614	2,259,086,845	(258,350,393)	(624,390,134)
Cash paid for corporate income tax and withholding tax deducted at source	(3,798,514)	(3,058,178)	(1,651,294)	(1,718,688)
<b>Net cash flows from (used in) operating activities</b>	<b>1,890,411,100</b>	<b>2,256,028,667</b>	<b>(260,001,687)</b>	<b>(626,108,822)</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 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from investing activities</b>				
Acquisitions of condominium unit, equipment and payment of dry-dock and special survey expenses	(436,254,573)	(288,750,535)	(913,802)	(1,881,791)
Cash received from sales of equipment	404,536	-	-	-
Acquisitions of computer software	(6,838,905)	-	(6,838,905)	-
Decrease in long-term loans to subsidiaries	-	-	538,686,316	196,935,000
Dividend received from associate held by a subsidiary	15,213,145	16,523,225	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(427,475,797)</b>	<b>(272,227,310)</b>	<b>530,933,609</b>	<b>195,053,209</b>
<b>Cash flows from financing activities</b>				
Cash paid for interest expense	(692,239,495)	(764,790,874)	(286,616,396)	(299,215,615)
Cash paid for deferred financial fees	(5,416,130)	-	-	-
Cash received from long-term loans	496,977,120	-	-	-
Repayment of long-term loans	(1,127,499,600)	(578,456,662)	-	-
Prepayment of long-term loans	(681,138,588)	(640,592,240)	-	-
Cash received from share subscription as a result of warrant exercised	-	191,887	-	191,887
<b>Net cash flows used in financing activities</b>	<b>(2,009,316,693)</b>	<b>(1,983,647,889)</b>	<b>(286,616,396)</b>	<b>(299,023,728)</b>
Decrease in translation adjustments	(115,270,007)	(10,939,059)	(37,678,598)	(13,386,712)
<b>Net decrease in cash and cash equivalents</b>	<b>(661,651,397)</b>	<b>(10,785,591)</b>	<b>(53,363,072)</b>	<b>(743,466,053)</b>
Cash and cash equivalents at beginning of year	1,842,832,325	1,853,617,916	496,613,795	1,240,079,848
<b>Cash and cash equivalents at end of year</b>	<b>1,181,180,928</b>	<b>1,842,832,325</b>	<b>443,250,723</b>	<b>496,613,795</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Conversion of advance receivable to subsidiary to long-term loans to a subsidiary	-	-	618,849,900	197,278,200
Transfer advance payable from subsidiary deducted long-term loans to a subsidiary	-	-	108,676,080	-

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 2019**

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

#### **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2019	2018
			%	%
<u>Subsidiaries held by the Company</u>				
1. Precious Metals Limited	Shipowner	Thailand	99.99	99.99
2. Precious Wishes Limited	Shipowner	Thailand	99.99	99.99
3. Precious Stones Shipping Limited	Shipowner	Thailand	99.99	99.99
4. Precious Minerals Limited	Shipowner	Thailand	99.99	99.99
5. Precious Lands Limited	Shipowner	Thailand	99.99	99.99
6. Precious Rivers Limited*	Shipowner	Thailand	99.99	99.99
7. Precious Lakes Limited	Shipowner	Thailand	99.99	99.99
8. Precious Seas Limited*	Shipowner	Thailand	99.99	99.99
9. Precious Stars Limited*	Shipowner	Thailand	99.99	99.99
10. Precious Oceans Limited	Shipowner	Thailand	99.99	99.99
11. Precious Planets Limited	Shipowner	Thailand	99.99	99.99
12. Precious Diamonds Limited	Shipowner	Thailand	99.99	99.99
13. Precious Sapphires Limited	Shipowner	Thailand	99.99	99.99
14. Precious Emeralds Limited	Shipowner	Thailand	99.99	99.99
15. Precious Rubies Limited	Shipowner	Thailand	99.99	99.99
16. Precious Opals Limited	Shipowner	Thailand	99.99	99.99
17. Precious Garnets Limited	Shipowner	Thailand	99.99	99.99
18. Precious Pearls Limited	Shipowner	Thailand	99.99	99.99
19. Precious Flowers Limited	Shipowner	Thailand	99.99	99.99
20. Precious Forests Limited	Shipowner	Thailand	99.99	99.99
21. Precious Trees Limited	Shipowner	Thailand	99.99	99.99
22. Precious Ponds Limited	Shipowner	Thailand	99.99	99.99
23. Precious Ventures Limited	Shipowner	Thailand	99.99	99.99
24. Precious Capitals Limited	Shipowner	Thailand	99.99	99.99
25. Precious Jasmines Limited	Shipowner	Thailand	99.99	99.99
26. Precious Orchids Limited	Shipowner	Thailand	99.99	99.99
27. Precious Lagoons Limited	Shipowner	Thailand	99.99	99.99
28. Precious Cliffs Limited*	Shipowner	Thailand	99.99	99.99
29. Precious Hills Limited*	Shipowner	Thailand	99.99	99.99
30. Precious Mountains Limited*	Shipowner	Thailand	99.99	99.99
31. Precious Resorts Limited	Shipowner	Thailand	99.99	99.99
32. Precious Cities Limited*	Shipowner	Thailand	99.99	99.99
33. Precious Comets Limited	Shipowner	Thailand	99.99	99.99
34. Precious Ornaments Limited	Shipowner	Thailand	99.99	99.99
35. Precious Moons Limited	Shipowner	Thailand	99.98	99.98
36. Precious Venus Limited	Shipowner	Thailand	99.99	99.99
37. Precious Neptune Limited	Shipowner	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2019	2018
			%	%
38. Precious Shipping (Panama) S.A.	Shipowner/ Chartering	Panama	99.99	99.99
39. Precious Shipping (Singapore) Pte. Limited	Holding company/ Chartering	Singapore	100.00	100.00
40. Precious Shipping (UK) Limited	Chartering	England	100.00	100.00
41. Great Circle Shipping Agency Limited	Technical manager of ships	Thailand	99.99	99.99
42. Associated Bulk Carriers Pte. Limited	Holding company	Singapore	100.00	100.00
<u>Subsidiaries held by subsidiaries</u>				
43. Precious Projects Pte. Limited	Investment holding company	Singapore	100.00	100.00
44. Precious Forests Pte. Ltd.	Shipowner	Singapore	100.00	100.00
45. Precious Fragrance Pte. Ltd.	Shipowner	Singapore	100.00	100.00
46. Precious Thoughts Pte. Ltd.	Shipowner	Singapore	100.00	100.00
47. Precious Comforts Pte. Ltd.	Shipowner	Singapore	100.00	100.00
48. Precious Sparks Pte. Ltd.	Shipowner	Singapore	100.00	100.00
49. Precious Visions Pte. Ltd.	Shipowner	Singapore	100.00	100.00
50. Precious Bridges Pte. Ltd.	Shipowner	Singapore	100.00	100.00
51. Precious Tides Pte. Ltd.	Shipowner	Singapore	100.00	100.00
52. Precious Skies Pte. Ltd.	Shipowner	Singapore	100.00	100.00
53. Precious Grace Pte. Ltd.	Shipowner	Singapore	100.00	100.00
54. Precious Sonnets Pte. Ltd.	Shipowner	Singapore	100.00	100.00
55. Precious Glories Pte. Ltd.	Shipowner	Singapore	100.00	100.00
56. Precious Wisdom Pte. Ltd.	Shipowner	Singapore	100.00	100.00
57. ABC One Pte. Ltd.	Shipowner	Singapore	100.00	100.00
58. ABC Two Pte. Ltd.	Shipowner	Singapore	100.00	100.00
59. ABC Three Pte. Ltd.	Shipowner	Singapore	100.00	100.00
60. ABC Four Pte. Ltd.	Shipowner	Singapore	100.00	100.00
<u>Associate held by a subsidiary</u>				
61. International Seaports (Haldia) Private Limited	Port development	India	22.40	22.40

\*Registered their dissolution in 2019 and under liquidation process

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

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

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

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

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

- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### 3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

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

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

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

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

This standard does not have any significant impact on the Group's financial statements.

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

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

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

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

### **TFRS 16 Leases**

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

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



The Group plans to adopt TFRS 16 using the modified retrospective method of adoption under which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 29 million (The Company only: approximately Baht 25 million) and the Group's liabilities by approximately Baht 29 million (The Company only: approximately Baht 25 million).

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

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

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

Vessel operating income consists of hire income from time charter and freight income from voyage charter.

Hire income is recognised on a straight-line basis over the term of the respective time charter agreements as service is provided.

Freight income is recognised on a straight-line basis over the estimated voyage days from the commencement of loading to completion of discharge.

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

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

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

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

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

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

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

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

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

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

#### **4.4 Bunker oil**

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

#### **4.5 Investments**

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

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

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

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

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

Vessels and equipment	25 years and 5 years, respectively
Dry-dock and special survey expenses	2 years and 4 years, respectively
Condominium units	17 - 20 years
Leasehold improvement	5 years
Others	5 years

Depreciation is included in determining income.

No depreciation is provided on asset under construction.

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

#### **4.7 Borrowing costs**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4.13 Foreign currencies**

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

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

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

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

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

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

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

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

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

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

#### **4.15 Employee benefits**

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

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### b) Post-employment benefits

###### *Defined contribution plans*

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

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

##### **Deferred tax**

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

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

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

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

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

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

#### **4.19 Derivatives**

##### **Cross currency swap contracts**

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

### **Interest rate swap contracts**

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

#### **4.20 Fair value measurement**

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

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

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

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

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

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

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

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



### **Allowance for doubtful accounts**

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

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

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position.

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

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

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

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

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

## Arbitrations

The Company has disclosed the contingent liabilities in respect of the Arbitrations regarding the cancellation of the Shipbuilding Contracts with Saintry in Note 31.2 to the financial statements. Based on the opinion of the Company's in-house legal counsel, the Company's management believes that the outcome of the arbitrations is quite uncertain and is unable to reliably estimate the amount of potential liability. Therefore no provisions have been made in respect of the arbitration cases as at the end of reporting period.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	910	812	898	801
Bank deposits	1,180,271	1,842,020	442,353	495,813
Total	1,181,181	1,842,832	443,251	496,614

As at 31 December 2019, bank deposits carried interest between 0.01% and 1.04% per annum for USD savings deposits and between 0.22% and 0.38% per annum for Baht savings deposits (2018: between 0.00% and 1.95% per annum for USD savings deposits and between 0.37% and 0.38% per annum for Baht savings deposits).

## 7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	174,033	250,030	-	-
3 - 6 months	128	1,574	-	-
6 - 12 months	8,843	1,728	-	-
Over 12 months	151	882	-	-
Total	183,155	254,214	-	-
Less: Allowance for doubtful debts	(545)	-	-	-
Total trade receivables - unrelated parties, net	182,610	254,214	-	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 8)	-	-	3,479,693	4,155,581
Total other receivables	-	-	3,479,693	4,155,581
Total trade and other receivables - net	182,610	254,214	3,479,693	4,155,581

## 8. Related party transactions

In addition to relationship among the Group as stated in Note 9 and 10 to the financial statements and its associate as stated in Note 11 to the financial statements, the other related party transactions and relationship are summarised below.

Related party's name	Transaction	Relationship
Globex Corporation Limited	None	Major shareholder holding 28.40% ordinary shares in the Company and related by way of the Company's directors as shareholders and directors in the related party
Unistretch Limited	Office rental and service expenses	Related by way of common shareholders and directors
Ambika Tour Agency Limited	Air ticket expenses	Related by way of common shareholders and directors
Maestro Controls Limited	Air-conditioning service expenses	Related by way of common shareholders and directors
Maxwin Builders Limited	Hotel service and management service expenses	Related by way of common shareholders and directors
InsurExcellence Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
InsurExcellence Life Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
Devon Marine Limited	Consultancy services for ship chartering	Related by way of Company Directors' close family member as the related party's shareholder
Eastern Energy Chartering Pte Ltd., Singapore	Brokerage income for ship chartering and operating services	Related by way of common shareholders and directors
Mr. Khalid Moinuddin Hashim	Acquisition of a condominium unit	Director

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		
	2019	2018	2019	2018	
<b>Transactions with subsidiaries</b>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	88,965	90,689	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Condominium rental expenses	-	-	7,286	6,780	Market price
<b>Transaction with associate</b>					
Dividend received	15,213	16,523	-	-	As declared
<b>Transactions with related companies</b>					
Brokerage income	3,701	-	-	-	Market price
Air ticket expenses	4,988	8,581	1,560	2,506	Market price
Rental and service expenses	13,265	11,871	10,938	9,934	Market price
<b>Transaction with related person</b>					
Acquisition of a condominium unit	13,348	-	-	-	Market price

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Other receivables - related parties (Note 7)</b>				
Subsidiaries	-	-	3,479,693	4,155,581
Total other receivables - related parties	-	-	3,479,693	4,155,581
<b>Trade and other payables - related parties</b>				
Subsidiaries	-	-	1,749,784	1,726,757
Related companies	78	285	40	12
Total trade and other payables - related parties	78	285	1,749,824	1,726,769

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

### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	77,681	84,957	79,623	81,294
Post-employment benefits	14,449	11,985	14,449	11,981
Total	92,130	96,942	94,072	93,275

### Guarantee obligations with related parties

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

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

Long-term loans to subsidiaries consisted of the following.

- 1) As at 31 December 2019, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited, are in the form of promissory notes amounting to USD 4.30 million (2018: USD 9.70 million), bearing no interest and are due at call. The Company intends to call for the loans repayment within one year; therefore, as at 31 December 2019 the loans are classified as short-term loans.
- 2) On 30 December 2019, the Company executed a loan agreement with Precious Shipping (Singapore) Pte. Limited ("PSSP") in order to refinance the existing loans amounting to USD 150 million between the Company as lender and PSSP as borrower. As at 31 December 2019, the Company had long-term loan to PSSP amounting to USD 150 million (2018: USD 145 million).

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

	(Unit: Thousand Baht)	
	Separate financial statements	
	2019	2018
Balance at beginning of the year	5,020,049	5,055,801
Convert from advance receivables	618,850	197,278
Decrease	(647,362)	(196,935)
Translation adjustment	(338,775)	(36,095)
Total	4,652,762	5,020,049
Less: reclassified to short-term loans to a subsidiary	(129,662)	-
Balance at end of the year	4,523,100	5,020,049

## 10. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2019	2018	2019	2018	2019	2018
			%	%		
Precious Metals Limited	275,000	275,000	99.99	99.99	319,502	343,827
Precious Wishes Limited	230,000	230,000	99.99	99.99	271,977	292,684
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	254,060	273,403
Precious Minerals Limited	230,000	230,000	99.99	99.99	231,024	248,614
Precious Lands Limited	306,000	306,000	99.99	99.99	292,379	314,640
Precious Rivers Limited*	234,000	234,000	99.99	99.99	192,169	206,800
Precious Lakes Limited	184,000	184,000	99.99	99.99	168,633	181,472
Precious Seas Limited*	100,000	100,000	99.99	99.99	118,251	127,254
Precious Stars Limited*	105,000	105,000	99.99	99.99	124,163	133,616
Precious Oceans Limited	175,000	175,000	99.99	99.99	206,939	222,694
Precious Planets Limited	270,000	270,000	99.99	99.99	280,597	301,961
Precious Diamonds Limited	205,000	205,000	99.99	99.99	175,674	189,049
Precious Sapphires Limited	144,000	144,000	99.99	99.99	119,186	128,261
Precious Emeralds Limited	366,000	366,000	99.99	99.99	285,791	307,550
Precious Rubies Limited	259,360	259,360	99.99	99.99	238,618	256,786
Precious Opals Limited	249,360	249,360	99.99	99.99	230,965	248,550
Precious Garnets Limited	379,000	379,000	99.99	99.99	294,776	317,219
Precious Pearls Limited	173,000	173,000	99.99	99.99	168,363	181,182
Precious Flowers Limited	336,000	336,000	99.99	99.99	324,617	349,332
Precious Forests Limited	286,000	286,000	99.99	99.99	252,371	271,585
Precious Trees Limited	202,000	202,000	99.99	99.99	197,013	212,013
Precious Ponds Limited	124,000	124,000	99.99	99.99	118,501	127,523
Precious Ventures Limited	202,000	202,000	99.99	99.99	213,700	229,970
Precious Capitals Limited	200,000	200,000	99.99	99.99	236,502	254,508
Precious Jasmines Limited	147,000	147,000	99.99	99.99	160,677	172,911
Precious Orchids Limited	217,000	217,000	99.99	99.99	181,571	195,395
Precious Lagoons Limited	140,000	140,000	99.99	99.99	165,551	178,155
Precious Cliffs Limited*	140,000	140,000	99.99	99.99	165,551	178,155
Precious Hills Limited*	140,000	140,000	99.99	99.99	165,551	178,155
Precious Mountains Limited*	140,000	140,000	99.99	99.99	165,551	178,155
Precious Resorts Limited	140,000	140,000	99.99	99.99	165,551	178,155
Precious Cities Limited*	170,000	170,000	99.99	99.99	188,253	202,585
Precious Comets Limited	141,000	141,000	99.99	99.99	125,866	135,448
Precious Ornaments Limited	156,000	156,000	99.99	99.99	138,139	148,656
Precious Moons Limited	1,000	1,000	99.98	99.98	921	991
Precious Venus Limited	298,800	298,800	99.99	99.99	255,689	275,156
Precious Neptune Limited	298,800	298,800	99.99	99.99	255,689	275,156
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	302	325

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2019	2018	2019	2018	2019	2018
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	316,331	340,416
Precious Shipping (UK) Limited	250	250	100.00	100.00	302	325
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	326,995	351,892
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					8,094,261	8,710,524
Less: Allowance for loss on investments in subsidiaries					(2,055,793)	(2,212,312)
Total investments in subsidiaries - net					6,038,468	6,498,212

\*On 25 November 2019, the Extraordinary General Meeting of Shareholders of 7 subsidiaries passed the resolutions approving the dissolution of the companies. The subsidiaries registered their dissolution with the Ministry of Commerce on 26 November 2019. Currently, these subsidiaries are in the process of liquidation.

As at 31 December 2019, the Company has pledged the shares of 26 subsidiaries amounting to Baht 4,770.45 million (net of allowance for loss on investments) (2018: 25 subsidiaries amounting to Baht 4,862.06 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 17 to the financial statements.

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

As at 31 December 2019 and 2018, the amounts under allowance for loss on investments in subsidiaries in the separate financial statements are derived from subsidiaries which have sold vessels and insofar have no plan of buying replacement vessels.

## 11. Investment in associate held by a subsidiary

### 11.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			%	%				
International Seaports (Haldia) Private Limited	Port development	India	22.40	22.40	61,443	66,121	68,092	73,356

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

(Unit: Thousand Baht)

Associate's name	Consolidated financial statements			
	For the years ended 31 December			
	Share of profit from investment in associate held by a subsidiary		Dividend received from associate held by a subsidiary	
	2019	2018	2019	2018
International Seaports (Haldia) Private Limited	19,849	24,426	15,213	16,523

Share of profit from investment in associate held by a subsidiary for the years ended 31 December 2019 and 2018, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2019 and 2018, respectively.

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

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Profit	
	30 September		30 September		30 September		for the years ended		for the years ended	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Thousand INR	Thousand INR								
International Seaports (Haldia) Private Limited	440,580	440,580	338,155	369,616	34,172	42,133	482,209	512,126	88,611	109,044

## 12. Other long-term investment

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



### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	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 2019	247,928	27,634,960	649,394	28,284,354	59,010	16,965	15,180	28,623,437
Acquisitions	15,149	146,494	273,264	419,758	1,347	-	-	436,254
Disposals/write-off	-	-	(260,969)	(260,969)	(3,636)	(1,313)	-	(265,918)
Translation adjustment	(17,589)	(1,958,538)	(46,604)	(2,005,142)	(4,164)	(1,145)	(1,074)	(2,029,114)
31 December 2019	245,488	25,822,916	615,085	26,438,001	52,557	14,507	14,106	26,764,659
<b>Accumulated depreciation</b>								
1 January 2019	219,556	5,595,476	318,854	5,914,330	57,645	8,211	14,432	6,214,174
Depreciation for the year	944	935,883	242,909	1,178,792	625	2,722	349	1,183,432
Depreciation on disposals/write-off	-	-	(260,969)	(260,969)	(3,611)	(1,313)	-	(265,893)
Translation adjustment	(15,556)	(420,231)	(23,149)	(443,380)	(4,041)	(596)	(1,029)	(464,602)
31 December 2019	204,944	6,111,128	277,645	6,388,773	50,618	9,024	13,752	6,667,111
<b>Net book value</b>								
1 January 2019	28,372	22,039,484	330,540	22,370,024	1,365	8,754	748	22,409,263
31 December 2019	40,544	19,711,788	337,440	20,049,228	1,939	5,483	354	20,097,548
<b>Depreciation for the year</b>								
2019								1,183,432

(Unit: Thousand Baht)

## Consolidated financial statements

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

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
<b>Cost</b>				
1 January 2019	25,249	15,611	10,611	51,471
Acquisitions	914	-	-	914
Write-off	(3,579)	-	-	(3,579)
Translation adjustment	(1,764)	(1,104)	(751)	(3,619)
31 December 2019	20,820	14,507	9,860	45,187
<b>Accumulated depreciation</b>				
1 January 2019	24,563	6,857	10,611	42,031
Depreciation for the year	338	2,722	-	3,060
Depreciation on write-off	(3,572)	-	-	(3,572)
Translation adjustment	(1,694)	(555)	(751)	(3,000)
31 December 2019	19,635	9,024	9,860	38,519
<b>Net book value</b>				
1 January 2019	686	8,754	-	9,440
31 December 2019	1,185	5,483	-	6,668
<b>Depreciation for the year</b>				
2019				3,060

(Unit: Thousand Baht)

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

As at 31 December 2019, certain condominium units and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 265.25 million (2018: Baht 289.86 million) in the consolidated financial statements and Baht 30.20 million (2018: Baht 35.75 million) in the separate financial statements.

As at 31 December 2019, the subsidiaries have mortgaged 31 vessels (2018: 32 vessels) with net book value of Baht 17,744.05 million (2018: Baht 20,309.16 million) with banks to secure long-term loans as referred to in Note 17 to the financial statements.

## 14. Intangible assets

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

	(Unit: Thousand Baht)			
	Consolidated		Separated	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Cost</b>				
Cost at beginning of year	54,421	54,808	54,355	54,743
Acquisitions	6,839	-	6,839	-
Translation adjustment	(3,941)	(387)	(3,936)	(388)
Cost at end of year	57,319	54,421	57,258	54,355
<b>Accumulated amortisation</b>				
Accumulated amortisation at beginning of year	54,414	54,466	54,348	54,401
Amortisation for the year	5	327	5	327
Translation adjustment	(3,850)	(379)	(3,845)	(380)
Accumulated amortisation at end of year	50,569	54,414	50,508	54,348
<b>Net book value as at 31 December</b>	6,750	7	6,750	7
<b>Amortisation for the year</b>	5	327	5	327

## 15. Advances for vessel constructions

As at 31 December 2019, the Group has balance of advances for vessel constructions amounting to USD 67.90 million or approximately Baht 2,047.47 million (including the advances plus other related costs), which related to the Nine Shipbuilding Contracts with Sainty Marine Corporation (“Sainty”) for hull nos. SAM14017B to SAM14023B and SAM14027B to SAM14028B, which are under arbitration process.

Movements of the advances for vessel constructions account during the years ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Balance at beginning of year	2,203,355	2,219,047	2,195,049	2,210,682
Translation adjustment	(155,885)	(15,692)	(155,298)	(15,633)
Balance at end of year	2,047,470	2,203,355	2,039,751	2,195,049

During the year 2016 and 2015, the Company cancelled 12 Shipbuilding Contracts signed with Sainty Marine Corporation, China (“Sainty”) on 24 and 26 February 2014 for twelve 64,000 DWT bulk carrier vessels bearing hull nos. SAM14017B to SAM14028B (“Vessels”).

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

The Company submitted Letters of Demand to the Guarantor Bank, Export-Import Bank of China, Jiangsu Branch (“CEXIM”), against the Irrevocable Letters of Guarantee provided to the Company by CEXIM in accordance with the SBCs to seek full refund of the abovementioned advances, along with interest thereon. The Company received the refunds of the advances along with the interest for three vessels between 2016 and 2017. The Company received notices of arbitration from Sainty for the remaining nine vessels. As per the terms of the Irrevocable Letters of Guarantee and the SBCs, the Irrevocable Letters of Guarantee related to these vessels are automatically extended until 90 days after the final arbitration award is published. At present, the arbitrations for these nine Vessels are still on-going. Further details are mentioned in Note 31.2 to the financial statements.

As of 31 December 2019 and 2018, details of the cancellations of the SBCs by the Company and by Sainty (under dispute by the Company) are as follows:

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

## 16. Deferred contract costs

Movements of the deferred contract costs account during the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Balance at beginning of year	193,136	212,697
Amortisation for the year	(17,134)	(17,987)
Translation adjustment	(13,219)	(1,574)
Balance at end of year	<u>162,783</u>	<u>193,136</u>

## 17. Long-term loan facilities

As at 31 December 2019 and 2018, long-term loans accounts are presented below.

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

Consolidated financial statements													
As at 31 December 2018													
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Total
Long-term loans	661,976	1,207,651	885,506	460,320	381,298	1,855,609	769,162	676,173	415,256	-	979,082	751,408	9,043,441
Add (less): Deferred financial fees	(1,317)	(8,788)	(9,617)	(2,238)	(1,618)	51,814	(10,740)	(22,201)	(6,110)	-	(22,271)	17,141	(15,945)
Total	660,659	1,198,863	875,889	458,082	379,680	1,907,423	758,422	653,972	409,146	-	956,811	768,549	9,027,496
Less: Current portion	(91,841)	(182,459)	(82,433)	(41,644)	(63,280)	(189,893)	(758,422)	(51,785)	(38,966)	-	(123,452)	(253,031)	(1,877,206)
Long-term loans - net of current portion	568,818	1,016,404	793,456	416,438	316,400	1,717,530	-	602,187	370,180	-	833,359	515,518	7,150,290



Movement of the long-term loans accounts during the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements													
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Total
Balance as at 1 January 2019	660,659	1,198,863	875,889	458,082	379,680	1,907,423	758,422	653,972	409,146	-	956,811	768,549	9,027,496
Add: Drawdown	-	-	-	-	-	-	-	-	-	496,977	-	-	496,977
Amortisation of financial fees	1,055	4,841	2,099	460	452	(3,163)	10,189	4,719	1,144	667	7,263	(8,036)	21,690
Unrealised exchange loss	-	-	-	-	-	-	-	-	-	-	24,466	-	24,466
Less: Deferred financial fees	-	-	-	-	-	-	-	-	-	(5,416)	-	-	(5,416)
Repayment	(87,677)	(175,378)	(79,521)	(39,931)	(60,639)	(176,189)	(46,834)	(51,090)	(37,737)	(17,927)	(118,436)	(236,141)	(1,127,500)
Prepayment	-	-	-	-	-	-	(681,139)	-	-	-	-	-	(681,139)
Translation adjustment	(44,605)	(80,359)	(59,945)	(31,377)	(25,288)	(130,257)	(40,638)	(45,056)	(27,990)	(8,231)	(65,701)	(47,977)	(607,424)
Balance as at 31 December 2019	529,432	947,967	738,522	387,234	294,205	1,597,814	-	562,545	344,563	466,070	804,403	476,395	7,149,150

(Unit: Thousand Baht)

Consolidated financial statements													
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Total
Balance as at 1 January 2018	664,239	1,202,381	963,667	502,969	445,833	2,060,951	826,178	707,302	450,593	-	1,491,230	970,508	10,285,851
Add: Amortisation of financial fees	1,112	4,966	2,364	515	547	(696)	2,973	5,193	1,283	-	23,493	(9,487)	32,263
Unrealised exchange loss	-	-	-	-	-	-	-	-	-	-	3,231	-	3,231
Less: Repayment	-	-	(83,010)	(41,683)	(63,300)	(46,773)	(64,644)	(53,332)	(39,393)	-	(123,633)	(62,689)	(578,457)
Prepayment	-	-	-	-	-	(89,213)	-	-	-	-	(431,809)	(119,570)	(640,592)
Translation adjustment	(4,692)	(8,484)	(7,132)	(3,719)	(3,400)	(16,846)	(6,085)	(5,191)	(3,337)	-	(5,701)	(10,213)	(74,800)
Balance as at 31 December 2018	660,659	1,198,863	875,889	458,082	379,680	1,907,423	758,422	653,972	409,146	-	956,811	768,549	9,027,496

The details of each loan facility are summarised as follows.

### Facility 1

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

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

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

Facility / Description	Post-delivery facility
<b>Final maturity</b>	10 years from delivery of the first vessel (15 March 2020)
<b>Repayment</b>	Each tranche (aggregate drawings in respect of each vessel) is to be amortised (repaid) in quarterly installments, each equivalent to 1/60th of the post-delivery facility amount, and in a balloon amount equal to the balance under such tranche on final maturity. The first quarterly repayment of each tranche shall commence 3 months after delivery of each respective vessel.
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage over the vessels</li> <li>b) Pledge of the vessel-owning subsidiaries' shares</li> <li>c) 1st priority assignment of requisition compensation in respect of the vessels</li> <li>d) 1st priority assignment of all insurance proceeds</li> <li>e) 1st priority assignment of the earnings of the vessels and pledge over the earnings and retention account of each vessel</li> </ul>

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

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

On 9 September 2019, DNB Bank ASA as the facility agent informed the Company and indirect subsidiaries in Singapore that the lenders approved the waiver of the testing of the financial covenants regarding the Funded Debt to EBITDA ratio up to 31 December 2019.

## Facility 2

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

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

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

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

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

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

ING as the Agent of the facility informed the Company and indirect subsidiaries in Singapore that the lenders approved the waiver of the testing of the financial covenants regarding the Funded Debt to EBITDA ratio up to 31 December 2019. A principal condition of the approval is that the Company is not allowed to pay dividends or make any other distributions to its shareholders during the waiver period.

### **Facility 3**

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

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

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

Facility / Description	Post-delivery facility		
<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.		
	<b>Details of repayment</b>	<b>ABC Two</b>	<b>ABC Three</b>
	<b>Installments</b>	USD 319,650	USD 322,400
	<b>The balance loans together with the final installment</b>	USD 6,712,650	USD 6,770,400
	<b>Final installment dates</b>	2 April 2024	1 July 2024
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage over each vessel</li> <li>b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessels</li> <li>c) 1st priority assignment of Time Charter contracts</li> <li>d) 1st priority charge over the Earnings Account and Retention Account</li> <li>e) Pledge of shares of borrowers</li> <li>f) Corporate guarantee from ABC Company</li> <li>g) Corporate guarantee from the Company for up to USD 8 million per vessel</li> </ul>		

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

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

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

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

#### Facility 4

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

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

<b>Facility / 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>	a) 1st priority mortgage on the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel c) 1st priority assignment of Time Charter contract d) 1st priority charge over the Earnings Account and Retention Account e) Pledge of shares of the borrowers f) Corporate guarantee from ABC Company g) Corporate guarantee from the Company for up to USD 8 million

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

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

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

## Facility 5

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

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

<b>Facility / Description</b>	<b>Post-delivery facility</b>
<b>Loan Facility</b>	USD 19,584,000 or 80% of the Contract Price to be made available in a single disbursement, part of which will be used to repay the pre-delivery facility.
<b>Drawdown</b>	100% of the post-delivery facility amount is to be drawn upon delivery of the vessel.
<b>Final maturity</b>	10 years after full drawdown of the loan facility but not later than 30 November 2024.
<b>Repayment</b>	To be repaid in 40 quarterly installments of USD 489,600 from the end of the first quarter after the delivery of vessel
<b>Security</b>	a) 1st priority mortgage on the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel c) 1st priority assignment of Time Charter contracts d) 1st priority charge over the Earnings Account and Retention Account e) Corporate guarantee from ABC Company f) Corporate guarantee from the Company for up to USD 8 million

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

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

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

## Facility 6

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

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

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

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

- a) maintenance of Debt Service Coverage Ratio at least 1.1:1;
- b) maintenance of Net Funded Debt to EBITDA ratio not exceeding 5:1;
- c) maintenance of Debt to Equity ratio not exceeding 2:1.

On 12 July 2019, the Company and 4 local subsidiaries executed an Amendment Agreement with Export-Import Bank of Thailand, whereby the financial covenant in relation to the net funded debt to EBITDA ratio was replaced with two financial covenants. After the amendments, the financial covenants are as follows:

- a) Debt service coverage ratio of at least 1.1:1;
- b) Debt to equity ratio not exceeding 2:1 with minimum total shareholders' equity of USD 300,000,000;
- c) Minimum free cash balance of USD 100,000 per vessel owned by the Group.



## Facility 7

On 13 November 2014, the Company executed a USD 200.00 million Secured Loan Facility with DNB Asia Ltd. (“DNB”) and the Export-Import Bank of China (“CEXIM”) to finance two 38,500 DWT Handysize Dry Bulk Carriers ordered with Shanhaiguan New Shipbuilding Industry Co., Ltd. (“SHG Vessels”) and eight new 64,000 DWT Ultramax Dry Bulk Carriers ordered with Sainty Marine Corporation Ltd. (“Sainty Vessels”; together with SHG Vessels as “Vessels”). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

On 24 August 2015, the Company along with its indirect subsidiaries in Singapore, Precious Glories Pte. Ltd. and Precious Wisdom Pte. Ltd., as Joint Borrowers, executed a Supplemental Deed to amend the loan agreement that the Pre-Delivery Tranches for the Sainty Vessels had been cancelled. However, the Pre-Delivery Tranches for the SHG Vessels and the Post-Delivery Tranches for all the Vessels remain unchanged.

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

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

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

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

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

On 13 August 2019, the Company prepaid all outstanding loan.

### Facility 8

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

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

Facility / Description	Post-delivery facility
<b>Loan Facility</b>	Up to USD 37,500,000 divided into two vessel loans for Vessel Hull no. SF130128 and SF130126 ("Vessel Loan" or "Vessel Loans")
<b>Drawdown</b>	Up to the lower of USD 18,750,000 or 75% of the market value of each vessel to be drawn upon delivery of each vessel.
<b>Final maturity</b>	8 years after drawdown of each Vessel Loan
<b>Repayment</b>	Each Vessel Loan shall be repaid over 8 years, in 32 quarterly installments beginning from three calendar months after each drawdown. The 1st to 16th such quarterly installment shall be an amount of USD 312,500 and the 17th to 32nd such quarterly installment shall be an amount of USD 468,750, along with a balloon repayment of USD 6,250,000 on the due date of each of the final installments of the respective Vessel Loan.
<b>Security</b>	<ul style="list-style-type: none"> <li>a) 1st priority mortgage on the vessels</li> <li>b) Pledge of shares of the Subsidiary Borrowers</li> <li>c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrowers</li> <li>d) 1st priority assignment of all insurance and requisition compensation of the vessels</li> </ul>

The loan agreement and Supplemental Agreement dated 18 April 2018 contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of funded debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group;
- c) Permanent waiver the requirement to comply with the Funded Debt to EBITDA ratio on the condition that the Value to Loan coverage be increased from 125% to 135%.

### Facility 9

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

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

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

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

- a) maintenance of funded debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a minimum total shareholders' equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Group.

### Facility 10

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

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

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

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

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

On 9 August 2019, the Company had drawn down the loan amounting to USD 16.20 million.

## Facility 11

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

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

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

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

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

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

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

On 10 May 2019, Krung Thai Bank Plc. as the facility agent informed the Company that the lenders approved the waiver of the testing of the financial covenants regarding the Debt to EBITDA ratio up to 31 December 2019. A principal condition of the approval is that the Company is not allowed to pay dividends or make any other distributions to its shareholders during the waiver period.

Subsequently on 8 October 2019, Krung Thai Bank Plc. as the facility agent informed the Company that the lenders approved the waiver for the obligation to comply with Debt Service Coverage Ratio covenant for the period ending 30 September 2019 and 31 December 2019. A principal condition of the approval is that the Company is not allowed to pay dividends or make any other distributions to its shareholders during the waiver period.

### **Facility 12**

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

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

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

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

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

On 12 July 2019, the Company and 5 local subsidiaries executed the Amendment Agreement with Export-Import Bank of Thailand, whereby the financial covenant in relation to the net funded debt to EBITDA ratio was replaced with two financial covenants. After the amendments, the financial covenants applicable to this Facility are as follows:

- a) Debt service coverage ratio of at least 1.1:1;
- b) Debt to equity ratio not exceeding 2:1 with minimum total shareholders' equity of USD 300,000,000;
- c) Minimum free cash balance of USD 100,000 per vessel owned by the Group.

### Facility 13

On 13 December 2019, the Company along with 5 local subsidiaries executed a USD 28.00 million Term loan Facility with Export-Import Bank of Thailand for (i) redemption of any of the debentures issued by the Company, (ii) repayment/prepayment of any loan of the Company and/or its subsidiaries from financial institutions, and/or (iii) acquisition of vessels. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

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

Facility	Description
<b>Loan Facility</b>	Up to USD 28,000,000
<b>Drawdown</b>	Each subsidiary may drawdown in the aggregate amount not exceeding USD 5.60 million.
<b>Final maturity</b>	7 years after the drawdown
<b>Repayment</b>	The loans shall be repaid over 7 years, in 27 equal quarterly installments of 1/40 <sup>th</sup> of the drawdown amount each, beginning from the end of the next quarter after the drawdown with balance amount repayable at the end of the 28 <sup>th</sup> quarter.
<b>Security</b>	a) 2 <sup>nd</sup> priority mortgage on the vessel b) Pledge of the debt service reserve account of the Company

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its year end consolidated USD financial statements starting from year end 2020 which include:

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

As at 31 December 2019, there is no outstanding balance as the Company has not drawdown the loans as yet.

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

The Group's bank loan facilities are summarised below.

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

As at 31 December 2019, the Group had an undrawn loan balance in the amount of USD 28 million (2018: USD 18 million).



## 18. Debentures

As at 31 December 2019 and 2018, details of debentures are as follows.

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	(Unit: Thousand Baht) Carrying amount	
						2019	2018
1	Entirely redeemed on 22 January 2021 (5 years)	3,590	1,000	5.25	Quarterly	3,569,015	3,571,838
2	Entirely redeemed on 9 June 2020 (3.5 years)	1,960	1,000	5.00	Quarterly	1,948,543	1,950,084
Total						5,517,558	5,521,922
Less: Deferred debenture issuing costs						(4,716)	(11,151)
Debentures - net						5,512,842	5,510,771
Less: Current portion						(1,947,630)	-
Debentures - net of current portion						3,565,212	5,510,771

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

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

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

## 19. Provision for maritime claims

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Balance at beginning of year	59,786	83,139
Increase during the year	33,379	39,223
Decrease (including actual claims) during the year	(43,068)	(61,395)
Translation adjustment	(3,857)	(1,181)
Balance at end of year	46,240	59,786

## 20. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits at</b>				
<b>beginning of year</b>	112,129	92,789	89,758	74,180
Included in profit or loss:				
Current service cost	9,914	6,331	6,486	4,028
Interest cost	3,191	2,290	2,486	1,782
Past service cost	32,601	15,886	26,885	15,886
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1,227	-	503
Financial assumptions changes	13,470	1,093	9,047	743
Experience adjustments	1,897	(981)	1,798	(865)
Benefits paid during the year	(7,141)	(6,475)	(6,888)	(6,475)
Translation adjustment	(150)	(31)	(55)	(24)
<b>Provision for long-term employee benefits at</b>				
<b>end of year</b>	<u>165,911</u>	<u>112,129</u>	<u>129,517</u>	<u>89,758</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment. During the year ended 31 December 2019, the Group reflected the effect of the change by recognising past service costs of Baht 32.93 million (The Company only: Baht 27.15 million) as expenses in the income statement.

The Group expects to pay Baht 17.32 million of long-term employee benefits during the next year (The Company only: Baht 17.32 million) (2018: Baht 11.31 million, The Company only: Baht 11.11 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 10 years (The Company only: 10 years) (2018: 10 years, The Company only: 10 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	1.50	2.75	1.50	2.75
Salary increase rate	6.50	6.50	6.50	6.50

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

As at 31 December 2019

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(11,043)	12,656	(7,392)	8,439
Salary increase rate	13,861	(12,286)	9,240	(8,230)

(Unit: Thousand Baht)

As at 31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(6,957)	7,913	(4,758)	5,381
Salary increase rate	8,084	(7,221)	5,440	(4,886)

## **21. Share capital**

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

On 4 April 2019, the Annual General Meeting of the Shareholders passed a resolution approving the reduction of the registered capital of the Company in the amount of Baht 51,965,068 from Baht 1,611,256,930 to Baht 1,559,291,862 by way of cancellation of 51,965,068 unissued shares at Baht 1 par value per share. The unissued shares are mainly due to the unexercised warrants. On 9 April 2019, the Company completed the registration of the aforementioned reduction of the registered capital with the Ministry of Commerce.

## **22. Warrants**

During the year ended 31 December 2018, certain PSL-W1 warrant holders exercised their rights to purchase 10,965 ordinary shares of the Company at an exercise price of Baht 17.50 each, amounting to Baht 191,887.50. As at 31 December 2019 and 2018, there are no warrants outstanding.

## **23. Statutory reserve**

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

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

## 24. Corporate social responsibility (CSR) reserve

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

During the year 2019, the Company set aside Baht 1.75 million (2018: Baht 2.28 million) to a reserve for CSR activities and reversed Baht 1.45 million (2018: Baht 1.33 million) from the reserve when the Company made related payments against the reserve.

## 25. Expenses by nature

Significant expenses by nature are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Salary, wages and other benefits of employees and crews	1,388,709	1,424,693	221,849	209,773
Rental expenses from operating lease agreements	6,092	5,516	4,579	3,955

## 26. Income tax

No corporate income tax was payable for the years 2019 and 2018, since the Company had tax losses.

### Local subsidiaries

- a) In accordance with the Director - General's Notification on Income Tax No. 72 dated 20 March 1998, the local subsidiaries are exempted from the payment of income tax on their marine transportation income. In addition, the subsidiaries are exempted from the payment of income tax on their marine transportation business under the provisions of the Investment Promotion Act B.E. 2520.
- b) Corporate income tax for the year ended 31 December 2019 has been calculated at a rate of 20% (2018: 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 2019, the Group has deductible temporary differences, mainly arising from exchange difference occurring while translating financial statements in functional currency into presentation currency and unused tax losses totaling Baht 7,699.53 million (2018: Baht 7,001.46 million) (The Company only: Baht 3,915.21 million, 2018: Baht 3,291.97 million). However, the Group did not recognise deferred tax assets as the Group believes that it is not probable that future taxable profit will be available to allow the entire deferred tax assets to be utilised.

Details of expiry date of unused tax losses are summarised as below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
31 December 2019	-	8,306	-	-
31 December 2020	211,584	211,691	-	-
31 December 2021	1,281,172	1,281,172	195,559	195,559
31 December 2022	431,385	542,767	410,489	521,871
31 December 2023	759,113	645,578	365,697	254,315
31 December 2024	923,193	-	372,130	-
	<u>3,606,447</u>	<u>2,689,514</u>	<u>1,343,875</u>	<u>971,745</u>

As at 31 December 2018, the Company has temporary difference arising from exchange difference from the translation of the financial statements from functional currency into presentation currency associated with investments in subsidiaries for which deferred tax liability has not been recognised, aggregating Baht 405.38 million (2019: nil).

## **27. Promotional privileges**

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

Under the provisions of the Investment Promotion Act B.E. 2520, the local subsidiaries were granted certain promotional privileges for their marine transportation. The promotional privileges include, among other things, exemption from the payment of income tax for a period of 8 years commencing as from the date of first earning operating income on the condition that the vessels owned by the subsidiaries are registered in Thailand. During the year ended 31 December 2019, the subsidiaries have 17 vessels (2018: 17 vessels) under investment promoted operations.

Revenues and expenses for 2019 and 2018 (before eliminating related transactions), classified between promoted and non-promoted operations by using yearly average rates can be summarised below.

(Unit: Thousand Baht)

	Non-promoted operations								
	Promoted operations		Operations exempted from corporate income tax in accordance with the Director-General's Notification on Income Tax No. 72				Other non-promoted operations		Total
	2019	2018	2019	2018	2019	2018	2019	2018	
Revenues	1,752,723	2,185,770	282,109	284,997	2,484,945	2,774,053	4,519,777	5,244,820	
Costs and expenses	(1,622,465)	(1,784,106)	(321,981)	(272,514)	(2,799,640)	(2,837,774)	(4,744,086)	(4,894,394)	

## 28. Earnings per share

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

## 29. Segment information

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

The Group's operations involve the business of owning and internationally operating Handysize, Supramax and Ultramax dry bulk vessels on a tramp shipping basis (i.e. without any set routes). This is the main industry segment that the Company operates in and almost all revenues are derived from it. As such, no segmental bifurcation is applicable since the operations are almost entirely limited to this one main segment.

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

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 2019 and 2018.

(Unit: Thousand Baht)

	Consolidated financial statements									
	Time charter		Voyage charter		Total		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hire income	3,334,213	4,085,563	-	-	3,334,213	4,085,563	-	-	3,334,213	4,085,563
Freight income	-	-	970,064	948,021	970,064	948,021	(159,994)	(104,474)	810,070	843,547
Total vessel operating income	3,334,213	4,085,563	970,064	948,021	4,304,277	5,033,584	(159,994)	(104,474)	4,144,283	4,929,110
Voyage disbursements	-	-	(314,233)	(289,570)	(314,233)	(289,570)	159,994	104,474	(154,239)	(185,096)
Bunker consumption	-	-	(258,786)	(256,192)	(258,786)	(256,192)	-	-	(258,786)	(256,192)
Total voyage expenses	-	-	(573,019)	(545,762)	(573,019)	(545,762)	159,994	104,474	(413,025)	(441,288)
Net vessel operating income/time charter equivalent income	3,334,213	4,085,563	397,045	402,259	3,731,258	4,487,822	-	-	3,731,258	4,487,822

For the year 2019, the Group has revenues from one major customer for amount of Baht 776.66 million.

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



### 30. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by Kasikornbank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 5.38 million (2018: Baht 5.40 million) were recognised as expenses. (The Company only: Baht 2.51 million, 2018: Baht 2.57 million).

### 31. Commitment and contingent liabilities

#### 31.1 Operating lease commitments

The Group has entered into several lease agreements in respect of the building space rental. The terms of the agreements are generally between 1 and 8 years.

As at 31 December 2019 and 2018, the Group has future minimum lease payments required under these operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Payable:				
In up to 1 year	6	6	5	5
In over 1 and up to 5 years	25	29	21	24
In over 5 years	4	6	4	6

#### 31.2 Contingent Liability in respect of the Arbitrations regarding the cancellation of the Shipbuilding Contracts with Sainty

As mentioned in Note 15 to the financial statements, there are 9 on-going arbitrations with Sainty in relation to the cancellation of the 9 Shipbuilding Contracts for construction of 9 vessels, i.e., hull nos. SAM14017B to SAM14023B and SAM14027B to SAM14028B.

The final arbitration awards (if none of the parties appeal against these arbitration awards) will determine whether: i) the Company will receive the refund of the advances which the Company paid to Sainty along with interest thereon and/or any damages, or ii) whether the Company will have to pay any claim amounts including damages to Sainty.

In the event that the final arbitration awards or the Court's ruling (in case of appeal) for all 9 arbitrations go against the Company, the Company may lose the advances for vessel constructions totaling USD 64.12 million plus other related costs, and may have a liability to pay Sainty an additional USD 18.56 million plus unquantified damages, losses, interest and/or costs in accordance with their claims.

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

### 32. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Derivatives				
Cross currency swap contracts - Loan	-	27,334	-	27,334
Cross currency swap contracts - Debenture	-	916,640	-	916,640
<b>Liabilities for which fair value are disclosed</b>				
Debentures				
-	-	5,580,677	-	5,580,677
Derivatives				
Interest rate swap contracts	-	36,295	-	36,295

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Derivatives				
Cross currency swap contracts - Debenture	-	916,640	-	916,640
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	5,580,677	-	5,580,677

(Unit: Thousand Baht)

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

### 33. Financial instruments

#### 33.1 Financial risk management

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

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

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

## Interest rate risk

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

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

(Unit: Thousand Baht)

Consolidated financial statements									
As at 31 December 2019									
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)		
	Within 1 year	1-5 years	Over 5 years				Fixed	Floating	
							USD	USD	Baht
<b>Financial assets</b>									
Cash and cash equivalents	612,776	-	-	454,516	113,889	1,181,181	1.85 - 2.47	0.01 - 1.04	0.22 - 0.38
Trade and other receivables	-	-	-	-	182,610	182,610	-	-	-
<b>Total</b>	<b>612,776</b>	<b>-</b>	<b>-</b>	<b>454,516</b>	<b>296,499</b>	<b>1,363,791</b>			
<b>Financial liabilities</b>									
Trade and other payables	-	-	-	-	70,721	70,721	-	-	-
Debentures	1,947,630	3,565,212	-	-	-	5,512,842	5.75 - 5.99	-	-
Long-term loans	201,735	1,682,521	-	5,264,894	-	7,149,150	3.43 - 5.33	3.09 - 4.98	5.51
<b>Total</b>	<b>2,149,365</b>	<b>5,247,733</b>	<b>-</b>	<b>5,264,894</b>	<b>70,721</b>	<b>12,732,713</b>			

(Unit: Thousand Baht)

Consolidated financial statements									
As at 31 December 2018									
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)		
	Within 1 year	1-5 years	Over 5 years				Fixed	Floating	
							USD	USD	Baht
<b>Financial assets</b>									
Cash and cash equivalents	1,191,925	-	-	648,815	2,092	1,842,832	2.07 - 2.77	0.00 - 1.95	0.37 - 0.38
Trade and other receivables	-	-	-	-	254,214	254,214	-	-	-
<b>Total</b>	<b>1,191,925</b>	<b>-</b>	<b>-</b>	<b>648,815</b>	<b>256,306</b>	<b>2,097,046</b>			
<b>Financial liabilities</b>									
Trade and other payables	-	-	-	-	73,773	73,773	-	-	-
Debentures	-	5,510,771	-	-	-	5,510,771	5.75 - 5.99	-	-
Long-term loans	179,792	1,245,032	782,692	6,819,980	-	9,027,496	3.43 - 5.33	3.60 - 5.02	5.51
<b>Total</b>	<b>179,792</b>	<b>6,755,803</b>	<b>782,692</b>	<b>6,819,980</b>	<b>73,773</b>	<b>14,612,040</b>			

(Unit: Thousand Baht)

Separate financial statements								
As at 31 December 2019								
	Fixed interest rate with maturity date within 1 year	Fixed interest rate 1 - 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)		
						Fixed	Floating	
						USD	USD	Baht
<b>Financial assets</b>								
Cash and cash equivalents	275,688	-	166,496	1,067	443,251	1.85 - 2.00	0.05 - 1.04	0.22 - 0.38
Trade and other receivables	-	-	-	3,479,693	3,479,693	-	-	-
Loans to subsidiaries	-	-	-	4,652,762	4,652,762	-	-	-
<b>Total</b>	<b>275,688</b>	<b>-</b>	<b>166,496</b>	<b>8,133,522</b>	<b>8,575,706</b>			
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	13,458	13,458	-	-	-
Advances received from related parties	-	-	-	1,749,784	1,749,784	-	-	-
Debentures	1,947,630	3,565,212	-	-	5,512,842	5.75 - 5.99	-	-
<b>Total</b>	<b>1,947,630</b>	<b>3,565,212</b>	<b>-</b>	<b>1,763,242</b>	<b>7,276,084</b>			

(Unit: Thousand Baht)

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

### **Foreign currency risk**

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

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

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht loan	-	-	344.29	469.48	0.0330	0.0307
Baht Debenture	-	-	3,590.00	3,590.00	0.0330	0.0307
Baht Debenture	-	-	1,960.00	1,960.00	0.0330	0.0307

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht Debenture	-	-	3,590.00	3,590.00	0.0330	0.0307
Baht Debenture	-	-	1,960.00	1,960.00	0.0330	0.0307

Foreign currency swap contracts outstanding are summarised below.

As at 31 December 2019			
Bought amount	Sold amount	Contractual exchange rate	Contractual maturity date
(USD per 1 foreign currency unit)			
<u>The Company</u>			
Baht 3,590.00 million	USD 99.72 million	0.0278	January 2021
Baht 1,960.00 million	USD 54.90 million	0.0280	June 2020
<u>Subsidiaries</u>			
Baht 344.29 million	USD 10.52 million	0.0302, 0.0309	Quarterly corresponding to the loan repayment schedule upto September 2022

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

### 33.2 Fair values of financial instruments

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

The carrying value and fair value of debentures and derivative instruments as at 31 December 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2019		As at 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets (liabilities)</b>				
Debentures	(5,517,558)	(5,580,677)	(5,521,922)	(5,562,981)
Derivatives				
Interest rate swap contracts	-	(36,295)	-	25,450
Cross currency swap contracts - Loan	29,142	27,334	6,431	7,723
Cross currency swap contracts - Debenture	921,749	916,640	559,158	585,278

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2019		As at 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets (liabilities)</b>				
Debentures	(5,517,558)	(5,580,677)	(5,521,922)	(5,562,981)
Derivatives				
Cross currency swap contracts - Debenture	921,749	916,640	559,158	585,278

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

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

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

#### **34. Capital management**

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

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

As at 31 December 2019, the Group's debt-to-equity ratio was 1.17:1 (2018: 1.19:1) and the Company's was 0.74:1 (2018: 0.64:1) which is calculated from USD functional currency financial statements.

#### **35. Functional currency financial statements**

The USD functional currency statements of financial position as at 31 December 2019 and 2018 and income statements for the years ended 31 December 2019 and 2018 are as follows.



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

**Statement of financial position**

**As at 31 December 2019**

(Unit: Thousand USD)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	39,172	56,790	14,700	15,304
Trade and other receivables	6,056	7,834	115,397	128,062
Short-term loans to a subsidiary	-	-	4,300	-
Bunker oil	5,853	2,957	-	-
Other current assets				
Advances to vessel masters	2,437	2,693	-	-
Claim recoverables	353	192	-	-
Others	1,861	941	544	389
Total other current assets	<u>4,651</u>	<u>3,826</u>	<u>544</u>	<u>389</u>
<b>Total current assets</b>	<u>55,732</u>	<u>71,407</u>	<u>134,941</u>	<u>143,755</u>
<b>Non-current assets</b>				
Long-term loans to subsidiaries	-	-	150,000	154,702
Investments in subsidiaries	-	-	200,254	200,254
Investment in associate held by a subsidiary	2,258	2,261	-	-
Other long-term investment	568	568	568	568
Receivables from cross currency swap contracts	31,534	17,430	30,568	17,231
Property, plant and equipment	666,497	690,582	221	291
Intangible assets	224	-	224	-
Other non-current assets				
Claim recoverables - maritime claims	818	1,595	-	-
Advances for vessel constructions	67,900	67,900	67,644	67,644
Deferred contract costs	5,398	5,952	-	-
Others	157	150	132	126
Total other non-current assets	<u>74,273</u>	<u>75,597</u>	<u>67,776</u>	<u>67,770</u>
<b>Total non-current assets</b>	<u>775,354</u>	<u>786,438</u>	<u>449,611</u>	<u>440,816</u>
<b>Total assets</b>	<u>831,086</u>	<u>857,845</u>	<u>584,552</u>	<u>584,571</u>

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables				
Trade and other payables	2,345	2,274	446	21
Advances received from related parties	-	-	58,028	53,213
Accrued crew accounts	2,811	2,661	-	-
Accrued expenses	11,209	5,946	1,980	1,326
Accrued employee bonus	1,141	1,097	816	787
Total trade and other payables	17,506	11,978	61,270	55,347
Advances received from charterers	2,490	614	-	-
Current portion of long-term loans	70,878	57,850	-	-
Current portion of debentures	64,590	-	64,590	-
Income tax payable	50	30	-	-
Other current liabilities	759	668	442	424
<b>Total current liabilities</b>	<b>156,273</b>	<b>71,140</b>	<b>126,302</b>	<b>55,771</b>
<b>Non-current liabilities</b>				
Long-term loans - net of current portion	166,210	220,349	-	-
Debentures - net of current portion	118,234	169,824	118,234	169,824
Provision for maritime claims	1,533	1,843	-	-
Provision for long-term employee benefits	5,502	3,456	4,295	2,766
<b>Total non-current liabilities</b>	<b>291,479</b>	<b>395,472</b>	<b>122,529</b>	<b>172,590</b>
<b>Total liabilities</b>	<b>447,752</b>	<b>466,612</b>	<b>248,831</b>	<b>228,361</b>
<b>Shareholders' equity</b>				
Share capital				
Registered share capital	51,055	52,598	51,055	52,598
Issued and paid-up share capital	51,055	51,055	51,055	51,055
Paid-in capital				
Premium on ordinary shares	63,290	63,290	63,290	63,290
Premium on treasury stock	4,819	4,819	4,819	4,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	2,802	2,802	2,802	2,802
- subsidiaries	14,460	14,460	-	-
Corporate social responsibility reserve	552	543	552	543
Unappropriated	248,797	256,547	213,203	233,701
Other components of shareholders' equity	(2,442)	(2,284)	-	-
Equity attributable to owners of the Company	383,333	391,232	335,721	356,210
Non-controlling interests of the subsidiaries	1	1	-	-
<b>Total shareholders' equity</b>	<b>383,334</b>	<b>391,233</b>	<b>335,721</b>	<b>356,210</b>
<b>Total liabilities and shareholders' equity</b>	<b>831,086</b>	<b>857,845</b>	<b>584,552</b>	<b>584,571</b>

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

**Income statement**

**For the year ended 31 December 2019**

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2019	2018	2019	2018
<b>Revenues</b>				
Vessel operating income				
Hire income	107,767	126,440	-	-
Freight income	26,283	25,876	-	-
Total vessel operating income	134,050	152,316	-	-
Service income	250	114	2,874	2,806
Interest income	960	1,148	373	637
Dividend income	13	-	13	-
Gains on sales of equipment	12	-	-	-
Other income	10	-	-	-
<b>Total revenues</b>	<b>135,295</b>	<b>153,578</b>	<b>3,260</b>	<b>3,443</b>
<b>Expenses</b>				
Vessel operating costs				
Vessel running expenses	50,729	50,225	-	-
Voyage disbursements	4,998	5,669	-	-
Bunker consumption	8,395	7,855	-	-
Total vessel operating costs	64,122	63,749	-	-
Depreciation	38,228	36,644	99	92
Cost of services	168	162	-	-
Loss on impairment of investments in subsidiaries	-	-	-	3,256
Administrative expenses	14,702	11,030	10,717	7,151
Management remuneration including perquisites	2,970	2,996	3,033	2,881
Bad debts and doubtful accounts (reversal)	20	(114)	-	-
Exchange losses	194	164	30	132
<b>Total expenses</b>	<b>120,404</b>	<b>114,631</b>	<b>13,879</b>	<b>13,512</b>
<b>Profit (loss) before share of profit from investment in associate, finance cost and income tax expense</b>	<b>14,891</b>	<b>38,947</b>	<b>(10,619)</b>	<b>(10,069)</b>
Share of profit from investment in associate held by a subsidiary	646	751	-	-
<b>Profit (loss) before finance cost and income tax expense</b>	<b>15,537</b>	<b>39,698</b>	<b>(10,619)</b>	<b>(10,069)</b>
Finance cost	(22,692)	(25,537)	(9,519)	(9,506)
<b>Profit (loss) before income tax expense</b>	<b>(7,155)</b>	<b>14,161</b>	<b>(20,138)</b>	<b>(19,575)</b>
Income tax expense	(90)	(65)	-	-
<b>Profit (loss) for the year</b>	<b>(7,245)</b>	<b>14,096</b>	<b>(20,138)</b>	<b>(19,575)</b>
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	(7,245)	14,096	(20,138)	(19,575)
Non-controlling interests of the subsidiaries	-	-	-	-
<b>Profit (loss) for the year</b>	<b>(7,245)</b>	<b>14,096</b>	<b>(20,138)</b>	<b>(19,575)</b>
<b>Basic earnings per share</b>				
Profit (loss) attributable to equity holders of the Company	(0.0046)	0.0090	(0.0129)	(0.0126)
Weighted average number of ordinary shares (Thousand shares)	1,559,292	1,559,287	1,559,292	1,559,287

### **36. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 11 February 2020.