

Precious Shipping Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2016

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Precious Shipping Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Precious Shipping Public Company Limited and its subsidiaries as at 30 June 2016, the related consolidated statements of income, and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Precious Shipping Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

**Emphasis of matter**

Without expressing a qualified conclusion on the aforementioned interim financial information, I draw attention to note 11.5 to the financial statements regarding the cancellation of the Shipbuilding Contracts and the uncertainty regarding the outcome of arbitration proceedings.

Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 1 August 2016

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,600,889	453,508	1,077,060	52,363
Trade and other receivables	4, 5	135,508	240,952	6,111,079	3,886,261
Short-term loans to a subsidiary	6	-	-	1,660,505	1,703,382
Bunker oil		89,213	142,871	-	-
Other current assets					
Advances to vessel masters		97,068	130,043	-	-
Claim recoverables		17,130	20,021	-	-
Others		122,740	41,724	20,005	22,583
Total other current assets		236,938	191,788	20,005	22,583
<b>Total current assets</b>		<b>2,062,548</b>	<b>1,029,119</b>	<b>8,868,649</b>	<b>5,664,589</b>
<b>Non-current assets</b>					
Restricted bank deposits	3	116,274	897,335	-	-
Long-term loans to a subsidiary	7	-	-	341,318	350,132
Investments in subsidiaries	8	-	-	9,254,197	8,883,169
Investment in associate held by a subsidiary	9	76,750	85,676	-	-
Other long-term investment		19,966	20,482	19,966	20,482
Receivables from cross currency swap contracts		39,132	-	94,033	-
Property, plant and equipment	10	24,902,354	25,329,890	5,310	6,686
Intangible assets		1,554	2,034	1,554	2,027
Other non-current assets					
Claim recoverables - maritime claims		86,333	145,257	-	-
Advances for vessel constructions	11	3,440,210	4,451,615	3,427,309	4,436,781
Deferred financial fees	12	19,663	217,542	19,663	217,542
Deferred contract costs	13	258,897	275,762	-	-
Others		3,078	3,107	2,396	2,395
Total other non-current assets		3,808,181	5,093,283	3,449,368	4,656,718
<b>Total non-current assets</b>		<b>28,964,211</b>	<b>31,428,700</b>	<b>13,165,746</b>	<b>13,919,214</b>
<b>Total assets</b>		<b>31,026,759</b>	<b>32,457,819</b>	<b>22,034,395</b>	<b>19,583,803</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)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables					
Trade and other payables	5	79,541	98,883	15,848	11,544
Advances received from related parties	5	-	-	1,441,707	1,381,956
Accrued crew accounts		109,428	128,273	-	-
Accrued expenses		141,124	171,791	36,900	14,846
Accrued employee bonus		17,036	34,530	14,663	30,162
Total trade and other payables		347,129	433,477	1,509,118	1,438,508
Advances received from charterers		38,570	45,297	-	-
Current portion of long-term loans	14	824,594	5,603,701	-	486,998
Income tax payable		1	380	-	-
Other current liabilities		34,017	26,493	10,783	7,373
<b>Total current liabilities</b>		<b>1,244,311</b>	<b>6,109,348</b>	<b>1,519,901</b>	<b>1,932,879</b>
<b>Non-current liabilities</b>					
Payables to cross currency swap contracts		-	82,803	-	-
Long-term loans - net of current portion	14	11,119,671	9,206,496	-	118,752
Debentures	15	3,570,937	-	3,570,937	-
Provision for maritime claims	16	134,163	201,878	-	-
Unsecured corporate loan	11.3	492,523	288,709	492,523	288,709
Provision for long-term employee benefits		83,976	82,418	75,684	74,738
<b>Total non-current liabilities</b>		<b>15,401,270</b>	<b>9,862,304</b>	<b>4,139,144</b>	<b>482,199</b>
<b>Total liabilities</b>		<b>16,645,581</b>	<b>15,971,652</b>	<b>5,659,045</b>	<b>2,415,078</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)**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	<b>Note</b>	<b>30 June 2016</b>	<b>31 December 2015</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>					
Share capital	17				
Registered share capital					
1,611,256,930 ordinary shares of Baht 1 each		1,611,257	1,611,257	1,611,257	1,611,257
Issued and paid-up share capital					
1,559,280,897 ordinary shares of Baht 1 each		1,559,281	1,559,281	1,559,281	1,559,281
Paid-in capital					
Premium on ordinary shares		1,967,716	1,967,716	1,967,716	1,967,716
Premium on treasury stock		172,446	172,446	172,446	172,446
Retained earnings					
Appropriated					
Statutory reserve - the Company		103,952	103,952	103,952	103,952
- subsidiaries		523,320	523,320	-	-
Corporate social responsibility reserve		16,272	16,350	16,272	16,350
Unappropriated		9,791,455	11,478,160	11,014,501	11,361,856
Other components of shareholders' equity		248,608	666,854	1,541,182	1,987,124
Equity attributable to owners of the Company		14,383,050	16,488,079	16,375,350	17,168,725
Non-controlling interests of the subsidiaries		(1,872)	(1,912)	-	-
<b>Total shareholders' equity</b>		<b>14,381,178</b>	<b>16,486,167</b>	<b>16,375,350</b>	<b>17,168,725</b>
<b>Total liabilities and shareholders' equity</b>		<b>31,026,759</b>	<b>32,457,819</b>	<b>22,034,395</b>	<b>19,583,803</b>
		0	0	0	0

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

Directors

**Precious Shipping Public Company Limited and its subsidiaries****Income statement****For the three-month period ended 30 June 2016**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2016	2015	2016	2015
<b>Revenues</b>					
Vessel operating income					
Hire income		702,036	657,129	-	-
Freight income		224,328	284,408	-	-
Total vessel operating income		926,364	941,537	-	-
Service income	5	2,181	2,278	20,941	21,063
Gains on cancellation of shipbuilding contracts	11.5	2,851	-	2,851	-
Interest income	11.3	8,396	997	7,873	827
Other income		93	-	-	5
<b>Total revenues</b>		<b>939,885</b>	<b>944,812</b>	<b>31,665</b>	<b>21,895</b>
<b>Expenses</b>					
Vessel operating costs					
Vessel running expenses		512,440	547,983	-	-
Voyage disbursements		72,339	61,438	-	-
Bunker consumption		61,493	118,892	-	-
Total vessel operating costs		646,272	728,313	-	-
Depreciation	10	342,701	359,341	612	636
Cost of services		2,025	2,048	-	-
Loss on sales of vessel	10	15,145	12,628	-	-
Loss on impairment of assets	10	120,496	-	-	-
Administrative expenses	5	62,722	63,444	52,301	50,351
Management remuneration including perquisites	5	21,483	21,514	19,659	20,111
Bad debts and doubtful accounts (reversal)		-	(4,230)	32,297	-
Exchange losses		4,378	31,832	2,225	32,141
<b>Total expenses</b>		<b>1,215,222</b>	<b>1,214,890</b>	<b>107,094</b>	<b>103,239</b>
<b>Loss before share of profit (loss) from investment in associate, finance cost and income tax expense</b>		<b>(275,337)</b>	<b>(270,078)</b>	<b>(75,429)</b>	<b>(81,344)</b>
Share of profit (loss) from investment in associate held by a subsidiary	9.1	(2,303)	4,074	-	-
<b>Loss before finance cost and income tax expense</b>		<b>(277,640)</b>	<b>(266,004)</b>	<b>(75,429)</b>	<b>(81,344)</b>
Finance cost		(197,795)	(135,085)	(55,113)	(912)
<b>Loss before income tax expense</b>		<b>(475,435)</b>	<b>(401,089)</b>	<b>(130,542)</b>	<b>(82,256)</b>
Income tax expense		-	(1,479)	-	-
<b>Loss for the period</b>		<b>(475,435)</b>	<b>(402,568)</b>	<b>(130,542)</b>	<b>(82,256)</b>

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

(Unaudited but reviewed)

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

**Income statement (continued)**

**For the three-month period ended 30 June 2016**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2016	2015	2016	2015
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(475,437)	(402,565)	(130,542)	(82,256)
Non-controlling interests of the subsidiaries		2	(3)	-	-
<b>Loss for the period</b>		<u>(475,435)</u>	<u>(402,568)</u>	<u>(130,542)</u>	<u>(82,256)</u>
<b>Basic earnings per share</b>	19				
Loss attributable to equity holders of the Company		<u>(0.30)</u>	<u>(0.35)</u>	<u>(0.08)</u>	<u>(0.07)</u>
Weighted average number of ordinary shares (Thousand shares)		<u>1,559,281</u>	<u>1,165,177</u>	<u>1,559,281</u>	<u>1,165,177</u>

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



(Unaudited but reviewed)

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

**Statement of comprehensive income**

**For the three-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<b>Loss for the period</b>	<u>(475,435)</u>	<u>(402,568)</u>	<u>(130,542)</u>	<u>(82,256)</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 foreign operation's financial statements	<u>(1,481)</u>	<u>(11,046)</u>	<u>-</u>	<u>-</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(1,481)</u>	<u>(11,046)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of functional currency to presentation currency financial statements	<u>(23,259)</u>	<u>600,631</u>	<u>(26,882)</u>	<u>558,948</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(23,259)</u>	<u>600,631</u>	<u>(26,882)</u>	<u>558,948</u>
<b>Other comprehensive income for the period</b>	<u>(24,740)</u>	<u>589,585</u>	<u>(26,882)</u>	<u>558,948</u>
<b>Total comprehensive income for the period</b>	<u><u>(500,175)</u></u>	<u><u>187,017</u></u>	<u><u>(157,424)</u></u>	<u><u>476,692</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>(500,180)</u>	<u>187,063</u>	<u>(157,424)</u>	<u>476,692</u>
Non-controlling interests of the subsidiaries	<u>5</u>	<u>(46)</u>	<u>-</u>	<u>-</u>
	<u><u>(500,175)</u></u>	<u><u>187,017</u></u>	<u><u>(157,424)</u></u>	<u><u>476,692</u></u>

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

(Unaudited but reviewed)

**Precious Shipping Public Company Limited and its subsidiaries****Income statement****For the six-month period ended 30 June 2016**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2016	2015	2016	2015
<b>Revenues</b>					
Vessel operating income					
Hire income		1,273,680	1,327,893	-	-
Freight income		455,114	594,351	-	-
Total vessel operating income		1,728,794	1,922,244	-	-
Service income	5	3,240	2,977	48,843	41,482
Gains on cancellation of shipbuilding contracts	11.5	2,851	-	2,851	-
Interest income	11.3	38,956	1,033	37,746	831
Exchange gains		22,473	-	25,789	-
Other income		93	-	-	5
<b>Total revenues</b>		<b>1,796,407</b>	<b>1,926,254</b>	<b>115,229</b>	<b>42,318</b>
<b>Expenses</b>					
Vessel operating costs					
Vessel running expenses		1,054,084	1,061,136	-	-
Voyage disbursements		144,754	144,571	-	-
Bunker consumption		138,387	253,894	-	-
Total vessel operating costs		1,337,225	1,459,601	-	-
Depreciation	10	729,237	708,940	1,231	1,251
Cost of services		3,086	2,941	-	-
Loss on sales of vessels and equipment	10	354,093	12,628	6	-
Loss on impairment of assets	10	275,343	-	-	-
Administrative expenses	5	132,160	123,055	111,258	101,056
Management remuneration including perquisites	5	43,291	50,308	39,793	46,985
Bad debts and doubtful accounts		25,022	6,254	32,297	-
Exchange losses		-	30,548	-	31,281
<b>Total expenses</b>		<b>2,899,457</b>	<b>2,394,275</b>	<b>184,585</b>	<b>180,573</b>
<b>Loss before share of profit (loss) from investment in associate, finance cost and income tax expense</b>		<b>(1,103,050)</b>	<b>(468,021)</b>	<b>(69,356)</b>	<b>(138,255)</b>
Share of profit (loss) from investment in associate held by a subsidiary	9.1	(5,180)	1,256	-	-
<b>Loss before finance cost and income tax expense</b>		<b>(1,108,230)</b>	<b>(466,765)</b>	<b>(69,356)</b>	<b>(138,255)</b>
Finance cost		(578,561)	(270,021)	(278,077)	(2,841)
<b>Loss before income tax expense</b>		<b>(1,686,791)</b>	<b>(736,786)</b>	<b>(347,433)</b>	<b>(141,096)</b>
Income tax expense		-	(1,479)	-	-
<b>Loss for the period</b>		<b>(1,686,791)</b>	<b>(738,265)</b>	<b>(347,433)</b>	<b>(141,096)</b>

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

(Unaudited but reviewed)

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

**Income statement (continued)**

**For the six-month period ended 30 June 2016**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2016	2015	2016	2015
<b>Loss attributable to:</b>					
Equity holders of the Company		(1,686,783)	(738,258)	(347,433)	(141,096)
Non-controlling interests of the subsidiaries		(8)	(7)	-	-
<b>Loss for the period</b>		<u>(1,686,791)</u>	<u>(738,265)</u>	<u>(347,433)</u>	<u>(141,096)</u>
<b>Basic earnings per share</b>	19				
Loss attributable to equity holders of the Company		<u>(1.08)</u>	<u>(0.67)</u>	<u>(0.22)</u>	<u>(0.13)</u>
Weighted average number of ordinary shares (Thousand shares)		<u>1,559,281</u>	<u>1,102,696</u>	<u>1,559,281</u>	<u>1,102,696</u>

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

(Unaudited but reviewed)

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

**Statement of comprehensive income**

**For the six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<b>Loss for the period</b>	<u>(1,686,791)</u>	<u>(738,265)</u>	<u>(347,433)</u>	<u>(141,096)</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 foreign operation's financial statements	188	(3,804)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	188	(3,804)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of functional currency to presentation currency financial statements	(418,386)	410,727	(445,942)	387,485
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(418,386)	410,727	(445,942)	387,485
<b>Other comprehensive income for the period</b>	<u>(418,198)</u>	<u>406,923</u>	<u>(445,942)</u>	<u>387,485</u>
<b>Total comprehensive income for the period</b>	<u>(2,104,989)</u>	<u>(331,342)</u>	<u>(793,375)</u>	<u>246,389</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(2,105,029)	(331,307)	(793,375)	246,389
Non-controlling interests of the subsidiaries	40	(35)	-	-
	<u>(2,104,989)</u>	<u>(331,342)</u>	<u>(793,375)</u>	<u>246,389</u>

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

(Unaudited but reviewed)

## Precious Shipping Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

## Consolidated financial statements

	Equity attributable to the parent's shareholders							Other components of shareholders' equity - other comprehensive income	Exchange differences on translation of financial statements	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Retained earnings						Unappropriated					
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Appropriated		Corporate social responsibility reserve						
				The Company	Subsidiaries							
<b>Balance as at 1 January 2015</b>	1,039,521	411,430	172,446	103,952	523,320	16,588	13,907,253	(889,508)	15,285,002	(1,149)	15,283,853	
Increase in share capital (Note 17)	519,760	1,556,286	-	-	-	-	-	-	2,076,046	-	2,076,046	
Loss for the period	-	-	-	-	-	-	(738,258)	-	(738,258)	(7)	(738,265)	
Other comprehensive income for the period	-	-	-	-	-	-	-	406,951	406,951	(28)	406,923	
Total comprehensive income for the period	-	-	-	-	-	-	(738,258)	406,951	(331,307)	(35)	(331,342)	
Appropriated to corporate social responsibility reserve	-	-	-	-	-	(332)	332	-	-	-	-	
<b>Balance as at 30 June 2015</b>	<b>1,559,281</b>	<b>1,967,716</b>	<b>172,446</b>	<b>103,952</b>	<b>523,320</b>	<b>16,256</b>	<b>13,169,327</b>	<b>(482,557)</b>	<b>17,029,741</b>	<b>(1,184)</b>	<b>17,028,557</b>	
<b>Balance as at 1 January 2016</b>	1,559,281	1,967,716	172,446	103,952	523,320	16,350	11,478,160	666,854	16,488,079	(1,912)	16,486,167	
Loss for the period	-	-	-	-	-	-	(1,686,783)	-	(1,686,783)	(8)	(1,686,791)	
Other comprehensive income for the period	-	-	-	-	-	-	-	(418,246)	(418,246)	48	(418,198)	
Total comprehensive income for the period	-	-	-	-	-	-	(1,686,783)	(418,246)	(2,105,029)	40	(2,104,989)	
Appropriated to corporate social responsibility reserve	-	-	-	-	-	(78)	78	-	-	-	-	
<b>Balance as at 30 June 2016</b>	<b>1,559,281</b>	<b>1,967,716</b>	<b>172,446</b>	<b>103,952</b>	<b>523,320</b>	<b>16,272</b>	<b>9,791,455</b>	<b>248,608</b>	<b>14,383,050</b>	<b>(1,872)</b>	<b>14,381,178</b>	
	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	

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

(Unaudited but reviewed)

## Precious Shipping Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2016

(Unit: Thousand 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		Unappropriated			Exchange differences on translation of financial statements
				Appropriated					
				Statutory reserve	Corporate social responsibility reserve				
<b>Balance as at 1 January 2015</b>	1,039,521	411,430	172,446	103,952	16,588	11,618,389	493,164	13,855,490	
Increase in share capital (Note 17)	519,760	1,556,286	-	-	-	-	-	2,076,046	
Loss for the period	-	-	-	-	-	(141,096)	-	(141,096)	
Other comprehensive income for the period	-	-	-	-	-	-	387,485	387,485	
Total comprehensive income for the period	-	-	-	-	-	(141,096)	387,485	246,389	
Appropriated to corporate social responsibility reserve	-	-	-	-	(332)	332	-	-	
<b>Balance as at 30 June 2015</b>	<b>1,559,281</b>	<b>1,967,716</b>	<b>172,446</b>	<b>103,952</b>	<b>16,256</b>	<b>11,477,625</b>	<b>880,649</b>	<b>16,177,925</b>	
<b>Balance as at 1 January 2016</b>	1,559,281	1,967,716	172,446	103,952	16,350	11,361,856	1,987,124	17,168,725	
Loss for the period	-	-	-	-	-	(347,433)	-	(347,433)	
Other comprehensive income for the period	-	-	-	-	-	-	(445,942)	(445,942)	
Total comprehensive income for the period	-	-	-	-	-	(347,433)	(445,942)	(793,375)	
Appropriated to corporate social responsibility reserve	-	-	-	-	(78)	78	-	-	
<b>Balance as at 30 June 2016</b>	<b>1,559,281</b>	<b>1,967,716</b>	<b>172,446</b>	<b>103,952</b>	<b>16,272</b>	<b>11,014,501</b>	<b>1,541,182</b>	<b>16,375,350</b>	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	

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

(Unaudited but reviewed)

**Precious Shipping Public Company Limited and its subsidiaries****Cash flow statement****For the six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Loss before tax	(1,686,791)	(736,786)	(347,433)	(141,096)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	729,669	709,436	1,657	1,740
Bad debts and doubtful accounts	25,022	6,254	32,297	-
Loss (gains) on sales of vessels and equipment	354,093	12,628	6	(5)
Loss on impairment of assets	275,343	-	-	-
Gains on cancellation of shipbuilding contracts	(2,851)	-	(2,851)	-
Write-off deferred financial fee	182,253	1,929	182,253	1,929
Amortisation of deferred contract costs	9,994	9,088	-	-
Share of loss (profit) from investment in associate held by a subsidiary	5,180	(1,256)	-	-
Provisions for maritime claims (reversal)	(7,441)	12,573	-	-
Provision for long-term employee benefits	4,501	2,904	3,887	2,738
Unrealised exchange losses (gains)	(30,306)	272	(31,199)	(822)
Amortised financial fees to interest expense	40,058	36,008	-	-
Interest expense	340,672	226,268	93,102	-
Amortisation of deferred debentures issuing cost	1,842	-	1,842	-
Interest income	(34,903)	-	(34,903)	-
Profit (loss) from operating activities before changes in operating assets and liabilities	206,335	279,318	(101,342)	(135,516)
Operating assets (increase) decrease				
Trade and other receivables	43,460	58,462	(1,476,234)	(81,241)
Bunker oil	39,109	35,666	-	-
Other current assets	(57,663)	(16,076)	1,470	(2,425)
Other non-current assets	35	(3,594)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(104,040)	102,686	80,304	(99,820)
Advances received from charterers	(5,551)	19,074	-	-
Other current liabilities	7,774	(2,600)	3,494	299
Non-current liabilities	(2,888)	(187)	(2,888)	-
Cash flows from (used in) operating activities	126,571	472,749	(1,495,196)	(318,703)
Cash paid for corporate income tax and withholding tax deducted at source	(1,591)	(5,168)	(1,137)	(928)
<b>Net cash flows from (used in) operating activities</b>	<b>124,980</b>	<b>467,581</b>	<b>(1,496,333)</b>	<b>(319,631)</b>

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

(Unaudited but reviewed)

**Precious Shipping Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Acquisitions of vessels and equipment and payment of dry-dock and special survey expenses	(956,367)	(1,170,146)	(25)	(6)
Cash received from sales of vessels and equipment	322,503	70,066	3	5
Cash paid for advances for vessel constructions and other direct costs	(375,412)	(1,205,319)	(363,248)	(1,195,143)
Cash received from amendment/cancellation of shipbuilding contracts	434,744	428,898	434,744	428,898
Cash paid for other long-term investment	-	(5,065)	-	(5,065)
Cash paid for investments in subsidiaries	-	-	(595,600)	(1,000)
Decrease in short-term loans to a subsidiary	-	-	-	104,162
Cash received from unsecured corporate loan	211,681	-	211,681	-
Dividend received from associate held by a subsidiary	-	10,371	-	-
<b>Net cash flows used in investing activities</b>	<b>(362,851)</b>	<b>(1,871,195)</b>	<b>(312,445)</b>	<b>(668,149)</b>
<b>Cash flows from financing activities</b>				
Decrease in restricted bank deposits	760,627	-	-	-
Cash paid for interest expense and commitment fee	(301,731)	(233,382)	(54,161)	(7,035)
Cash paid for deferred financial fees	(26,711)	(72,248)	(26,711)	(72,220)
Cash received from long-term loans	923,726	1,560,767	-	549,416
Repayment of long-term loans	(1,119,550)	(505,830)	(599,467)	(112,010)
Prepayment of long-term loans	(2,353,722)	(69,959)	-	-
Cash received from share capital increase	-	2,076,046	-	2,076,046
Cash received from debentures	3,570,895	-	3,570,895	-
<b>Net cash flows from financing activities</b>	<b>1,453,534</b>	<b>2,755,394</b>	<b>2,890,556</b>	<b>2,434,197</b>
Increase (decrease) in translation adjustments	(68,282)	49,303	(57,081)	43,707
<b>Net increase in cash and cash equivalents</b>	<b>1,147,381</b>	<b>1,401,083</b>	<b>1,024,697</b>	<b>1,490,124</b>
Cash and cash equivalents at beginning of period	453,508	535,002	52,363	84,077
<b>Cash and cash equivalents at end of period</b>	<b>1,600,889</b>	<b>1,936,085</b>	<b>1,077,060</b>	<b>1,574,201</b>

**Supplemental cash flows information**

## Non-cash transactions

Transfer of interest expenses and commitment fee to

advance for vessel constructions 1,240 7,179 1,240 7,101

Amortisation of financial fees to advances

for vessel constructions 206 1,068 206 1,068

Transfer of deferred financial fees to present as a

deduction from long-term loans 30,364 14,275 - 2,575

Transfer of deferred financial fees to subsidiaries

in proportion to the drawdown amount - - 30,364 8,476

Transfer of advances for vessel constructions to

vessel and equipment of subsidiaries 856,507 661,276 842,782 313,430

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



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

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2016**

**1. General information**

**1.1 Corporate information**

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

**1.2 Basis for the preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

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

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

### **1.3 Basis of consolidation**

These interim consolidated financial statements include the financial statements of Precious Shipping Public Company Limited, subsidiaries and associate (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015. There have been no changes in the composition of the Group during the current period.

### **1.4 New financial reporting standards**

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

## **2. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

### **3. Restricted bank deposits**

As at 30 June 2016, the Group placed deposits at banks of USD 3.30 million (or equivalent Baht 116.27 million) as cash collateral for 2 loan facilities as mentioned in Note 14 to the financial statements (31 December 2015: USD 24.86 million (or equivalent Baht 897.34 million)).

(Unaudited but reviewed)

#### 4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	108,406	152,798	-	-
3 - 6 months	-	2,339	-	-
6 - 12 months	184	25,621	-	-
Over 12 months	24,135	23	-	-
Total	132,725	180,781	-	-
Less: Allowance for doubtful debts	(24,135)	(23)	-	-
Total trade receivables - unrelated parties, net	108,590	180,758	-	-
<u>Other receivables - unrelated parties</u>				
Receivable from sales of vessel	-	60,194	-	-
Interest receivable from Shipbuilder (Note 11.3)	26,918	-	26,918	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 5)	-	-	6,084,161	3,886,261
Total other receivables	26,918	60,194	6,111,079	3,886,261
Total trade and other receivables - net	135,508	240,952	6,111,079	3,886,261

#### 5. Related party transactions

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

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<b>Transactions with subsidiaries</b>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	19,480	21,063	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	1,461	-	3% of vessels' selling price
Condominium rental expenses	-	-	1,724	1,885	Market price
Sales of newbuilding vessel (as part of advances for vessel constructions and other direct costs)	-	-	480,553	313,430	At cost
<b>Transactions with related companies</b>					
Air ticket expenses	2,249	2,590	552	642	Market price
Rental and service expenses	981	1,184	658	835	Market price
Computer purchases	-	462	-	429	Market price

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<b>Transactions with subsidiaries</b>					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	40,422	41,482	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Service income - commission from vessel sales	-	-	8,421	-	3% of vessels' selling price
Condominium rental expenses	-	-	3,554	3,931	Market price
Sales of newbuilding vessel (as part of advances for vessel constructions and other direct cost)	-	-	842,782	313,430	At cost
<b>Transactions with related companies</b>					
Air ticket expenses	3,552	4,127	903	1,064	Market price
Rental and service expenses	4,311	4,107	3,193	3,013	Market price
Computer purchases	-	943	-	609	Market price

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b>Other receivables - related parties (Note 4)</b>				
Subsidiaries	-	-	6,084,161	3,886,261
Total other receivables - related parties	-	-	6,084,161	3,886,261
<b>Trade and other payables - related parties</b>				
Subsidiaries	-	-	1,441,707	1,381,956
Related companies	1,086	1,986	161	1,043
Total trade and other payables - related parties	1,086	1,986	1,441,868	1,382,999

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

#### Directors and management's benefits

During the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	20,888	21,185	19,135	19,783
Post-employment benefits	595	329	524	328
Total	21,483	21,514	19,659	20,111

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	42,099	49,650	38,744	46,329
Post-employment benefits	1,192	658	1,049	656
Total	43,291	50,308	39,793	46,985

#### 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.

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

As at 30 June 2016, short-term loans to a wholly owned subsidiary, Precious Shipping (Singapore) Pte. Limited, are in the form of promissory notes in US Dollar, amounting to USD 47.20 million (31 December 2015: USD 47.20 million), bearing no interest, and are due at call. Movements in the balance of the loans during the period were as follows.

	(Unit: Thousand Baht)
	Separate financial statements
Balance as at 1 January 2016	1,703,382
Translation adjustment	(42,877)
Balance as at 30 June 2016	1,660,505

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

As at 30 June 2016, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited ("ABC Company"), are in the form of promissory notes in US Dollar, amounting to USD 9.70 million (31 December 2015: USD 9.70 million), bearing no interest and are due at call. The Company does not intend to call for the loans repayment in the foreseeable future; therefore, the loans are classified as long-term loans.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Separate financial statements
Balance as at 1 January 2016	350,132
Translation adjustment	(8,814)
Balance as at 30 June 2016	<u>341,318</u>

## 8. 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	
	30	31	30	31	30	31
	June	December	June	December	June	December
	2016	2015	2016	2015	2016	2015
			%	%		
Precious Metals Limited	275,000	275,000	99.99	99.99	372,758	382,383
Precious Wishes Limited	230,000	230,000	99.99	99.99	317,311	325,505
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	296,408	304,062
Precious Minerals Limited	230,000	230,000	99.99	99.99	269,532	276,492
Precious Lands Limited	306,000	306,000	99.99	99.99	341,114	349,922
Precious Rivers Limited	234,000	234,000	99.99	99.99	224,201	229,990
Precious Lakes Limited	184,000	184,000	99.99	99.99	196,741	201,821
Precious Seas Limited	100,000	100,000	99.99	99.99	137,961	141,524
Precious Stars Limited	105,000	105,000	99.99	99.99	144,859	148,600
Precious Oceans Limited	175,000	175,000	99.99	99.99	241,432	247,666
Precious Planets Limited	270,000	270,000	99.99	99.99	327,369	335,822
Precious Diamonds Limited	205,000	205,000	99.99	99.99	204,956	210,248
Precious Sapphires Limited	144,000	144,000	99.99	99.99	139,053	142,644
Precious Emeralds Limited	366,000	366,000	99.99	99.99	333,428	342,038
Precious Rubies Limited	259,360	259,360	99.99	99.99	278,392	285,581
Precious Opals Limited	249,360	249,360	99.99	99.99	269,463	276,421
Precious Garnets Limited	379,000	379,000	99.99	99.99	343,910	352,790
Precious Pearls Limited	173,000	173,000	99.99	99.99	196,427	201,499
Precious Flowers Limited	336,000	336,000	99.99	99.99	378,726	388,505
Precious Forests Limited	96,000	96,000	99.99	99.99	105,187	107,903
Precious Trees Limited	202,000	202,000	99.99	99.99	229,852	235,787
Precious Ponds Limited	124,000	124,000	99.99	99.99	138,253	141,823
Precious Ventures Limited	202,000	202,000	99.99	99.99	249,320	255,758

(Unaudited but reviewed)

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30	31	30	31	30	31
	June	December	June	December	June	December
2016	2015	2016	2015	2016	2015	
Precious Capitals Limited	200,000	200,000	99.99	99.99	275,923	283,047
Precious Jasmines Limited	147,000	147,000	99.99	99.99	187,460	192,300
Precious Orchids Limited	217,000	217,000	99.99	99.99	211,836	217,306
Precious Lagoons Limited	140,000	140,000	99.99	99.99	193,146	198,133
Precious Cliffs Limited	140,000	140,000	99.99	99.99	193,146	198,133
Precious Hills Limited	140,000	140,000	99.99	99.99	193,146	198,133
Precious Mountains Limited	140,000	140,000	99.99	99.99	193,146	198,133
Precious Resorts Limited	140,000	140,000	99.99	99.99	193,146	198,133
Precious Cities Limited	170,000	170,000	99.99	99.99	219,631	225,303
Precious Comets Limited	141,000	141,000	99.99	99.99	146,845	150,637
Precious Ornaments Limited	156,000	156,000	99.99	99.99	161,165	165,326
Precious Moons Limited	1,000	1,000	99.98	99.98	1,074	1,102
Precious Venus Limited	298,800	1,000	99.99	99.98	298,308	1,019
Precious Neptune Limited	298,800	1,000	99.99	99.98	298,308	1,019
Nedtex Limited	2,500	2,500	69.99	69.99	894	917
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	5,794	5,943
Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	-	-
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	352	361
Precious Shipping (Mauritius) Limited	250	250	100.00	100.00	352	361
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	369,059	378,589
Precious Shipping (UK) Limited	250	250	100.00	100.00	352	361
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	381,501	391,351
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					9,261,237	8,890,391
Less: Allowance for loss on investments in subsidiaries					(7,040)	(7,222)
Total investments in subsidiaries - net					<u>9,254,197</u>	<u>8,883,169</u>

As at 30 June 2016, the Company has pledged the shares of 31 subsidiaries amounting to Baht 7,915.92 million (31 December 2015: 34 subsidiaries amounting to Baht 8,392.82 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 14 to the financial statements.

The changes in cost of investments in subsidiaries are from the change differences on translation of financial statements from functional currency to presentation currency and from changes in cost of investments in newly issued ordinary shares of subsidiaries on 19 April 2016 as detailed below.



(Unaudited but reviewed)

Subsidiaries' name	New ordinary shares		
	Par value	No. of shares	Total value
	(Baht)	(Million Shares)	(Million Baht)
Precious Venus Limited	100.00	2.98	297.80
Precious Neptune Limited	100.00	2.98	297.80

On 23 June 2016, the meeting of the board of directors of Precious Shipping (Mauritius) Limited approved the voluntary winding up of the Company since it is not making any further investments and has no intention to carry on its activities.

## 9. Investment in associate held by a subsidiary

### 9.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

		Consolidated financial statements						
		Shareholding percentage		Cost		Carrying amounts based on equity method		
		30	31	30	31	30	31	
Associate's name	Nature of business	Country of incorporation	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
			%	%				
International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40	71,685	73,536	76,750	85,676

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

(Unit: Thousand Baht)

		Consolidated financial statements			
		For the three-month periods ended 30 June			
Associate's name		Share of profit (loss)		Dividend received	
		2016	2015	2016	2015
International Seaports (Haldia) Private Limited		(2,303)	4,074	-	5,174

(Unit: Thousand Baht)

		Consolidated financial statements			
		For the six-month periods ended 30 June			
Associate's name		Share of profit (loss)		Dividend received	
		2016	2015	2016	2015
International Seaports (Haldia) Private Limited		(5,180)	1,256	-	10,371

Shares of profit (loss) from investment in associate held by a subsidiary for the six-month periods ended 30 June 2016 and 2015, included in the consolidated income statements, were recorded based on the financial information for the six-month periods ended 31 March 2016 and 2015, respectively.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the		Profit (Loss) for the	
	31 March		31 March		31 March		six-month periods ended		six-month periods ended	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Thousand INR	Thousand INR								
International Seaports (Haldia) Private Limited	440,580	440,580	375,729	446,344	33,095	61,686	140,010	196,952	(23,126)	5,609

## 10. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2016	25,329,890	6,686
Acquisitions of vessels and equipment and payment of dry-dock and special survey expenses during period - at cost	956,367	25
Transfer from advances for vessel constructions	856,507	-
Disposals	(1,155,473)	(10)
Depreciation for period	(729,237)	(1,231)
Allowance for impairment loss	280,630	-
Translation adjustment	(636,330)	(160)
Net book value as at 30 June 2016	24,902,354	5,310

During the current period, local subsidiaries have sold and delivered 6 vessels and had losses on sales of vessels and equipment totaling USD 9.96 million (or approximately Baht 354.09 million) as presented in the current period consolidated income statement (30 June 2015: Baht 12.6 million).

As at 30 June 2016, the subsidiaries have mortgaged 40 vessels (31 December 2015: 41 vessels) with net book value of Baht 24,811.47 million (31 December 2015: Baht 23,048.68 million) with banks to secure long-term loans as referred to in Note 14 to the financial statements.

(Unaudited but reviewed)

As at 30 June 2016, the Group performed impairment reviews in respect of the vessels expected to be sold in 2016 and recorded allowance for impairment loss of USD 15.57 million (or approximately Baht 547.67 million) (31 December 2015: USD 23.45 million (or approximately Baht 840.77 million)) based on fair value (net of direct selling expenses). The Group estimated the fair value of vessels based on an average of latest selling price of vessels sold in the recent past. However, actual results might differ from these estimates depending on the future economic environment and the specific timing of each sale.

#### 11. Advances for vessel constructions

Movements of the advances for vessel constructions account during the six-month period ended 30 June 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	4,451,615	4,436,781
Additions	310,953	310,953
Capitalisation of finance cost	1,240	1,240
Amortisation of financial fees	206	206
Other direct costs	64,459	52,295
Amendment/cancellation of shipbuilding contracts	(424,232)	(424,232)
Transfer to cost of vessel and equipment of a subsidiary	(856,507)	(842,782)
Translation adjustment	(107,524)	(107,152)
Balance as at 30 June 2016	<u>3,440,210</u>	<u>3,427,309</u>

During the six-month period ended 30 June 2016, the amount of borrowing costs capitalised was Baht 1.24 million in the consolidated financial statements and separate financial statements. The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 2.91%-3.43% in the consolidated financial statements and separate financial statements.

During the six-month period ended 30 June 2016, there were delivery of vessels and amended/cancelled of shipbuilding contracts as detailed below.

### 11.1 Delivery of vessel under the Shipbuilding Contract with Shanhaiguan New Shipbuilding Industry Co., Ltd., China

During the six-month period ended 30 June 2016, a vessel was completed and delivered to the Company's indirect subsidiary incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
6 January 2016	Precious Wisdom Pte. Limited	BC385-12	USD 23.02 million (or approximately Baht 811.10 million)

### 11.2 Delivery of vessel under the Shipbuilding Contract with Jiangsu Ruihai International Trade Co., Ltd. and Taizhou Sanfu Ship Engineering Co., Ltd., China

During the six-month period ended 30 June 2016, a vessel was completed and delivered to the Company's indirect subsidiary incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
21 April 2016	Precious Tides Pte. Limited	SF130128	USD 25.98 million (or approximately Baht 913.84 million)

### 11.3 Settlement Agreements for the Shipbuilding Contracts

On 31 March 2016, the Company, Taizhou Sanfu Ship Engineering Co. Ltd. ("Sanfu") and Jiangsu Ruihai International Trade Co. Ltd. ("JSRH") (jointly referred to as the "Parties") have executed four settlement agreements ("Settlement Agreements") to capture the terms of the amicable settlements reached between the Parties for the eight shipbuilding contracts ("Contract" or "Contracts") for construction of eight 63,345 DWT bulk carrier vessels bearing hull nos. SF130126 to SF130133 ("Vessel" or "Vessels"). The key terms of the Settlement Agreements are as follows:

- Contract Price for each of Hull Nos. SF130126, SF130127, SF130128 and SF130129 ("Four Remaining Vessels") shall be reduced to USD 25 million per vessel;
- On delivery date of each of the Four Remaining Vessels, Sanfu and JSRH shall provide the Company an unsecured corporate loan of an amount of USD 6 million per vessel. The repayment of these unsecured corporate loans shall be based on the outcome of the disputes as set out in the two settlement agreements dated 9 October 2015 for Hull Nos. SF130124 and SF130125 in a logical manner; and

- The advances paid under the four Contracts for Hull Nos. SF130130, SF130131, SF130132 and SF130133 plus interest thereon shall be refunded to the Company by way of the application to the respective final installments payable against delivery of each of the Four Remaining Vessels. After the refunds, the three Contracts for Hull Nos. SF130131, SF130132 and SF130133 will be terminated but one Contract for Hull No. SF130130 will be amended.

During the six-month period ended 30 June 2016, the Company recorded USD 0.98 million (or approximately Baht 34.90 million) as interest income on outstanding advances paid for Hull nos. SF130130, SF130131, SF130132 and SF130133.

#### **11.4 Amendment of the Shipbuilding Contracts**

On 21 April 2016, the Company and Taizhou Sanfu Ship Engineering Co. Ltd. ("Sanfu") (jointly referred to as the "Parties") executed an amending agreement ("Amending Agreement") in relation to the Shipbuilding Contract dated 20 December 2013 ("Shipbuilding Contract") for construction of one 63,345 DWT Bulk Carrier with Hull No. SF130130 ("Vessel"). The key terms of the Amending Agreement are as follows:

1. Contract Price shall be reduced to USD 18 million. However, the Contract Price will be adjusted as per the market value of the Vessel prior to the actual delivery date. The Parties shall equally share the difference between the market value prevailing at the time of delivery of the Vessel and the Contract Price ("Adjusted Contract Price").

2. Payment terms shall be amended as follows:

(a) 1st Instalment

USD 3.51 million shall become due and be paid by the Buyer within five banking days after the Buyer's receipt of a Refund Guarantee to guarantee the refund of the 1st Instalment.

(b) 2nd Instalment

USD 3.60 million shall become due and be paid by the Buyer within five banking days of the later to occur of: (i) the Buyer's receipt of a Refund Guarantee to guarantee the refund of the 2nd Instalment and (ii) the actual delivery date of the vessel with Hull No. SF130129 to be delivered under another shipbuilding contract dated 17 March 2014 between the Company as the Buyer and Sanfu and Jiangsu Ruihai International Trade Co., Ltd., collectively as the Seller.

(c) 3rd Instalment

The Adjusted Contract Price minus the 1st and 2nd Instalments shall become due and payable concurrently with the delivery of the Vessel.

3. Delivery Date shall be amended to not before 10 January 2018.

It may be noted that conditions on 2 (a) need to be fulfilled by both parties on or before 18 October 2016, failing which, the Amending Agreement and the Shipbuilding Contract shall be null and void.

### **11.5 Cancellation of the Shipbuilding Contracts**

During the six-month period ended 30 June 2016, the Company cancelled six Shipbuilding Contracts signed with Sainly Marine Corporation, China ("Shipbuilder") on 26 February 2014 for six 64,000 DWT bulk carrier vessels bearing hull nos. SAM14021B, SAM14022B, SAM14023B, SAM14024B, SAM14025B and SAM14026B ("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. During the six-month period ended 30 June 2016, the Company received the refund of the advances along with interest thereon for three Vessels bearing hull nos. SAM14024B, SAM14025B and SAM14026B amounting to USD 8.81 million from CEXIM since neither party invoked arbitration in respect of these vessels.

For the vessels for which the Company has received notices of arbitration from the Shipbuilder, as per the terms of the Irrevocable Letters of Guarantee and the SBCs, the refund of the advances to the Company will remain subject to the final arbitration award and the Irrevocable Letters of Guarantee related to these vessels are automatically extended until 90 days after the final arbitration award has been published.

As of 30 June 2016, details of the cancellations of the SBCs by the Company and by the Shipbuilder (under dispute by the Company) (not including the three vessels for which we received the refunds from CEXIM aforesaid) are as follows:

(Unaudited but reviewed)

Hull No.	Shipbuilding Contract date	Cancelled by	Date of Cancellation Notice	Date of Notice of Arbitration	Advances Claim (Million USD)
SAM14017B	24 February 2014	The Company	11 September 2015	25 September 2015	11.16
SAM14018B	24 February 2014	The Company	11 September 2015	25 September 2015	11.16
SAM14019B	26 February 2014	The Company	16 November 2015	24 November 2015	11.16
SAM14020B	26 February 2014	The Company	16 November 2015	24 November 2015	11.16
SAM14021B	26 February 2014	The Company	29 January 2016	3 February 2016	5.58
SAM14022B	26 February 2014	The Company	29 January 2016	3 February 2016	5.58
SAM14023B	26 February 2014	The Shipbuilder The Company	15 September 2015 30 March 2016	7 December 2015	2.74
SAM14027B	26 February 2014	The Shipbuilder	20 November 2015	Not yet received	2.79
SAM14028B	26 February 2014	The Shipbuilder	20 November 2015	Not yet received	2.79
<b>Total</b>					<b>64.12</b>

## 12. Deferred financial fees

Movements of the deferred financial fees account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	217,542	217,542
Additions	18,152	18,152
Transfer to present as a deduction against long-term loans	(30,364)	-
Transfer to subsidiaries as a borrower	-	(30,364)
Write-off deferred financial fees	(182,253)	(182,253)
Translation adjustment	(3,414)	(3,414)
Balance as at 30 June 2016	<u>19,663</u>	<u>19,663</u>

## 13. Deferred contract costs

Movements of the deferred contract costs account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2016	275,762
Amortisation for the period	(9,994)
Translation adjustment	(6,871)
Balance as at 30 June 2016	<u>258,897</u>

(Unaudited but reviewed)

**14. Long-term loan facilities**

As at 30 June 2016 and 31 December 2015, long-term loans accounts are presented below.

(Unit: Thousand Baht)

Consolidated financial statements																								
Loan facilities for financing the construction and acquisition of new vessels																				Loan facilities for purchasing of vessels				
Facility 1		Facility 2		Facility 3		Facility 4		Facility 5		Facility 6		Facility 8		Facility 9		Facility 10		Facility 1		Facility 2		Total		
30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Long-term loans	717,676	1,250,929	1,309,266	1,956,291	1,185,889	1,262,852	612,473	651,558	585,624	636,083	2,512,199	2,679,743	921,831	676,804	-	487,196	422,163	-	2,328,209	3,697,409	1,485,378	1,661,346	12,080,708	14,960,211
Add (less): Deferred financial fees	(4,459)	(5,410)	(23,061)	(26,814)	(17,218)	(19,190)	(3,903)	(4,334)	(3,395)	(3,878)	7,694	(9,839)	(19,682)	(10,249)	-	(198)	(18,172)	-	(71,326)	(82,041)	17,079	11,939	(136,443)	(150,014)
Total	713,217	1,245,519	1,286,205	1,929,477	1,168,671	1,243,662	608,570	647,224	582,229	632,205	2,519,893	2,669,904	902,149	666,555	-	486,998	403,991	-	2,256,883	3,615,368	1,502,457	1,673,285	11,944,265	14,810,197
Less: Current portion	-	(110,586)	-	(201,604)	(89,038)	(91,274)	(45,079)	(46,230)	(68,498)	(70,245)	(200,905)	(2,669,904)	-	(37,780)	-	(486,998)	(26,933)	-	(122,745)	(215,795)	(271,396)	(1,673,285)	(824,594)	(5,603,701)
Long-term loans - net of current portion	713,217	1,134,933	1,286,205	1,727,873	1,079,633	1,152,388	563,491	600,994	513,731	561,960	2,318,988	-	902,149	628,775	-	-	377,058	-	2,134,138	3,399,573	1,231,061	-	11,119,671	9,206,496

(Unit: Thousand Baht)

**Separate financial statements**

Loan facilities for financing the construction and acquisition of new vessels						
Facility 8		Facility 9		Total		
30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	
Long-term loans	-	120,814	-	487,196	-	608,010
Less: Deferred financial fees	-	(2,062)	-	(198)	-	(2,260)
Total	-	118,752	-	486,998	-	605,750
Less: Current portion	-	-	-	(486,998)	-	(486,998)
Long-term loans - net of current portion	-	118,752	-	-	-	118,752



(Unaudited but reviewed)

Movements in the long-term loans accounts during the six-month period ended 30 June 2016 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements												
	Loan facilities for financing the construction and acquisition of new vessels									Loan facilities for purchasing of vessels		
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 8	Facility 9	Facility 10	Facility 1	Facility 2	Total
Balance as at 1 January 2016	1,245,519	1,929,477	1,243,662	647,224	632,205	2,669,904	666,555	486,998	-	3,615,368	1,673,285	14,810,197
Add: Drawdown	-	-	-	-	-	-	500,365	-	423,361	-	-	923,726
Amortisation of financial fees	821	3,101	1,500	324	388	17,408	1,742	195	590	8,716	5,479	40,264
Unrealised exchange loss	-	-	-	-	-	-	-	-	-	26,356	-	26,356
Less: Deferred financial fees	-	-	-	-	-	-	(11,551)	-	(18,813)	-	-	(30,364)
Repayment	(35,902)	(50,383)	(45,497)	(22,846)	(34,694)	(100,804)	(146,208)	(480,350)	-	(67,761)	(135,105)	(1,119,550)
Prepayment	(467,520)	(549,523)	-	-	-	-	(88,200)	-	-	(1,248,479)	-	(2,353,722)
Translation adjustment	(29,701)	(46,467)	(30,994)	(16,132)	(15,670)	(66,615)	(20,554)	(6,843)	(1,147)	(77,317)	(41,202)	(352,642)
Balance as at 30 June 2016	<u>713,217</u>	<u>1,286,205</u>	<u>1,168,671</u>	<u>608,570</u>	<u>582,229</u>	<u>2,519,893</u>	<u>902,149</u>	<u>-</u>	<u>403,991</u>	<u>2,256,883</u>	<u>1,502,457</u>	<u>11,944,265</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements

	Loan facilities for financing the construction and acquisition of new vessels		
	Facility 8	Facility 9	Total
Balance as at 1 January 2016	118,752	486,998	605,750
Add: Amortisation of financial fees	11	195	206
Transfer of deferred financial fees to subsidiaries	2,023	-	2,023
Less: Repayment	(119,117)	(480,350)	(599,467)
Translation adjustment	(1,669)	(6,843)	(8,512)
Balance as at 30 June 2016	-	-	-

The Group cancelled certain loan facilities and received waiver of the financial covenant breaches of certain loan facilities as follows.

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

**Facility 1**

On 27 May 2016, following a further security shortfall and the breach of the Funded Debt to EBITDA covenant, DNB Asia Ltd., as Agent (“DNB”) agreed that the Borrowers may make a prepayment of USD 13,251,665 from cash collateral to cure the security shortfall. Out of such prepayment amount, USD 8,463,245 was applied in direct order for 11 repayment installments and the remaining was applied to the balloon repayment.

In light of the above, DNB agreed to the following:

- (i) the minimum Security ratio shall remain at 125% for the remainder of the facility period;
- (ii) the waiver on testing of the financial covenant regarding the Funded Debt to EBITDA ratio will extend for a further period up to 31 December 2016.

The above approvals have been granted subject to the Company complying with the following conditions:

- a) The Company is not allowed to pay dividends or make any other distributions to its shareholders up to such time until the Company is in compliance with all the original terms and conditions of such loan agreement, notwithstanding the waivers thereof.
- b) The Company must submit cashflow forecasts every month for the next three months until the borrowers are in compliance with all the covenants within this loan agreement.
- c) The Borrowers make the abovementioned prepayment.

As of 31 May 2016, the Borrowers made the abovementioned prepayment and the Borrowers have complied with the above conditions and the waiver is now effective.

## **Facility 2**

On 28 March 2016, following a further security shortfall and the expected breach of the Funded Debt to EBITDA covenant at the next testing date, ING Bank N.V., Singapore Branch as Agent (“ING”) agreed that the Borrowers may make a prepayment of USD 15,576,000 which consisted of the utilization of cash collateral of USD 11,415,000 already deposited with them and an additional amount of USD 4,161,000 to cure the security shortfall. Such prepayment amount would be applied in direct order of maturity of the repayment instalments.

In light of the above, ING agreed to the following:

- (i) the minimum Security ratio shall remain at 125% for the remainder of the facility period;
- (ii) the minimum free cash balance shall remain at USD 100,000 per vessel owned by the Group for the remainder of the facility period;
- (iii) the waiver on testing of the financial covenant regarding the Funded Debt to EBITDA ratio will remain for a further period up to 31 December 2016.

The above approvals have been granted subject to the Company complying with the following conditions:

- a) The Company is not allowed to pay dividends or make any other distributions to its shareholders up to such time until the Company is in compliance with all the original terms and conditions of such loan agreement, notwithstanding the waivers thereof.
- b) The Company must submit cashflow forecasts every month for the next three months until the borrowers are in compliance with all the covenants within this loan agreement.
- c) The Borrowers make the abovementioned prepayment.

As of 4 April 2016, the Borrowers made the abovementioned prepayment and the Borrowers have complied with the above conditions and the waiver is now effective.

## **Facility 6**

On 26 April 2016, Export-Import Bank of Thailand has approved the waiver of the testing of the financial covenants regarding the net Funded Debt to EBITDA ratio and Debt Service coverage Ratio for the period starting from 1 January 2016 to 31 December 2016 with the condition that the Company is not allowed to pay dividends or make any other distributions to its shareholders in the year 2016.

**Facility 7**

On 27 February 2016, the loan facility had expired without any drawings and had been automatically cancelled.

**Facility 8**

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

On 20 May 2016, following a security shortfall and the breach of the Funded Debt to EBITDA covenant, DNB Asia Ltd. as Agent (“DNB”) of the facility agreed that cash collateral of USD 3,150,000 and a prepayment of USD 2,500,000 be provided to cure the security shortfall. Such prepayment amount was applied in direct order of maturity of the repayment instalments.

As of 31 May 2016, the Borrowers provided cash collateral and made prepayment as per the above and the waiver of the testing of the financial covenant regarding the Funded Debt to EBITDA ratio for a further period up to 31 December 2017 is now effective.

**Facility 10**

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

<b>Loan Facility</b>	Up to USD 37,500,000 divided into two vessel loans for Vessel Hull no. SF130128 and SF 130126 (“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.

## **Loan facilities for purchasing vessels**

### **Facility 1**

On 7 June 2016, Krung Thai Bank Plc. as the facility agent has approved the waiver of the testing of the financial covenants regarding the Debt to EBITDA ratio and Debt Service Coverage ratio up to 31 December 2016. During the temporary waiver period from 1 January 2016 to 31 December 2016 the Company has to follow the following conditions:

- a) The Company is not allowed to pay dividends or make any other distributions to its shareholders.
- b) The Company must submit cashflow forecasts every month for the next three months.
- c) The Company shall not have any other defaults.
- d) The Company shall maintain a ratio of Total Liabilities to Equity not exceeding 1.5.
- e) The Company shall maintain Debt Service Coverage ratio with cash not less than 1.0.
- f) The Company has to comply with additional conditions *pari passu* with the conditions the Company receives from any other lenders.

On 25 July 2016, Thanachart Bank Plc. as the facility agent of the other USD 50 million facility has approved the waiver of the testing of such financial covenants up to 31 December 2017.

### **Facility 2**

On 26 April 2016, Export-Import Bank of Thailand has approved the waiver of the testing of the financial covenants regarding the Net Funded Debt to EBITDA ratio and Debt Service Coverage ratio for the period starting from 1 January 2016 to 31 December 2016 with the condition that the Company is not allowed to pay dividends or make any other distributions to its shareholders in the year 2016.

(Unaudited but reviewed)

The Group's bank loan facilities and the undrawn loan balances at 30 June 2016 and 31 December 2015 are summarised below.

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b>Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)</b>							
Facility 1	DNB Asia Ltd. and 5 other banks, total 6 banks	The Company and subsidiaries	LIBOR + margin	54.50	54.50	-	-
Facility 2	ING Bank N.V. (Singapore Branch) and DNB Asia Ltd.	4 indirect subsidiaries in Singapore	LIBOR + margin	84.96	84.96	-	-
Facility 3	Bangkok Bank Plc. (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin	38.69	38.69	-	-
Facility 4	Bangkok Bank Plc. (Singapore Branch)	ABC Four Pte. Limited	LIBOR + margin	19.34	19.34	-	-
Facility 5	TMB Bank Plc.	ABC One Pte. Limited	LIBOR + margin	19.58	19.58	-	-
Facility 6	Export-Import Bank of Thailand	The Company and subsidiaries	LIBOR + margin	81.50	81.50	-	-
Facility 7	Norddeutsche Landesbank Girozentrale (Singapore Branch)	The Company and subsidiaries in Singapore	LIBOR + margin	-	41.85	-	41.85
Facility 8	DNB Asia Ltd. and Export-Import Bank of China	The Company and subsidiaries in Singapore	LIBOR + margin	30.00	199.20	-	179.91
Facility 9	Krung Thai Bank Plc.	The Company and 5 local subsidiaries	LIBOR + margin	-	13.50	-	-
Facility 10	BNP Paribas	The Company and subsidiaries in Singapore	LIBOR + margin	30.75	42.00	18.75	42.00

(Unaudited but reviewed)

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b>Loan facilities for purchasing of vessels</b>							
Facility 1	Krung Thai Bank Plc. and 2 other banks, total 3 banks	The Company and local subsidiaries	MLR-1 for Thai Baht loan and LIBOR + margin for USD loan	USD 142.00 million and Baht 1,502.35 million	USD 142.00 million and Baht 1,502.35 million	-	-
Facility 2	Export-Import Bank of Thailand	The Company and subsidiaries	LIBOR + margin	64.82	64.82	-	-



## 15. Debentures

On 22 January 2016, the Company issued 3,590,000 Unsubordinated and Unsecured Debentures of par value Baht 1,000 each by way of a public offering and has accordingly received the aggregate proceeds of Baht 3,590 million. The maturity of the debentures will be 5 years at the interest rate of 5.25% per annum. The interest payment will be quarterly. The issuance of the debentures was approved by the Meeting of the Board of Directors of the Company and the Extraordinary General Meeting of Shareholders No.2/2015 on 6 October 2015 and on 5 November 2015, respectively.

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 rate 5.25% per annum to USD fixed rate 5.99% per annum.

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

On 30 March 2016, the Annual General Meeting of Shareholders of the Company approved and resolved to issue and offer of debentures amounting to not exceeding Baht 10,000 million (or equivalent) apart from the issued debentures mentioned above. The maturity of the debentures will not exceed 20 years. The interest rate will depend on the appropriate prevailing market conditions at such time the debentures are issued and offered. The terms and conditions of debentures shall be subject to the Law, Regulations, Notification, or any related announcements at the time of each issuance and offering.

(Unaudited but reviewed)

As at 30 June 2016 details of long-term debentures are as follows.

(Unit: Thousand Baht)						
Series	Maturity date	No. of units	Par value	Interest rate	Term of interest payment	Carrying amount 30 June 2016
		(Thousand units)	(Baht)	(% p.a.)		
1	Entirely redeemed on 22 January 2021 (5 years)	3,590	1,000	5.25	Quarterly	3,590,000
Total						3,590,000
Less: Deferred debenture issuing costs						(19,565)
Translation adjustment						502
Long-term debenture - net						<u>3,570,937</u>

#### 16. Provision for maritime claims

(Unit: Thousand Baht)	
Consolidated financial statements	
Balance as at 1 January 2016	201,878
Increase during the period	8,601
Decrease (including actual claims) during the period	(71,892)
Translation adjustment	(4,424)
Balance as at 30 June 2016	<u>134,163</u>

#### 17. Share capital

On 6 March 2015, the Board of Directors' Meeting No. 3/2015 of the Company and 10 April 2015, the Extraordinary General Meeting No. 1/2015 of the Company's shareholders have approved the increase of the Company's registered share capital by Baht 571,736,330 divided into 571,736,330 ordinary shares at the par value of Baht 1.00 per share from the existing registered capital of Baht 1,039,520,600 divided into 1,039,520,600 ordinary shares at the par value of Baht 1.00 per share to the new registered capital of Baht 1,611,256,930 divided into 1,611,256,930 ordinary shares at the par value of Baht 1.00 per share, 571,736,330 new ordinary shares at the par value of Baht 1.00 per share, to be allocated as follows:

1) Rights offering

Not more than 519,760,300 new ordinary shares are to be offered to the Company's existing shareholders at a ratio of 2 existing ordinary shares to 1 newly issued ordinary share, at an offering price of Baht 4 per share.

2) Warrants to purchase ordinary shares of the Company No. 1 ("PSL-W1")

Not more than 51,976,030 new ordinary shares are to be reserved to support the exercise of PSL-W1, which are registered and transferable warrants as discussed in Note 18 to the financial statements.

Subsequently, the Company issued 519,760,297 ordinary shares, and the Company registered its paid-up increased share capital of Baht 519,760,297 with the Ministry of Commerce on 9 June 2015. Therefore, the current paid-up share capital of the Company is Baht 1,559,280,897.

## 18. Warrants

On 16 June 2015, the Company issued and allotted warrants (PSL-W1), which are registered and transferable warrants, to the Company's ordinary shares in an amount of 51,975,666 units. Details of the warrants are summarised below.

Number of warrants issued :	51,975,666 units
Offering price :	Baht 0 per unit
Offering method :	Allocation proportionately to existing shareholders of the Company who subscribe and make subscription payment for the Rights Offering at the offering ratio of 10 newly issued ordinary shares to 1 unit of the warrant
Exercise ratio and price :	1 unit of the warrant per 1 newly issued ordinary share at a price of Baht 17.50 per share
Term of the warrant :	Not exceeding 3 years from the initial issuance date of warrants
Expiry date :	15 June 2018
Period of exercise :	On the last day of each calendar quarter after the 2 <sup>nd</sup> anniversary from the issuance date (16 June 2017) until the date of expiration of the Warrants. Accordingly, the first and the last exercise dates shall be 30 June 2017 and 15 June 2018, respectively.

## **19. Earnings per share**

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

Diluted earnings per share is calculated by dividing loss for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

No calculation of diluted earnings per share for the three-month and six-month periods ended 30 June 2016 was required since the exercise price of the warrant exceeded the fair value of the Company's ordinary shares.

## **20. Segment information**

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

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

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

(Unaudited but reviewed)

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

The following table presents net vessel operating income from Time charter and Voyage charter of the Group for the three-month and six-month periods ended 30 June 2016 and 2015.

(Unit: Thousand Baht)

Consolidated financial statements										
For the three-month periods ended 30 June										
	Time charter		Voyage charter		Total		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Hire income	702,036	657,129	-	-	702,036	657,129	-	-	702,036	657,129
Freight income	-	-	268,792	356,157	268,792	356,157	(44,464)	(71,749)	224,328	284,408
Total vessel operating income	702,036	657,129	268,792	356,157	970,828	1,013,286	(44,464)	(71,749)	926,364	941,537
Voyage disbursements	-	-	(116,803)	(133,187)	(116,803)	(133,187)	44,464	71,749	(72,339)	(61,438)
Bunker consumption	-	-	(61,493)	(118,892)	(61,493)	(118,892)	-	-	(61,493)	(118,892)
Total voyage expenses	-	-	(178,296)	(252,079)	(178,296)	(252,079)	44,464	71,749	(133,832)	(180,330)
Net vessel operating income/time charter equivalent income	702,036	657,129	90,496	104,078	792,532	761,207	-	-	792,532	761,207

(Unit: Thousand Baht)

Consolidated financial statements										
For the six-month periods ended 30 June										
	Time charter		Voyage charter		Total		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Hire income	1,273,680	1,327,893	-	-	1,273,680	1,327,893	-	-	1,273,680	1,327,893
Freight income	-	-	527,128	735,846	527,128	735,846	(72,014)	(141,495)	455,114	594,351
Total vessel operating income	1,273,680	1,327,893	527,128	735,846	1,800,808	2,063,739	(72,014)	(141,495)	1,728,794	1,922,244
Voyage disbursements	-	-	(216,768)	(286,066)	(216,768)	(286,066)	72,014	141,495	(144,754)	(144,571)
Bunker consumption	-	-	(138,387)	(253,894)	(138,387)	(253,894)	-	-	(138,387)	(253,894)
Total voyage expenses	-	-	(355,155)	(539,960)	(355,155)	(539,960)	72,014	141,495	(283,141)	(398,465)
Net vessel operating income/time charter equivalent income	1,273,680	1,327,893	171,973	195,886	1,445,653	1,523,779	-	-	1,445,653	1,523,779

## 21. Commitments and contingent liabilities

### 21.1 Shipbuilding contracts commitments

The Company had future minimum payment commitments under shipbuilding contracts as detailed below.

	30 June 2016		31 December 2015	
	(Million USD)	(Equivalent to Million Baht)	(Million USD)	(Equivalent to Million Baht)
The Company	335.23	11,793.53	461.69	16,661.83

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

The Group had obligations in respect of the charges for management of the undrawn portion of loan facilities, which are summarised as follows.

Facility	Commitment fees payable by the Group	Undrawn loan balance as at		Terms of payment of commitment fees	Payable upto
		30 June 2016	31 December 2015		
		(Million USD)	(Million USD)		
<b>Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)</b>					
Facility 7	1.02% per annum of undrawn loan balance	-	41.85	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 8	1.00% per annum of undrawn loan balance	-	179.91	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 10	1.00% per annum of undrawn loan balance	18.75	42.00	Every three months until the end of the drawdown period	Upon delivery of each vessel

## 22. Event after the reporting period

- a) On 5 July 2016, Precious Rivers Limited, (“the local subsidiary”) entered into a Memorandum of Agreement with an overseas company to sell one vessel for USD 1.51 million.

The vessel was already delivered to the buyer and the subsidiary already received the selling price (net of direct selling expenses) of USD 1.42 million (or approximately Baht 50.21 million) on 26 July 2016.

- b) On 7 July 2016, a dry bulk carrier with Hull No. SF130126 (“Vessel”) under a shipbuilding contract with Taizhou Sanfu Ship Engineering Co. Ltd., China, was completed and delivered to the Company’s indirect subsidiary incorporated in Singapore (Precious Skies Pte. Limited). The contract price of the Vessel is USD 25.00 million or approximately Baht 882.63 million.

(Unaudited but reviewed)

- c) On 20 July 2016, Precious Stars Limited, (“the local subsidiary”) entered into a Memorandum of Agreement with an overseas company to sell one vessel for USD 1.28 million. The vessel is to be delivered to the buyer within 15 August 2016.
- d) On 28 July 2016, Precious Lagoons Limited, (“the local subsidiary”) entered into a Memorandum of Agreement with an overseas company to sell one vessel for USD 1.14 million. The vessel is to be delivered to the buyer within 22 August 2016.

### 23. Functional currency financial statements

The USD functional currency statements of financial position as at 30 June 2016 and 31 December 2015 and the income statements for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows.

#### Precious Shipping Public Company Limited and its subsidiaries Statement of financial position

	Consolidated		(Unit: Thousand USD) Separate	
	financial statements	financial statements	financial statements	financial statements
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	45,505	12,567	30,615	1,451
Trade and other receivables	3,852	6,677	173,708	107,687
Short-term loans to a subsidiary	-	-	47,200	47,200
Bunker oil	2,536	3,959	-	-
Other current assets				
Advances to vessel masters	2,759	3,603	-	-
Claim recoverables	487	555	-	-
Others	3,489	1,156	569	626
Total other current assets	6,735	5,314	569	626
<b>Total current assets</b>	<b>58,628</b>	<b>28,517</b>	<b>252,092</b>	<b>156,964</b>
<b>Non-current assets</b>				
Restricted bank deposit	3,305	24,865	-	-
Long-term loans to a subsidiary	-	-	9,702	9,702
Investments in subsidiaries	-	-	263,051	246,149
Investment in associate held by a subsidiary	2,182	2,374	-	-
Other long-term investment	568	568	568	568
Receivables from cross currency swap contracts	1,112	-	2,673	-
Property, plant and equipment	707,851	701,880	151	185
Intangible assets	44	56	44	56
Other non-current assets				
Claim recoverables - maritime claims	2,454	4,025	-	-
Advances for vessel constructions	97,788	123,352	97,421	122,941
Deferred financial fees	559	6,028	559	6,028
Deferred contract costs	7,359	7,641	-	-
Others	88	87	68	66
Total other non-current assets	108,248	141,133	98,048	129,035
<b>Total non-current assets</b>	<b>823,310</b>	<b>870,876</b>	<b>374,237</b>	<b>385,695</b>
<b>Total assets</b>	<b>881,938</b>	<b>899,393</b>	<b>626,329</b>	<b>542,659</b>

(Unaudited but reviewed)

**Precious Shipping Public Company Limited and its subsidiaries****Statement of financial position (continued)**

(Unit: Thousand USD)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables				
Trade and other payables	2,261	2,740	450	320
Advances received from related parties	-	-	40,981	38,293
Accrued crew accounts	3,111	3,555	-	-
Accrued expenses	4,011	4,760	1,049	411
Accrued employee bonus	484	957	417	836
Total trade and other payables	9,867	12,012	42,897	39,860
Advances received from charterers	1,096	1,255	-	-
Current portion of long-term loans	23,439	155,276	-	13,495
Income tax payable	-	11	-	-
Other current liabilities	967	734	307	204
<b>Total current liabilities</b>	<b>35,369</b>	<b>169,288</b>	<b>43,204</b>	<b>53,559</b>
<b>Non-current liabilities</b>				
Payables to cross currency swap contracts	-	2,294	-	-
Long-term loans - net of current portion	316,077	255,108	-	3,291
Debentures	101,032	-	101,032	-
Provision for maritime claims	3,814	5,594	-	-
Unsecured corporate Loan	14,000	8,000	14,000	8,000
Provision for long-term employee benefits	2,387	2,284	2,151	2,071
<b>Total non-current liabilities</b>	<b>437,310</b>	<b>273,280</b>	<b>117,183</b>	<b>13,362</b>
<b>Total liabilities</b>	<b>472,679</b>	<b>442,568</b>	<b>160,387</b>	<b>66,921</b>
<b>Shareholders' equity</b>				
Share capital				
Registered share capital	52,598	52,598	52,598	52,598
Issued and paid-up share capital	51,055	51,055	51,055	51,055
Paid-in capital				
Premium on ordinary shares	63,284	63,284	63,284	63,284
Premium on treasury stock	4,819	4,819	4,819	4,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	2,802	2,802	2,802	2,802
- subsidiaries	14,460	14,460	-	-
Corporate social responsibility reserve	515	519	515	519
Unappropriated	274,424	321,940	343,467	353,259
Other components of shareholders' equity	(2,047)	(2,001)	-	-
Equity attributable to owners of the Company	409,312	456,878	465,942	475,738
Non-controlling interests of the subsidiaries	(53)	(53)	-	-
<b>Total shareholders' equity</b>	<b>409,259</b>	<b>456,825</b>	<b>465,942</b>	<b>475,738</b>
<b>Total liabilities and shareholders' equity</b>	<b>881,938</b>	<b>899,393</b>	<b>626,329</b>	<b>542,659</b>



(Unaudited but reviewed)

## Precious Shipping Public Company Limited and its subsidiaries

## Income statement

For the three-month period ended 30 June 2016

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Revenues</b>				
Vessel operating income				
Hire income	19,899	19,640	-	-
Freight income	6,358	8,500	-	-
Total vessel operating income	26,257	28,140	-	-
Service income	62	68	594	630
Gains on cancellation of shipbuilding contracts	81	-	81	-
Interest income	238	30	223	25
Other income	3	-	-	-
<b>Total revenues</b>	<b>26,641</b>	<b>28,238</b>	<b>898</b>	<b>655</b>
<b>Expenses</b>				
Vessel operating costs				
Vessel running expenses	14,524	16,378	-	-
Voyage disbursements	2,051	1,836	-	-
Bunker consumption	1,743	3,554	-	-
Total vessel operating costs	18,318	21,768	-	-
Depreciation	9,714	10,740	17	19
Cost of services	57	61	-	-
Losses on sales of vessel	429	378	-	-
Losses on impairment of assets	3,416	-	-	-
Administrative expenses	1,778	1,896	1,482	1,504
Management remuneration including perquisites	609	642	557	602
Bad debts and doubtful accounts (reversal)	-	(126)	916	-
Exchange losses	124	951	63	960
<b>Total expenses</b>	<b>34,445</b>	<b>36,310</b>	<b>3,035</b>	<b>3,085</b>
<b>Loss before share of profit (loss) from investment in associate, finance cost and income tax expense</b>	<b>(7,804)</b>	<b>(8,072)</b>	<b>(2,137)</b>	<b>(2,430)</b>
Share of profit (loss) from investment in associate held by a subsidiary	(65)	122	-	-
<b>Loss before finance cost and income tax expense</b>	<b>(7,869)</b>	<b>(7,950)</b>	<b>(2,137)</b>	<b>(2,430)</b>
Finance cost	(5,607)	(4,038)	(1,563)	(28)
<b>Loss before income tax expense</b>	<b>(13,476)</b>	<b>(11,988)</b>	<b>(3,700)</b>	<b>(2,458)</b>
Income tax expense	-	(44)	-	-
<b>Loss for the period</b>	<b>(13,476)</b>	<b>(12,032)</b>	<b>(3,700)</b>	<b>(2,458)</b>
<b>Loss attributable to:</b>				
Equity holders of the Company	(13,476)	(12,032)	(3,700)	(2,458)
Non-controlling interests of the subsidiaries	-	-	-	-
<b>Loss for the period</b>	<b>(13,476)</b>	<b>(12,032)</b>	<b>(3,700)</b>	<b>(2,458)</b>
<b>Basic earnings per share</b>				
Loss attributable to equity holders of the Company	(0.0087)	(0.0103)	(0.0024)	(0.0021)
Weighted average number of ordinary shares (Thousand shares)	1,559,281	1,165,177	1,559,281	1,165,177

(Unaudited but reviewed)

**Precious Shipping Public Company Limited and its subsidiaries****Income statement****For the six-month period ended 30 June 2016**

(Unit: Thousand USD, except 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>
	2016	2015	2016	2015
<b>Revenues</b>				
Vessel operating income				
Hire income	35,965	40,247	-	-
Freight income	12,844	18,022	-	-
Total vessel operating income	48,809	58,269	-	-
Service income	92	90	1,378	1,257
Gains on cancellation of shipbuilding contracts	81	-	81	-
Interest income	1,097	31	1,063	25
Exchange gains	630	-	724	-
Other income	3	-	-	-
<b>Total revenues</b>	<b>50,712</b>	<b>58,390</b>	<b>3,246</b>	<b>1,282</b>
<b>Expenses</b>				
Vessel operating costs				
Vessel running expenses	29,747	32,143	-	-
Voyage disbursements	4,086	4,390	-	-
Bunker consumption	3,904	7,701	-	-
Total vessel operating costs	37,737	44,234	-	-
Depreciation	20,577	21,480	35	38
Cost of services	87	89	-	-
Loss on sales of vessels	9,955	378	-	-
Loss on impairment of assets	7,768	-	-	-
Administrative expenses	3,729	3,727	3,139	3,062
Management remuneration including perquisites	1,222	1,527	1,123	1,427
Bad debts and doubtful accounts	703	196	916	-
Exchange losses	-	912	-	934
<b>Total expenses</b>	<b>81,778</b>	<b>72,543</b>	<b>5,213</b>	<b>5,461</b>
<b>Loss before share of profit (loss) from investment in associate, finance cost and income tax expense</b>	<b>(31,066)</b>	<b>(14,153)</b>	<b>(1,967)</b>	<b>(4,179)</b>
Share of profit (loss) from investment in associate held by a subsidiary	(146)	35	-	-
<b>Loss before finance cost and income tax expense</b>	<b>(31,212)</b>	<b>(14,118)</b>	<b>(1,967)</b>	<b>(4,179)</b>
Finance cost	(16,308)	(8,183)	(7,829)	(87)
<b>Loss before income tax expense</b>	<b>(47,520)</b>	<b>(22,301)</b>	<b>(9,796)</b>	<b>(4,266)</b>
Income tax expense	-	(44)	-	-
<b>Loss for the period</b>	<b>(47,520)</b>	<b>(22,345)</b>	<b>(9,796)</b>	<b>(4,266)</b>
<b>Loss attributable to:</b>				
Equity holders of the Company	(47,520)	(22,345)	(9,796)	(4,266)
Non-controlling interests of the subsidiaries	-	-	-	-
<b>Loss for the period</b>	<b>(47,520)</b>	<b>(22,345)</b>	<b>(9,796)</b>	<b>(4,266)</b>
<b>Basic earnings per share</b>				
Loss attributable to equity holders of the Company	(0.0305)	(0.0203)	(0.0063)	(0.0039)
Weighted average number of ordinary shares (Thousand shares)	1,559,281	1,102,696	1,559,281	1,102,696

**24. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's authorised directors on 1 August 2016.