

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

**REVIEWED REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019**

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To The Shareholders and Board of Directors of
V.L. Enterprise Public Company Limited

I have reviewed the accompanying statement of financial position of V.L. Enterprise Public Company Limited as at September 30, 2019 and the related statement of comprehensive income for the three-month and nine-month periods ended September 30, 2019, changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2019 and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting standards No. 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 inquires, 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 No. 34 "Interim Financial Reporting".



(Ms. Thanyaphorn Tangthanopajai)

Certified Public Accountant

Registration No. 9169

Dharmniti Auditing Company Limited
Bangkok, Thailand
November 13, 2019

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

ASSETS

	Notes	Baht	
		As at September	As at December
		30, 2019	31, 2018
CURRENT ASSETS			
Cash and cash equivalents	4	254,755,410.97	48,592,635.44
Trade and other receivables	5	63,138,078.34	84,258,834.69
Vessel supplies and spare parts	6	19,843,686.74	18,918,547.31
Other current assets		264,792.35	446,440.15
Total current assets		338,001,968.40	152,216,457.59
NON-CURRENT ASSETS			
Vessels and equipment	7	1,486,778,226.53	1,269,564,528.83
Intangible assets	8	1,852,725.30	2,180,125.80
Other non-current assets		57,100.00	36,400.00
Total non-current assets		1,488,688,051.83	1,271,781,054.63
TOTAL ASSETS		1,826,690,020.23	1,423,997,512.22



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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT SEPTEMBER 30, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		As at September 30, 2019	As at December 31, 2018
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	10	-	80,000,000.00
Trade and other payables		38,561,849.31	64,086,109.35
Deposit received from sales of fixed assets	7	16,442,400.00	-
Current portion of liabilities under financial lease	11	947,730.91	250,463.88
Current portion of long-term loans from financial institutions	12	155,213,200.00	123,448,000.00
Corporate income tax payable		1,624,731.33	1,910,151.13
Other current liabilities		610,521.82	693,904.88
Total current liabilities		213,400,433.37	270,388,629.24
NON-CURRENT LIABILITIES			
Liabilities under financial lease	11	1,764,428.54	447,632.58
Long-term loans from financial institution	12	830,611,800.00	726,315,400.00
Deferred tax liabilities	9	10,993,693.23	10,180,922.89
Employee benefit obligations	13	4,903,127.59	3,646,015.00
Total non-current liabilities		848,273,049.36	740,589,970.47
TOTAL LIABILITIES		1,061,673,482.73	1,010,978,599.71



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Notes to interim financial statements form an integral part of these statements.

V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT SEPTEMBER 30, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Notes	Baht	
		As at September 30, 2019	As at December 31, 2018
SHAREHOLDERS' EQUITY			
Share capital	15		
Registered share capital			
800,000,000 ordinary shares of Baht 0.50 each		400,000,000.00	400,000,000.00
Issued and fully paid-up share capital			
800,000,000 ordinary shares of Baht 0.50 each		400,000,000.00	
600,000,000 ordinary shares of Baht 0.50 each			300,000,000.00
Share premium on ordinary shares	15	231,587,782.52	-
Surplus on business combination under common control		13,524,246.75	13,524,246.75
Retained earnings			
Appropriated - Legal reserve		13,051,000.00	13,051,000.00
Unappropriated		106,853,508.23	86,443,665.76
TOTAL SHAREHOLDERS' EQUITY		765,016,537.50	413,018,912.51
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,826,690,020.23	1,423,997,512.22



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V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019

	Notes	Baht			
		For the three-month periods ended		For the nine-month periods ended	
		September 30,		September 30,	
		2019	2018	2019	2018
REVENUES	17				
Freight charges		173,116,866.66	170,654,840.69	540,044,461.58	509,466,675.76
Other income			-		-
Gain on disposal of assets		-	4,323,620.35	-	4,485,156.24
Others		97,391.89	304,831.33	788,497.38	1,190,884.55
Total revenues		173,214,258.55	175,283,292.37	540,832,958.96	515,142,716.55
EXPENSES					
Cost of freight		127,878,794.11	139,001,538.15	400,625,919.94	404,573,646.39
Administrative expenses	3	9,252,786.68	7,398,855.30	29,255,782.44	22,228,354.53
Management benefit expenses	3	2,665,587.51	2,880,979.35	8,774,589.69	9,299,426.21
Finance costs		11,389,205.74	11,848,609.06	36,210,057.28	32,033,220.23
Total expenses		151,186,374.04	161,129,981.86	474,866,349.35	468,134,647.36
Income before income tax expenses		22,027,884.51	14,153,310.51	65,966,609.61	47,008,069.19
Income tax expenses	14	2,127,585.58	2,192,252.69	5,556,767.14	4,590,632.61
Income for the period		19,900,298.93	11,961,057.82	60,409,842.47	42,417,436.58
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		19,900,298.93	11,961,057.82	60,409,842.47	42,417,436.58
Basic earnings per share (Baht per share)	18	0.02	0.02	0.09	0.10



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Notes to interim financial statements form an integral part of these statements.

V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Notes	Baht					Total
		Share capital issued and paid-up	Share Premium on ordinary shares	Surplus on business combination under common control	Retained earnings		
					Appropriated - Legal reserves	Unappropriated	
Beginning balance as at January 1, 2019		300,000,000.00	-	13,524,246.75	13,051,000.00	86,443,665.76	413,018,912.51
Increase in share capital paid-up	15	100,000,000.00	231,587,782.52	-	-	-	331,587,782.52
Dividend payment	16	-	-	-	-	(40,000,000.00)	(40,000,000.00)
Total comprehensive income for the period		-	-	-	-	60,409,842.47	60,409,842.47
Ending balance as at September 30, 2019		400,000,000.00	231,587,782.52	13,524,246.75	13,051,000.00	106,853,508.23	765,016,537.50
Beginning balance as at January 1, 2018		100,000,000.00	-	13,524,246.75	10,000,000.00	408,132,587.90	531,656,834.65
Increase in share capital paid-up	15	200,000,000.00	-	-	-	-	200,000,000.00
Dividend payment	16	-	-	-	-	(380,000,000.00)	(380,000,000.00)
Total comprehensive income for the period		-	-	-	-	42,417,436.58	42,417,436.58
Ending balance as at September 30, 2018		300,000,000.00	-	13,524,246.75	10,000,000.00	70,550,024.48	394,074,271.23



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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Notes	Baht	
		2019	2018
<u>Cash flows from operating activities :</u>			
Income for the period		60,409,842.47	42,417,436.58
Adjustments to reconcile income for the period to net cash provided by (used in) operating activities :			
Depreciation and amortization		79,196,109.07	76,498,997.81
(Gain) loss on disposal of fixed assets		535,656.32	(4,485,156.24)
Unrealized (gain) loss on exchange rates		881,775.61	421,778.11
Employee benefit expenses		1,176,941.11	188,593.85
Interest income		(60,855.12)	(58,226.51)
Interest expenses		36,210,057.28	32,033,220.23
Income tax expenses		5,556,767.14	4,590,632.61
Income from operating before changes in operating assets and liabilities		183,906,293.88	151,607,276.44
(Increase) decrease in operating assets			
Trade and other receivables		21,119,661.31	4,124,852.60
Supplies and spare parts		(925,139.43)	(3,987,913.41)
Other current assets		280,003.05	76,689.60
Other non-current assets		(20,700.00)	-
Increase (decrease) in operating liabilities			
Trade and other payables		(25,738,006.06)	3,152,123.74
Other current liabilities		(83,383.06)	8,174,961.19
Cash generated from operations		178,538,729.69	163,147,990.16
Payment for income tax		(5,127,771.85)	(7,945,882.68)
Net cash provided by operating activities		173,410,957.84	155,202,107.48

Notes to interim financial statements form an integral part of these statements.

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONT.)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Notes	Baht	
		2019	2018
<u>Cash flows from investing activities :</u>			
Cash paid for purchase of fixed assets		(294,056,740.09)	(186,831,200.93)
Cash received a deposit under vessel sale agreement	7	16,442,400.00	-
Cash received from sales of fixed assets		-	11,084,553.00
Cash received from interest income		60,855.12	58,226.51
Net cash used in investing activities		<u>(277,553,484.97)</u>	<u>(175,688,421.42)</u>
<u>Cash flows from financing activities :</u>			
Cash received from share capital paid-up	15	350,000,000.00	200,000,000.00
Payments on directly attributable expenses of the initial public offering	15	(18,412,217.48)	-
Cash received from short-term loans from financial institution	10	20,000,000.00	80,000,000.00
Cash payment of short-term loans from financial institution	10	(100,000,000.00)	-
Cash received from long-term loans from financial institution	12	233,859,300.00	189,500,000.00
Cash payment of long-term loans from financial institution	12	(97,797,700.00)	(88,000,900.00)
Cash payment of finance lease liabilities		(470,937.01)	(132,317.70)
Cash paid for dividend		(40,000,000.00)	(380,000,000.00)
Cash paid for interest expenses		(35,978,912.85)	(31,639,867.64)
Net cash provided by (used in) financing activities		<u>311,199,532.66</u>	<u>(30,273,085.34)</u>
Net increase (decrease) in cash and cash equivalents		207,057,005.53	(50,759,399.28)
Cash and cash equivalents at the beginning of period		48,592,635.44	104,917,480.44
Adjustments to gain (loss) on translation of foreign currency		(894,230.00)	(435,070.97)
Cash and cash equivalents at the end of period		<u>254,755,410.97</u>	<u>53,723,010.19</u>
<u>Supplementary disclosure of cash flow statement data :</u>			
Non-cash items as follows :			
Interest expense recorded as cost of the assets		2,028,699.42	-
Purchase of fixed assets payable		76,322.50	6,903,450.00
Liabilities under financial lease agreements		2,485,000.00	-

Notes to interim financial statements form an integral part of these statements.

V.L. ENTERPRISE PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

1. GENERAL INFORMATION

(a) Address and legal status

The Company was incorporated as a limited company under Thai law and was registered with the Ministry of Commerce on September 27, 1991 and converted from the Company under the provision of the Civil and Commercial Code to be a Company in accordance with the Public Company Act B.E.2535 on September 7, 2018. The head office is located at 41 Asoke-Dindang Rd., Makkasan, Ratchatevee, Bangkok, 10400.

(b) Nature of the Company's operations

The Company operates a tanker fleet business and provides logistical cargo shipping locally and regionally.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2018) Interim Financial Reporting, and the requirements of the Securities and Exchange Commission (SEC). 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 situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2018.

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

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 financial statements in Thai language version.

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2.2 Thai Financial Reporting Standards that become effective in the current year

During the period, the Company has adopted the revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, as summarized below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

2.3 Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard and accounting guidance for financial instruments, which is effective for fiscal years beginning on or after January 1, 2020. Key principles of these standards are summarized below.

The accounting guidance for financial instruments and Presentation for Insurance business

Accounting practice was adjusted to have close content with IFRS 9 by dividing into 4 parts as follows:

1. The recognition of transaction and valuation of financial instrument which is developed closely to Thai Accounting Standard No.105 (revised 2016) accounting for investment in debt securities and equity securities and Thai Financial Reporting Standard No.9 financial instrument.
2. Impairment of financial asset which has content close to Thai Financial Reporting Standard No.9 financial instrument.
3. Accounting to prevent risk with content close to Thai Financial Reporting Standard No.9 financial instrument.
4. Information disclosure of financial instrument with content similar to Thai Financial Reporting Standard No.7 disclosure of financial instrument information.

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TFRS 16 Leases

As the lease is significant transaction in many business in many industries. It's significant that user of financial statement should receive information on activity of the lease completely and able to compare which the former accounting method for lease agreement under accounting standard No.17 lease agreement require the lessee and lessor to classify lease agreement as financial lease or operating lease and record the account for both lease agreement differently. Such accounting method can't respond to the needs of the financial statement users as the accounting method does not objectively represent for the lease transaction in every case. For the lessee to recognize assets and liabilities that arise from operating lease which affects the lease agreement to be recognized as asset and liabilities in the statement of financial position. The use of asset and commitment that arises from the lease agreement under the definition of asset and liabilities affect the significant financial ratio to be distorted. New accounting method under financial reporting standard No.16 lease agreement requires the lessee to recognize the right to use asset as asset in the financial statements and recognize commitment that arises from lease agreement in the financial statements. Such accounting method affects the asset presentation and liabilities of the lessee as objective representation as well as increase the disclosure of information that reflects the financial risk and capital money of the lessee.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

3. RELATED PARTY TRANSACTIONS

The Company has certain transactions with related parties. These related parties are related through common shareholdings and/or directorships. The effects of these transactions are reflected in the accompanying financial statements on the basis determined by the Company and the parties concerned.

Nature of relationships between the Company and related or companies:

Name of persons or related company	Nature of relationships
<u>Related person</u>	
Mrs.Chutipra Klinsuwan	The Company's major shareholders and directors
Mr.Taveesilpa Chinnapatthanawong	The Company's directors

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For the three-month and nine-month periods ended September 30, 2019 and 2018, the significant transactions with persons or related parties can be summarized as follows :-

	Pricing policy	Baht				
		For the three-month periods ended		For the nine-month periods ended		
		September 30,		September 30,		
		2019	2018	2019	2018	
<u>Related person</u>						
Office rental						
	Mrs.Chutipa Klinsuwan	Agreed price	465,000.00	420,000.00	1,395,000.00	1,260,000.00
Consultant fee						
	Mr.Taveesilpa Chinnapathanawong	Agreed price	-	210,000.00	280,000.00	350,000.00

Management benefit expenses

Management benefit expenses represent the benefits paid to the Company’s management such as salaries and related benefit including the benefit paid by other means. The Company’s management are the persons who are defined under the Securities and Exchange Act.

For the three-month and nine-month periods ended September 30, 2019 and 2018, management benefit expenses are as follows:-

	Baht				
	For the three-month periods ended		For the nine-month periods ended		
	September 30,		September 30,		
	2019	2018	2019	2018	
<u>Management personnel compensation</u>					
	Short-term employee benefits	2,597,991.00	2,839,988.00	8,572,543.00	9,176,262.46
	Post-employment benefits	67,596.51	40,991.35	202,046.69	123,163.75
	Total	2,665,587.51	2,880,979.35	8,774,589.69	9,299,426.21

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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	As at September 30, 2019	As at December 31, 2018
Cash on hand	309,498.92	248,914.28
Cash at bank - current accounts	10,436,556.13	7,344,000.70
Cash at bank - savings accounts	244,009,355.92	40,999,720.46
Total	254,755,410.97	48,592,635.44

Savings accounts carry interest at the floating rates which are set by the banks.

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	As at September 30, 2019	As at December 31, 2018
<u>Trade receivables, classified by age analysis :-</u>		
<u>- Domestic</u>		
Not yet due	57,507,435.05	66,060,924.24
Overdue :		
Not over 3 months	86,298.61	6,179,606.10
Over 3 - 6 months	-	202,525.78
Over 6 - 12 months	-	-
Over 12 months	202,525.78	-
Total	57,796,259.44	72,443,056.12
<u>- Foreign</u>		
Not yet due	785,576.80	239,226.77
Overdue :		
Not over 3 months	-	891,301.69
Total	785,576.80	1,130,528.46
Total trade receivables	58,581,836.24	73,573,584.58
<u>Less Allowance for doubtful accounts</u>	-	-
Total trade receivables - net	58,581,836.24	73,573,584.58

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	Baht	
	As at September 30, 2019	As at December 31, 2018
<u>Other receivables</u>		
- Advance payable	665.84	126,048.00
- Prepaid expenses	4,510,947.26	3,025,777.63
- Listing expense	-	7,530,424.48
- Others	44,629.00	3,000.00
Total	4,556,242.10	10,685,250.11
Total trade and other receivables - net	63,138,078.34	84,258,834.69

6. VESSEL SUPPLIES AND SPARE PARTS

Vessel supplies and spare parts consisted of :-

	Baht	
	As at September 30, 2019	As at December 31, 2018
Fuel	10,287,438.55	11,079,611.24
Supplies and spare parts	9,556,248.19	7,838,936.07
Total	19,843,686.74	18,918,547.31

7. VESSELS AND EQUIPMENT

Movements of the vessels and equipment account for the nine-month period ended September 30, 2019 are summarized as follows :-

	Baht
At cost	
Balance as at December 31, 2018	1,823,503,031.86
Acquisitions during the period	296,509,832.59
Disposals and write-off during the period	(4,640,894.01)
Balance as at September 30, 2019	2,115,371,970.44

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	Baht
Accumulated depreciation	
Balance as at December 31, 2018	553,938,503.03
Depreciation for the period	78,760,478.57
Accumulated depreciation on disposals and write-off	(4,105,237.69)
Balance as at September 30, 2019	<u>628,593,743.91</u>
Net book value	
Balance as at September 30, 2019	<u>1,486,778,226.53</u>
Balance as at December 31, 2018	<u>1,269,564,528.83</u>

Some vessels with net book value as at September 30, 2019 and December 31, 2018 of Baht 1,312.67 million and Baht 1,256.34 million, respectively, were pledged to guarantee against loan from financial institution (see Note 10 and 12).

For the nine-month period ended September 30, 2019, the Company recorded interest as part of the cost vessels of Baht 2,028,699.42. Borrowing costs are the actual amount of the loan specifically for the vessel by calculating from the capitalization rate which is the weighted average of the loans that were borrowed for specific purposes at the rate of 4.125% - 4.250% per annum.

As at September 30, 2019 and December 31, 2018, the Company had the fixed assets that have been fully depreciated but they are still in use, at cost of assets of Baht 431.11 million and Baht 412.62 million, respectively.

As at September 30, 2019, the Company entered into a vessel sale agreement V.L.16 with a foreign company with the contract value of USD 5.20 million. Such vessel has net value of Baht 151.37 million and is in process of operation which the schedule for delivery is within February 29, 2020 and the Company received a deposit under the agreement of Baht 16.44 million (USD 0.52 million) and recorded the deposit receipt as trade and other payables under “Current liabilities” in the statement of financial position.

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8. INTANGIBLE ASSETS

Intangible assets consisted of :-

	Baht			Book value As at September 30, 2019
	Book value as at January 1, 2019	Additions	Deductions	
<u>Cost</u>				
Computer program	3,187,154.66	108,230.00	-	3,295,384.66
<u>Less accumulated amortizations</u>				
Computer program	(1,007,028.86)	(435,630.50)	-	(1,442,659.36)
Intangible assets - net	<u>2,180,125.80</u>			<u>1,852,725.30</u>

9. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the nine-month period ended September 30, 2019 are summarized as follows :-

	Baht			Balance per book As at September 30, 2019
	Balance per book as at December 31, 2018	Revenue (expenses) during the period In profit or loss	In other comprehensive income	
Deferred tax assets:				
Employee benefit obligations	229,604.59	71,207.11	-	300,811.70
Total	229,604.59	71,207.11	-	300,811.70
Deferred tax liabilities:				
Depreciation of fixed assets	(10,410,527.48)	(883,977.45)	-	(11,294,504.93)
Total	(10,410,527.48)	(883,977.45)	-	(11,294,504.93)
Deferred tax assets (liabilities) - net	<u>(10,180,922.89)</u>			<u>(10,993,693.23)</u>

10. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institution consisted of :-

	Baht	
	As at September 30, 2019	As at December 31, 2018
Short-term loans at the beginning of the period	80,000,000.00	-
Received loans during the period	20,000,000.00	80,000,000.00
Repayment of loans during the period	(100,000,000.00)	-
Short-term loans - net	<u>-</u>	<u>80,000,000.00</u>

The short-term loans above are in form of promissory notes with a local financial institution with the interest rate at Prime Rate.

As at September 30, 2019 and December 31, 2018, the Company has bank overdrafts and short-term loans from financial institution totaling credit lines of Baht 30 million and Baht 90 million, respectively, were guaranteed by some vessels.

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11. FINANCE LEASE LIABILITIES

Finance lease liabilities are as follows :-

	Baht					
	As at September 30, 2019			As at December 31, 2018		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	947,730.91	120,041.09	1,067,772.00	250,463.88	27,999.21	278,463.09
After one year but within five years	1,764,428.54	85,929.94	1,850,358.48	447,632.58	33,571.78	481,204.36
Total	2,712,159.45	205,971.03	2,918,130.48	698,096.46	61,570.99	759,667.45

The ownership of the vehicle purchased under finance lease agreements will be transferred to the Company when the final installment is paid.

As at September 30, 2019 and December 31, 2018, the Company has entered into two finance leases, as a hire-purchase agreements with local companies. The lease term ends in 2019 and 2022, with interest rate at 4.35% - 5.31% per annum.

12. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long-term loans from financial institution consisted of :-

	Baht	
	As at September 30, 2019	As at December 31, 2018
Long-term loans at the beginning of the period	849,763,400.00	769,759,500.00
Received loans during the period	233,859,300.00	198,500,000.00
Repayment of loans during the period	(97,797,700.00)	(118,496,100.00)
Long-term loans at the end of the period	985,825,000.00	849,763,400.00
Less Current portion of long-term loans	(155,213,200.00)	(123,448,000.00)
Long-term loans - net	830,611,800.00	726,315,400.00

The long-term loans above were guaranteed by each vessel.

Other important conditions under the agreement

The Company has to comply with the loan covenants and important terms such as maintain a proper debt-to-equity ratio not more than 2.5 times and grant beneficiary of the asset protection insurance to the lender and not to sell, distribute, transfer, mortgage, pledge, transfer claim entitlement and lay down collateral by any means that will commit an obligation. It does not decrease share capital.

The Company received a waiver letter of the default term of the loan agreement dated November 19, 2018, the lender agreed to be lenient for the Company to maintain the debt to shareholders' equity ratio not over 3.2 times.

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13. EMPLOYEE BENEFIT OBLIGATION

Employee benefit obligations are as follows :-

The statements of financial position

	Baht	
	As at September 30, 2019 (For the nine-month)	As at December 31, 2018 (For the year)
Defined benefit obligations at the beginning of the period	3,646,015.00	3,755,657.00
Past service cost	898,095.03	-
Current service cost and interest	359,017.56	326,392.00
Actuarial (gain) loss from defined benefit plans	-	(436,034.00)
Defined benefit obligations at the end of the period	<u>4,903,127.59</u>	<u>3,646,015.00</u>

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate. The law is effective from May 5, 2019 onwards. This change is considered a post-employment benefits plan amendment, resulting the Company recognize the increase in the employee benefit obligations of Baht 0.90 million. The Company reflected the effect of the change by recognizing past service costs as expenses in the statement of comprehensive income for the nine-month period ended September 30, 2019.

14. INCOME TAX EXPENSES

14.1 Major components of income tax expenses

For the three-month and nine-month periods ended September 30, 2019 and 2018 consisted of :-

	Baht			
	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2019	2018	2019	2018
Income tax expense (revenue) shown in profit or loss :				
Current tax expense :				
Income tax expense for the period	1,826,227.21	1,676,508.19	4,743,996.80	2,509,092.34
Deferred tax expense :				
Changes in temporary differences relating to the				
original recognition and reversal	<u>301,358.37</u>	<u>515,744.50</u>	<u>812,770.34</u>	<u>2,081,540.27</u>
Total	<u>2,127,585.58</u>	<u>2,192,252.69</u>	<u>5,556,767.14</u>	<u>4,590,632.61</u>

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14.2 A numerical reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rate

For the nine-month periods ended September 30, 2019 and 2018 are summarized as follows :-

	Baht	
	2019	2018
Accounting profit for the period	65,966,609.61	47,008,069.19
The applicable tax rate (%)	20%	20%
Tax expense at the applicable tax rate	13,193,321.92	9,401,613.84
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	294,126.96	198,432.56
Tax effect of income or profit that are not required in determining taxable profit:		
- The exemption of profit of the promoted business (BOI)	(5,746,932.34)	(4,963,424.99)
- Expenses deducted as expenses added in taxable	(2,183,749.40)	(45,988.80)
Total reconciliation items	(7,636,554.78)	(4,810,981.23)
Total income tax expense	5,556,767.14	4,590,632.61

14.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the nine-month periods ended September 30, 2019 and 2018 are summarized as follows :

	2019		2018	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the period	65,966,609.61		47,008,069.19	
Tax expense at the applicable tax rate	13,193,321.92	20.00	9,401,613.84	20.00
Reconciliation items	(7,636,554.78)	(11.58)	(4,810,981.23)	(10.23)
Tax expense at the average effective tax rate	5,556,767.14	8.42	4,590,632.61	9.77

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15. SHARE CAPITAL

- 15.1 At the General Meeting of Shareholders No. 1/2018, held on April 19, 2018, the shareholder unanimously approved to increase the Company's registered capital from Baht 100,000,000.00 to Baht 300,000,000.00. The objective is to support the business expansion in the future. The increased of share capital in the amount of Baht 200,000,000.00 was issued by 2,000,000 ordinary shares at Baht 100.00 each. The Company had registered the capital increase with the Ministry of Commerce on April 30, 2018 and fully paid-up.
- 15.2 At the Extraordinary Meeting of Shareholders No. 3/2018, held on August 30, 2018, the shareholder unanimously approved as follows:
- 15.2.1 To approve the transformation of the Company from limited company to public company in order for listed the Company's shares on the Market for Alternative Investment (MAI). The Company had registered the transformation from limited company to public company to the Ministry of Commerce on September 7, 2018.
- 15.2.2 To approve the share split by reducing share value from par value of Baht 100.00 per share to par value of Baht 0.50 per share. It had resulted to the increase in the number of shares from 3,000,000 shares to 600,000,000 shares. To approve the Company's registered capital increase from 600,000,000 shares at par value of Baht 0.50 per share to 800,000,000 shares at par value of Baht 0.50 per share. The Company had registered the change in share value and capital increase with the Ministry of Commerce on September 7, 2018.

During May 7 - 9, 2019, the Company has offered to sell the new issued shares in the initial public offering 200,000,000 shares by selling new shares to the subscribers at Baht 1.75 per share. The Company received the share payment Baht 350 million on May 10, 2019 and registered for the paid-up capital increase with the Ministry of Commerce on May 13, 2019 and the Stock Exchange of Thailand receives the ordinary shares of the Company as registered securities on the Stock Exchange of Thailand and begins trading on May 21, 2019. The Company has directly related expense to the public offering Baht 18.41 million is shown deducted from the share premium received from the shareholders. The share premium on ordinary shares Baht 231.59 million is shown as a separate item under “Shareholder's equity” in the statement of financial position. This share premium on ordinary shares is not dividend distributable.

16. DIVIDEND

For the year 2019

At the Board of Directors' Meeting No.3/2019, held on August 13, 2019, the board approved to pay interim dividend from retained earnings-unappropriated under promotional privileges by the Board of Investment (BOI) in the amount of Baht 40,000,000.00 at the rate of Baht 0.05 per share.

For the year 2018

At the Extraordinary Meeting of shareholders No.1/2018, held on March 27, 2018, the shareholders unanimously approved to pay dividend from retained earnings for the year ended December 31, 2017 in the amount of Baht 380,000,000.00 at the rate of Baht 380.00 per share.

17. PRIVILEGES AND BENEFITS UNDER INVESTMENT PROMOTION

The Company has been granted promotional privileges by the Board of Investment under Investment Promotion Act B.E. 2520 for the business of mass transportation and large goods as follows :-

	Vessel V.L.12	Vessel V.L.14	Vessel V.L.15	Vessel V.L.16	Vessel V.L.17	Vessel V.L.18	Vessel CTP.5	Vessel V.L.19	Vessel V.L.20	Vessel V.L.21
Promotion certificate number	1483(2)/2010	2287(2)/2011	2679(2)/2013	1707(2)/2015	59-0313-1-00-1-0	59-0312-1-00-1-0	60-0737-0-00-1-2	60-0721-1-00-1-0	60-0597-1-00-1-0	62-0240-1-00-1-0
Dated	3 May. 2010	19 Oct. 2011	25 Nov. 2013	8 Jun. 2015	26 Feb. 2016	26 Feb. 2016	4 Jul. 2017	3 Jul. 2017	14 Aug. 2018	5 Mar. 2018
Key privileges and benefits under the promotion certificate										
1. Exemption of import duty on machinery (vessel) subject to import within date	3 Nov. 2012	19 Apr. 2014	25 May. 2016	8 Dec. 2017	26 Aug. 2018	26 Aug. 2018	24 Feb. 2016	3 Jan. 2020	14 Feb. 2021	5 Sep. 2021
2. Exemption of corporate income tax on net profit derived from the promoted business for a period Of 8 years, starting from the date income is first derived from such operation - dated	23 Jul. 2010	21 Nov. 2012	1 Dec. 2014	9 Sep. 2015	17 Aug. 2016	1 Dec. 2016	29 May 2017*	10 Aug. 2017	30 Sep. 2018	4 Apr. 2019
3. Others	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate	As specified in the promotion certificate

* For vessel CTP.5 has been granted promotional privileges until February 20, 2024 which the original privileges before the transfer of business under the promotion certificate number 2169(2)/2012 on August 24, 2012.

The Company has to comply with the conditions and restrictions as specified in the promotion certificate.

Freight charges for the nine-month periods ended September 30, 2019 and 2018 consisted of :-

	Freight charges (Baht)					
	2019			2018		
	BOI	Non BOI	Total	BOI	Non BOI	Total
Freight charges						
- Domestic	335,496,509.13	74,727,455.13	410,223,964.26	323,132,854.18	49,879,418.46	373,012,272.64
- Export	59,807,518.88	70,012,978.44	129,820,497.32	26,422,942.86	110,031,460.26	136,454,403.12
Other income	464,924.20	323,573.18	788,497.38	459,610.48	5,216,430.31	5,676,040.79
Total	395,768,952.21	145,064,006.75	540,832,958.96	350,015,407.52	165,127,309.03	515,142,716.55

18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit (loss) for the period by the weighted average number of ordinary shares which are issued and paid-up during the period as follows :-

	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Income for the periods (Baht)	19,900,298.93	11,961,057.82	60,409,842.47	42,417,436.58
Weighted average number of ordinary shares (Shares)	800,000,000	600,000,000	705,494,505	405,860,806
Basic earnings per share (Baht per share)	0.02	0.02	0.09	0.10

During the year 2018, the Company had changed the par value from Baht 100.00 per share to Baht 0.50 per share. The purpose is to compare the weighted average number of ordinary shares used to calculate the earnings per share for the three-month and nine-month periods ended September 30, 2018. The adjustment has been applied to reflect the change in the number of shares in the current period as if the share split has occurred from the beginning for the year 2018 that had been compared.

19. SEGMENT INFORMATION

The Company operates the main business operation that reports on a single segment which is the oil tanker fleet transportation service. The operating results were regularly reviewed by the highest operation decision maker that is the managing director who decides on the allocation of resources to the segment and performance assessment. The Company evaluates the performance results of the operating segment by using the basis for profit or loss of the operating segment which is the same basis used to measure profit or loss from operation in the financial statements. Therefore, all revenues, profits from operation and assets that are presented in the financial statements are already reported by the operating segment.

Geographic Information

The Company's freight services provide both domestic and international shipping services in Southeast Asia.

Freight charges for the three-month and nine-month periods ended September 30, 2019 and 2018, shown as follows:

	Baht			
	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Domestic freight charges	128,311,300.59	127,899,663.16	410,223,964.26	373,012,272.64
Export freight charges	44,805,566.07	42,755,177.53	129,820,497.32	136,454,403.12
Total net income from freight charges	<u>173,116,866.66</u>	<u>170,654,840.69</u>	<u>540,044,461.58</u>	<u>509,466,675.76</u>

Information about major customers

For the nine-month periods ended September 30, 2019 and 2018, the Company had revenue from two major customers, from transportation service revenue exceeding 10%, totaling Baht 352.52 million and Baht 311.61 million, respectively.

20. FINANCIAL INSTRUMENTS

Forward foreign exchange contracts

The Company has entered into forward foreign exchange contracts to manage exposure to fluctuations in foreign currencies of trade receivables, other receivables, trade payables and other payables denominated in foreign currencies.

As at September 30, 2019, the Company has outstanding forward foreign exchange buying contracts with as follows:

Currency	Foreign currency (Million)	Contract amount (Million Baht)	Fair value (Million Baht)
USD	5.65	176.57	173.55

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21. COMMITMENTS AND CONTINGENT LIABILITIES

As at September 30, 2019, the Company had commitment and contingent liabilities as follows :-

- 21.1 The Company had contingent liability in respect of the letters of guarantee issued by the bank to Port Authority of Thailand and Harbour Department in the amount of Baht 2,320,000.
- 21.2 The Company had commitments and obligations to the contract of hiring 5 oil tankers with both local and foreign companies for the period of 1 - 3 years at the specified rates in the contracts.
- 21.3 The Company had commitments to shipbuilding contracts which consists of two contracts from a foreign company with the total contracts value in the amount of USD 15.70 million. The amount was paid under the agreement during the period for USD 3.925 million (Baht 126.42 million) which is the assets in progress and was presented under “Vessel and equipment” in the statement of financial position. As at September 30, 2019, the Company still had unsettled commitment under the agreement in the amount of USD 11.775 million.

22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company’s directors on November 13, 2019.