

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of V.L. Enterprise Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of V.L. Enterprise Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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



Revenue recognition on freight charges

The Company has the revenue from providing freight charges in the amount of Baht 712.08 million that is the significant amount. There is also the complicated determination of the freight charges rate which several related factors such as the price of oil according to the market situation at that time, the size of the vessel being transported, transportation route, type and amount of oil transported and including the Company providing domestic and export freight charges that some has different environments may affect the internal control system, existing, accuracy and completeness of revenue recognition from providing freight charges. Therefore, I consider this matter as the significant matter in my audit.

Risk response by the auditor

I have assessed and understood the revenue recognition system, testing the significant control regarding existence and accuracy, completion of revenue recognition by inquiring the management and responsible persons, understand and sampling test the compliance with the controls designed by the Company, audit the service agreement to check the revenue recognition complied with the conditions specified in the agreement, testing the calculation of the freight charges according to the service agreement, compare the maritime operations report with the revenue service recognition of the accounting department, check the evidence of services from third parties, test the calculation of freight in proportion to the lapse time of the voyage compared to the total time of the last voyage of every vessel that freight charges are recognized correctly and completely according to the accounting period and comparative analysis of revenue separate by vessel to check for possible irregularities in the revenue recognition throughout the accounting period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Ms.Thanyaphorn Tangthanopajai.



(Ms.Thanyaphorn Tangthanopajai)

Certified Public Accountant

Registration No.9169

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 21, 2020

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS

	Notes	Baht	
		2019	2018
CURRENT ASSETS			
Cash and cash equivalents	5	269,313,304.77	48,592,635.44
Trade and other receivables	6	71,402,691.07	84,258,834.69
Vessel supplies and spare parts	7	20,567,843.56	18,918,547.31
Assets held for sale	8	149,245,767.94	-
Other current assets		137,824.90	446,440.15
Total current assets		510,667,432.24	152,216,457.59
NON-CURRENT ASSETS			
Vessels and equipment	8	1,455,008,717.14	1,269,564,528.83
Intangible assets	9	1,712,603.26	2,180,125.80
Other non-current assets		57,100.00	36,400.00
Total non-current assets		1,456,778,420.40	1,271,781,054.63
TOTAL ASSETS		1,967,445,852.64	1,423,997,512.22



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

V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		2019	2018
CURRENT LIABILITIES			
Bank overdrafts and short-term loans			
from financial institutions	11	-	80,000,000.00
Trade and other payables		46,930,320.45	60,684,964.51
Purchase of fixed assets payable		82,042,653.90	3,401,144.84
Deposit received from sales of fixed assets	8	32,136,000.00	-
Current portion of liabilities under financial lease	12	960,266.97	250,463.88
Current portion of long-term loans from			
financial institutions	13	160,625,200.00	123,448,000.00
Corporate income tax payable		2,846,142.79	1,910,151.13
Other current liabilities		722,242.93	693,904.88
Total current liabilities		<u>326,262,827.04</u>	<u>270,388,629.24</u>
NON-CURRENT LIABILITIES			
Liabilities under financial lease	12	1,519,609.28	447,632.58
Long-term loans from financial institution	13	838,024,083.80	726,315,400.00
Deferred tax liabilities	10	11,249,508.04	10,180,922.89
Employee benefit obligations	14	5,024,115.18	3,646,015.00
Total non-current liabilities		<u>855,817,316.30</u>	<u>740,589,970.47</u>
TOTAL LIABILITIES		<u>1,182,080,143.34</u>	<u>1,010,978,599.71</u>



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

V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Notes	Baht	
		2019	2018
SHAREHOLDERS' EQUITY			
Share capital	16		
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	16	231,587,782.52	-
Surplus on business combination under common control		13,524,246.75	13,524,246.75
Retained earnings			
Appropriated - Legal reserve	17	17,089,000.00	13,051,000.00
Unappropriated		123,164,680.03	86,443,665.76
TOTAL SHAREHOLDERS' EQUITY		785,365,709.30	413,018,912.51
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,967,445,852.64	1,423,997,512.22



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

V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	Baht	
		2019	2018
REVENUES	19		
Freight charges		712,086,127.81	694,677,216.12
Other income			
Gain on disposal of assets		-	5,288,340.69
Others		985,936.63	1,450,081.41
Total revenues		<u>713,072,064.44</u>	<u>701,415,638.22</u>
EXPENSES			
Cost of freight		527,330,239.81	544,989,382.68
Administrative expenses	4	39,170,174.96	31,108,119.76
Management benefit expenses	4	11,618,985.01	13,067,087.26
Finance costs		46,857,187.87	44,164,253.51
Total expenses		<u>624,976,587.65</u>	<u>633,328,843.21</u>
Income before income tax expenses		88,095,476.79	68,086,795.01
Income tax expenses	15	7,336,462.52	7,073,544.35
Income for the year		<u>80,759,014.27</u>	<u>61,013,250.66</u>
Other comprehensive income :-			
Item that will not be reclassified to profit or loss			
Actuarial gain (loss) from defined benefit plans - net of			
income tax	14	-	348,827.20
Other comprehensive income for the year		-	348,827.20
Total comprehensive income for the year		<u>80,759,014.27</u>	<u>61,362,077.86</u>
Basic earnings per share (Baht per share)	21	<u>0.11</u>	<u>0.13</u>

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



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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	Baht					Total
		Share capital	Share Premium	Surplus on business	Retained earnings		
		issued and paid-up	on ordinary shares	combination under common control	Appropriated - Legal reserves	Unappropriated	
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
Cash received from share capital paid-up	16	200,000,000.00	-	-	-	-	200,000,000.00
Dividend payment	18	-	-	-	-	(380,000,000.00)	(380,000,000.00)
Total comprehensive income for the year		-	-	-	-	61,362,077.86	61,362,077.86
Legal reserve	17	-	-	-	3,051,000.00	(3,051,000.00)	-
Ending balance as at December 31, 2018		300,000,000.00	-	13,524,246.75	13,051,000.00	86,443,665.76	413,018,912.51
Cash received from share capital paid-up	16	100,000,000.00	231,587,782.52	-	-	-	331,587,782.52
Dividend payment	18	-	-	-	-	(40,000,000.00)	(40,000,000.00)
Total comprehensive income for the year		-	-	-	-	80,759,014.27	80,759,014.27
Legal reserve	17	-	-	-	4,038,000.00	(4,038,000.00)	-
Ending balance as at December 31, 2019		400,000,000.00	231,587,782.52	13,524,246.75	17,089,000.00	123,164,680.03	785,365,709.30



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

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Baht		
	Notes	2019	2018
<u>Cash flows from operating activities :</u>			
Income for the year		80,759,014.27	61,013,250.66
Adjustments to reconcile income for the year to net cash provided by (used in) operating activities			
Depreciations and amortization		106,288,130.70	102,302,959.37
Allowance for doubtful accounts		202,525.78	-
(Gain) loss on disposal of fixed assets		1,203,930.41	(5,292,840.69)
Unrealized (gain) loss on exchange rates		1,547,269.24	52,973.79
Employee benefit expenses		1,270,911.21	251,458.93
Interest income		(185,597.80)	(83,953.32)
Interest expenses		46,857,187.87	44,164,253.51
Income tax expenses		7,336,462.52	7,073,544.35
Income from operating before changes in operating assets and liabilities		245,279,834.20	209,481,646.60
(Increased) decreased in operating assets			
Trade and other receivables		12,648,671.79	(14,298,659.20)
Supplies and spare parts		(1,649,296.25)	(3,484,470.15)
Other current assets		308,615.25	(295,867.20)
Other non-current assets		(20,700.00)	-
Increased (decreased) in operating liabilities			
Trade and other payables		(17,564,638.49)	11,054,237.04
Other current liabilities		28,338.05	195,469.04
Cash generated from operations		239,030,824.55	202,652,356.13
Payment for income tax		(5,331,885.71)	(8,208,987.01)
Net cash provided by operating activities		233,698,938.84	194,443,369.12



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

V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	Baht	
		2019	2018
<u>Cash flows from investing activities :</u>			
Cash paid for purchase of the fixed assets	8	(357,186,840.92)	(197,571,324.47)
Cash received a deposit under vessel sale agreement		32,136,000.00	-
Cash received from sales of the fixed assets		-	11,899,053.00
Cash received from interest income		185,597.80	83,953.32
Net cash used in investing activities		(324,865,243.12)	(185,588,318.15)
<u>Cash flows from financing activities :</u>			
Cash received from share capital paid-up	16	350,000,000.00	200,000,000.00
Payments on directly attributable expenses of the initial public offering	16	(18,412,217.48)	-
Cash received from short-term loans from financial institution	11	20,000,000.00	80,000,000.00
Cash payment of short-term loans from financial institution	11	(100,000,000.00)	-
Cash received from long-term loans from financial institution	13	281,846,883.80	198,500,000.00
Cash payment of long-term loans from financial institution	13	(132,961,000.00)	(118,496,100.00)
Cash payment of finance lease liabilities		(703,220.21)	(200,600.28)
Cash paid for dividend		(40,000,000.00)	(380,000,000.00)
Cash paid for interest expenses		(46,527,919.47)	(44,903,330.74)
Net cash provided by (used in) financing activities		313,242,526.64	(65,100,031.02)
Net increased (decreased) in cash and cash equivalents		222,076,222.36	(56,244,980.05)
Cash and cash equivalents at the beginning of the year		48,592,635.44	104,917,480.44
Adjustments to gain (loss) on translation of foreign currency		(1,355,553.03)	(79,864.95)
Cash and cash equivalents at the end of the year		269,313,304.77	48,592,635.44
<u>Supplementary disclosure of cash flow statement data :</u>			
Non-cash items as follows :			
Interest expense recorded as cost of the assets		3,209,990.81	-
Purchase of fixed assets payable		82,042,653.90	3,401,144.84
Liabilities under financial lease agreements		2,485,000.00	614,249.87

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



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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

2.2 Recognition of revenues and expenses

Freight charges of each voyage are generally recognized as revenues at the completion of the voyage. Where a voyage is incomplete as of the financial statements, freight charges are recognized as revenue in proportion to the lapsed time of the voyage.

The Company recognizes expenses on the accrual basis.

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2.3 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less and excluded cash at banks which are used for guarantee.

2.4 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in the income statement as part of administrative expenses.

The Company provides an allowance for doubtful accounts to care for the estimated losses that may be incurred in the collection of receivables. The estimated losses are based on historical collection experience and a review of the current status of the existing receivables.

2.5 Vessel supplies and spare parts

Vessel supplies and spare parts mainly comprise bunker, vessel supplies, and spare parts which are stated at cost and determined on the first-in, first-out basis.

2.6 Vessels and equipment and depreciation and amortization

Vessels and equipment are stated at cost less accumulated depreciation and accumulated amortization and allowance on decline in value (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation is calculated by cost less residual value on the straight-line method over the estimated useful lives of the assets as follows:-

	Years
Vessels and vessels improvement	6 - 25
Leasehold improvement	5
Fixture and vessels and office equipment	5
Vehicle	5

The estimated useful lives of vessel are based on the remaining useful lives at the acquisition date. Depreciation is calculated on the cost of the vessels less their estimated residual values.

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Expenditure in overhauling the vessel is a capital expenditure when incurred and will be amortized by the straight-line method over a period of 30 months. When significant specific dry-docking costs are incurred prior to the expiry of the amortization periods, the remaining costs of the previous dry-docking are written off immediately.

The Company has reviewed the residual value and useful life of the assets at least every year end.

The depreciation for each component is calculated on the separate components when each component has significant cost component has compared to the total cost of that asset.

Depreciation is included in determining income.

Vessels, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

2.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance on decline in value (if any). Intangible assets are amortized in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Software	3 - 10	years
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2.8 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

2.9 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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2.10 Impairment of assets

Vessels and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statements of comprehensive income. Impairment loss is reversed to other income wherever there is any indication that the impairment loss recognized may no longer exists or may have decreased.

2.11 Foreign currency conversions

Foreign currency transactions during the year are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding on the reporting date are translated into Baht at the rates ruling on the reporting date. Exchange gains and losses are recorded as income or expense in the current period.

2.12 Provisions

A provision is recognized in the financial statements when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.13 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates 20% of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exempt or disallowable from income tax calculation. The tax privileges include exemption from income tax on profits from the promoted activities.

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Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company expects to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will no longer have the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

2.14 Using of accounting estimation

Preparation of financial statements in conformity with generally accepted accounting principles in Thailand requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2.15 Finance lease

Leases of assets that substantially transfer to the Company all the rewards and risks of ownership of assets and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term are accounted for as finance leases.

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At the inception of a finance lease, the cost of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are charged to the current period operations in proportion to the outstanding balance.

2.16 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and policy of the Company and other employee benefit plans (if any). The Company treats these severance payment obligations as a defined benefit plan.

The Company calculates liabilities for post-employment benefits of the employees by using the discount rate by the Projected Unit Credit Method. The independent actuary has assessed the obligations under the actuarial principles. Such estimate is based on the assumptions relating to the discount rate, future salary increase rate, change in the number of staff, mortality rate and inflation rate.

The actuarial gains and losses based on the actuarial principles for post-employment benefits of the employees are recognized immediately in other comprehensive income.

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2.17 Significant accounting judgements and estimates

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Vessels and equipment/Depreciation

In determining depreciation of vessels and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

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

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans

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

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3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations, 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.

3.2 Financial reporting standards that will become effective in the future

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

Financial reporting standards related to financial instruments:

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

Financial Reporting Standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TRFIC 16 Hedges of a Net Investment in a Foreign Operation

TRFIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

TFRS 16 Leases

These TFRSs supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

4. RELATED PARTIES TRANSACTIONS

The Company has certain transactions with related parties. The part of assets, liabilities, revenue, cost and expense of the Company occurred from 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 companies:

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

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For the years ended December 31, 2019 and 2018, the significant transactions with persons or related parties can be summarized as follows :-

	Pricing policy	Baht	
		2019	2018
<u>Related persons</u>			
Office rental			
Mrs.Chutipa Klinsuwan	Agreed price	1,860,000.00	1,680,000.00
Consultant fee			
Mr.Taveesilpa Chinnapatthanawong	Agreed price	280,000.00	560,000.00

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 years ended December 31, 2019 and 2018, management benefit expenses are as follows :-

	Baht	
	2019	2018
Management benefit expenses		
Short-term employee benefits	11,348,599.00	12,902,932.16
Post-employment benefits	270,386.01	164,155.10
Total	<u>11,618,985.01</u>	<u>13,067,087.26</u>

5. CASH AND CASH EQUIVALENTS

	Baht	
	2019	2018
Cash on hand	312,604.05	248,914.28
Cash at bank - current accounts	7,831,111.35	7,344,000.70
Cash at bank - savings accounts	261,169,589.37	40,999,720.46
Total	<u>269,313,304.77</u>	<u>48,592,635.44</u>

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

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	2019	2018
<u>Trade receivables</u> , classified by age analysis :-		
- <u>Domestic</u>		
Not yet due	60,182,834.38	66,060,924.24
Overdue :		
Not over 3 months	244,986.78	6,179,606.10
Over 3 - 6 months	-	202,525.78
Over 6 - 12 months	-	-
Over 12 months	202,525.78	-
Total	60,630,346.94	72,443,056.12
- <u>Foreign</u>		
Not yet due	6,500,065.49	239,226.77
Overdue :		
Not over 3 months	-	891,301.69
Total	6,500,065.49	1,130,528.46
Total trade receivables	67,130,412.43	73,573,584.58
<u>Less</u> Allowance for doubtful accounts	(202,525.78)	-
Total trade receivables - net	66,927,886.65	73,573,584.58
<u>Other receivables</u>		
- Advance payable	230,000.00	126,048.00
- Prepaid expenses	4,141,445.52	3,025,777.63
- Listing expense	-	7,530,424.48
- Others	103,358.90	3,000.00
Total	4,474,804.42	10,685,250.11
Total trade and other receivables - net	71,402,691.07	84,258,834.69

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For the years ended December 31, 2019 and 2018, the movements of allowance for doubtful accounts were as follow

	Baht	
	2019	2018
Allowance for doubtful accounts		
Beginning balance	-	-
Increase (decrease) during the year	202,525.78	-
Bad debts written off during the year	-	-
Ending balance	202,525.78	-

7. VESSEL SUPPLIES AND SPARE PARTS

Vessel supplies and spare parts consisted of :-

	Baht	
	2019	2018
Fuel	12,283,897.61	11,079,611.24
Supplies and spare parts	8,283,945.95	7,838,936.07
Total	20,567,843.56	18,918,547.31

8. VESSELS AND EQUIPMENT

8.1 For the year 2019, vessels and equipment consisted of :-

	Baht						Total
	Vessels and vessels improvement	Vessels dry-docking	Leasehold improvement	Fixture and vessels and office equipment	Vehicle	Assets in progress	
Cost							
As at January 1, 2019	1,719,739,673.46	60,120,143.79	3,579,342.27	37,144,143.34	1,796,729.00	1,123,000.00	1,823,503,031.86
Acquisition of assets	144,248,665.34	28,595,923.47	-	3,839,182.20	3,550,000.00	261,372,493.81	441,606,264.82
Transfers in (out)	(186,957,350.00)	(4,129,478.48)	-	(1,241,716.50)	-	-	(192,328,544.98)
Disposal/write-off	-	(13,199,675.98)	-	(688,448.21)	-	-	(13,888,124.19)
As at December 31, 2019	1,677,030,988.80	71,386,912.80	3,579,342.27	39,053,160.83	5,346,729.00	262,495,493.81	2,058,892,627.51
Accumulated depreciation and accumulated amortization							
As at January 1, 2019	497,993,743.60	25,521,431.06	2,163,018.69	27,640,463.54	619,846.14	-	553,938,503.03
Additions	74,974,527.96	26,483,383.92	293,361.69	3,636,090.85	325,013.74	-	105,712,378.16
Transfers in (out)	(39,212,829.26)	(3,131,615.46)	-	(738,332.32)	-	-	(43,082,777.04)
Disposal/write-off	-	(12,121,354.88)	-	(562,838.90)	-	-	(12,684,193.78)
As at December 31, 2019	533,755,442.30	36,751,844.64	2,456,380.38	29,975,383.17	944,859.88	-	603,883,910.37
Net book value							
As at December 31, 2019	1,143,275,546.50	34,635,068.16	1,122,961.89	9,077,777.66	4,401,869.12	262,495,493.81	1,455,008,717.14

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8.2 For the year 2018, vessels and equipment consisted of :-

	Baht						Total
	Vessels and vessels improvement	Vessels dry-docking	Leasehold improvement	Fixture and vessels and office equipment	Vehicle	Assets in progress	
Cost							
As at January 1, 2018	1,591,803,413.91	36,187,988.34	2,112,530.21	35,499,271.58	4,561,729.00	-	1,670,164,933.04
Acquisition of assets	170,227,187.13	23,932,155.45	1,466,812.06	3,720,462.54	819,000.00	1,123,000.00	201,288,617.18
Transfers in (out)	-	-	-	(81,350.00)	-	-	(81,350.00)
Disposal/write-off	(42,290,927.58)	-	-	(1,994,240.78)	(3,584,000.00)	-	(47,869,168.36)
As at December 31, 2018	1,719,739,673.46	60,120,143.79	3,579,342.27	37,144,143.34	1,796,729.00	1,123,000.00	1,823,503,031.86
Accumulated depreciation and accumulated amortization							
As at January 1, 2018	453,626,392.28	7,461,598.66	2,112,529.21	26,364,554.34	3,975,089.58	-	493,540,164.07
Additions	80,293,031.88	18,059,832.40	50,489.48	3,069,835.22	228,754.56	-	101,701,943.54
Transfers in (out)	-	-	-	(40,648.53)	-	-	(40,648.53)
Disposal/write-off	(35,925,680.56)	-	-	(1,753,277.49)	(3,583,998.00)	-	(41,262,956.05)
As at December 31, 2018	497,993,743.60	25,521,431.06	2,163,018.69	27,640,463.54	619,846.14	-	553,938,503.03
Net book value							
As at December 31, 2018	1,221,745,929.86	34,598,712.73	1,416,323.58	9,503,679.80	1,176,882.86	1,123,000.00	1,269,564,528.83

Depreciation and amortization expenses of vessels and equipment which are included in the statements of comprehensive income

	Baht	
	2019	2018
Depreciation and amortization	105,712,378.16	101,701,943.54
Gain (loss) on disposal of fixed assets	(1,203,930.41)	5,292,840.69

Some vessels with net book value as at December 31, 2019 and 2018 of Baht 1,300.16 million and Baht 1,256.34 million, respectively, were pledged to guarantee against bank loan and loan from financial institution (Note 11 and 13).

For the year ended December 31, 2019, the Company recorded interest as part of the cost vessels of Baht 3,209,990.81. 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 4.00% - 4.25% per annum.

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As at December 31, 2019 and 2018, the Company has fully depreciated assets which are still in use as follows :-

	Baht	
	2019	2018
<u>At cost</u>		
Vessels and vessels improvement	409,917,049.69	389,381,954.06
Leasehold improvement	2,112,530.21	2,112,530.21
Fixture and vessels and office equipment	21,864,188.13	20,144,285.51
Vehicle	977,729.00	977,729.00
Total	<u>434,871,497.03</u>	<u>412,616,498.78</u>

As at December 31, 2019, the Company has an agreement to sell vessel V.L.16 with a foreign company with the contract value of USD 5.20 million. The Company received a deposit under the agreement of Baht 32.14 million (USD 1.04 million) and recorded such deposit as deposit received from sales of fixed asset under "Current liabilities" in the statement of financial position. Such vessel has a book value of Baht 149.25 million and is classified as asset held for sale under "current assets" in the statement of financial position. The Company has delivered such vessel to the buyer and already receipt the remaining on February 5, 2020.

9. INTANGIBLE ASSETS

Intangible assets consisted of :-

	Baht				
	Book value as at Jan 1, 2019	Additions	Deductions	Transfers in (Transfers out)	Book value as at Dec 31, 2019
<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)	(575,752.54)	-	-	(1,582,781.40)
Intangible assets-net	<u>2,180,125.80</u>				<u>1,712,603.26</u>

	Baht				
	Book value as at Jan 1, 2018	Additions	Deductions	Transfers in (Transfers out)	Book value as at Dec 31, 2018
<u>Cost</u>					
Computer program	2,807,702.66	298,102.00	-	81,350.00	3,187,154.66
<u>Less accumulated amortizations</u>					
Computer program	(365,364.50)	(601,015.83)	-	(40,648.53)	(1,007,028.86)
Intangible assets-net	<u>2,442,338.16</u>				<u>2,180,125.80</u>

	Baht	
	2019	2018
Amortization is included in the statement of comprehensive income	575,752.54	601,015.83

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10. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2019 and 2018 are summarized as follows :-

	Baht			Balance per book as at December 31, 2019
	Balance per book as at December 31, 2018	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Account receivables	-	40,505.16	-	40,505.16
Employee benefit obligations	229,604.59	72,784.30	-	302,388.89
Total	229,604.59	113,289.46	-	342,894.05
Deferred tax liability:				
Depreciation of fixed assets	(10,410,527.48)	(1,181,874.61)	-	(11,592,402.09)
Total	(10,410,527.48)	(1,181,874.61)	-	(11,592,402.09)
Deferred tax assets (liabilities) - net	(10,180,922.89)	(1,068,585.15)	-	(11,249,508.04)

	Baht			Balance per book as at December 31, 2018
	Balance per book as at December 31, 2017	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Employee benefit obligations	339,476.63	(22,665.24)	(87,206.80)	229,604.59
Total	339,476.63	(22,665.24)	(87,206.80)	229,604.59
Deferred tax liability:				
Depreciation of fixed assets	(7,900,836.65)	(2,509,690.83)	-	(10,410,527.48)
Total	(7,900,836.65)	(2,509,690.83)	-	(10,410,527.48)
Deferred tax assets (liabilities) - net	(7,561,360.02)	(2,532,356.07)	(87,206.80)	(10,180,922.89)

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

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

	Baht	
	2019	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	-	80,000,000.00

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 December 31, 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.

12. FINANCE LEASE LIABILITIES

Finance lease liabilities are as follows :-

	Baht					
	2019			2018		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	960,266.97	107,505.03	1,067,772.00	250,463.88	27,999.21	278,463.09
After one year but						
within five years	1,519,609.28	63,806.08	1,583,415.36	447,632.58	33,571.78	481,204.36
Total	2,479,876.25	171,311.11	2,651,187.36	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 December 31, 2019 and 2018, the Company has entered into two finance lease as a hire-purchase agreements with local companies. The lease term ends in 2022, with interest rate at 5.03% - 5.31% per annum.

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13. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long-term loans from financial institution consisted of :-

	Baht	
	2019	2018
Long-term loans at the beginning of the year	849,763,400.00	769,759,500.00
Received loans during the year	281,846,883.80	198,500,000.00
Repayment of loans during the year	(132,961,000.00)	(118,496,100.00)
Long-term loans at the end of the year	998,649,283.80	849,763,400.00
<u>Less</u> Current portion of long-term loans	(160,625,200.00)	(123,448,000.00)
Long-term loans - net	<u>838,024,083.80</u>	<u>726,315,400.00</u>

Vessels	Loan (Million Baht)	Interest rate (%)	Payment condition	Balance as at December 31, 2019
1.) V.L.12				
<u>For</u>				
Vessel purchase	64.46	1 st -18 th month: interest at the rate Prime rate - 1.00% per annum From the 19 th month onwards : interest at the rate Prime rate - 0.75% per annum	Repayable 93 monthly as follows: The 1 st - 92 th Baht 661,000 93 th Baht 643,000	Already paid in May 2019
Maintenance and Vessel improvement	16.00	1 st - 18 th month: interest at the rate Prime rate - 1.00% per annum From the 19 th month onwards : interest at the rate Prime rate - 0.75% per annum	Repayable 93 monthly as follows: The 1 st - 92 th Baht 172,000 93 th Baht 76,000	Already paid in July 2019
2.) V.L.14				
<u>For</u>				
Vessel purchase	59.88	1 st - 60 th month: interest at the rate Prime rate - 1.25% per annum From the 61 st month onwards : interest at the rate Prime rate - 0.75% per annum	Repayable 69 monthly as follows : The 1 st - 68 th Baht 868,000 69 th Baht 858,300	Already paid in September 2019

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Vessels	Loan (Million Baht)	Interest rate (%)	Payment condition	Balance as at December 31, 2019
3.) V.L.15 For Vessel purchase	50.18	Prime rate - 0.75% per annum	Repayable 57 monthly at Baht 880,300	Already paid in March 2019
4.) V.L.16 For Vessel purchase	141.82	Prime rate - 0.75% per annum	Repayable 108 monthly as follows : The 1 st - 107 th Baht 1,313,200 108 th Baht 1,307,600 (Requiring payment of the first installment in August 2016)	Baht 87,978,800.00
5.) V.L.17 For Vessel purchase	166.00	Prime rate - 0.75% per annum	Repayable 108 monthly as follows : The 1 st - 107 th Baht 1,550,000 108 th Baht 150,000 (Requiring payment of the first installment in June 2017)	Baht 117,950,000.00
6.) C.T.P.5 For Vessel purchase	133.66	Prime rate - 0.75% per annum	Repayable 120 monthly as follows : The 1 st - 119 th Baht 1,113,900 120 th Baht 1,105,900 (Requiring payment of the first installment in January 2017)	Baht 93,559,600.00
7.) V.L.18 For Vessel purchase	166.00	Prime rate - 0.75% per annum	Repayable 108 monthly as follows : The 1 st - 107 th Baht 1,550,000 108 th Baht remaining payment (Requiring payment of the first installment in May 2018)	Baht 135,000,000.00
8.) V.L.19 For Vessel purchase	225.00	Prime rate - 1.25 per annum	Repayable 93 monthly as follows : The 1 st - 92 th Baht 2,420,000 93 th Baht remaining payment (Requiring payment of the first installment in September 2017)	Baht 157,240,000.00

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Vessels	Loan (Million Baht)	Interest rate (%)	Payment condition	Balance as at December 31, 2019
Vessel improvement	9.00	Prime rate - 1.25 per annum	Repayable 33 monthly as follows : The 1 st - 32 th Baht 273,000 33 th Baht remaining payment (Requiring payment of the first installment in January 2018)	Baht 2,448,000.00
9.) V.L.20				
For				
Vessel purchase	148.50	Prime rate - 2.00 per annum	Repayable 93 monthly as follows : The 1 st - 92 th Baht 1,597,000 93 th Baht remaining payment (Requiring payment of the first installment in November 2018)	Baht 126,142,000.00
Maintenance and Vessel improvement	9.00	Prime rate - 2.00 per annum	Repayable 33 monthly as follows : The 1 st - 32 th Baht 273,000 33 th Baht remaining payment (Requiring payment of the first installment in February 2019)	Baht 5,997,000.00
10.) V.L.21				
For				
Vessel purchase	126.28	Prime rate - 2.10 per annum	Repayable 93 monthly as follows : The 1 st - 92 th Baht 1,358,000 93 th Baht remaining payment (Requiring payment of the first installment in July 2019)	Baht 118,131,000.00
Maintenance and Vessel improvement	9.00	Prime rate - 2.10 per annum	Repayable 33 monthly as follows : The 1 st - 32 th Baht 273,000 33 th Baht remaining payment (Requiring payment of the first installment in August 2019)	Baht 7,635,000.00
11.) V.L.22				
For				
Vessel purchase	224.64	Prime rate - 2.00 per annum	Repayable 108 monthly at Baht 2,080,000 (Requiring payment of the first installment in March 2020)	Baht 146,567,883.80
				Baht 998,649,283.80

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

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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.

14. EMPLOYEE BENEFIT OBLIGATION

Employee benefit obligations are as follows :-

The statements of financial position

	Baht	
	2019	2018
Defined benefit obligations as at January 1	3,646,015.00	3,755,657.00
Past service costs	898,095.03	-
Current service cost and interest	480,005.00	326,392.00
Actuarial (gain) loss from defined benefit plans	-	(436,034.00)
Defined benefit obligations as at December 31	5,024,115.03	3,646,015.00

Expenses recognized in the statements of comprehensive income

For the years ended December 31, 2019 and 2018

	Baht	
	2019	2018
Current service costs		
Cost of freight	117,094.33	80,185.50
Administrative expenses	883,430.72	7,118.33
Management benefit expenses	270,386.01	164,155.10
	1,270,911.06	251,458.93
Interest on obligation	107,188.97	74,933.07
Total	1,378,100.03	326,392.00

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Principal actuarial assumptions at the reporting date

	%	
	2019	2018
Discount rate	2.18	2.18
Salary increase rate	5.48	5.48
Employee turnover rate	Classify by age range	Classify by age range
Mortality rate	100% of Thai mortality rate in 2017	100% of Thai mortality rate in 2017
Disability rate	10% of Thai mortality rate in 2017	10% of Thai mortality rate in 2017

A sensitivity analysis of the key assumptions used in the calculation

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations for the years ended December 31, 2019 and 2018 are summarized below:

	Baht	
	Present value of employee benefit obligations	
	2019	2018
<u>Discount rate</u>		
Increased rate 0.50	4,984,453.00	3,599,129.00
Decreased rate 0.50	5,065,795.00	3,694,787.00
<u>Salary increase rate</u>		
Increased rate 0.50	5,071,443.00	3,692,115.00
Decreased rate 0.50	4,978,680.00	3,601,246.00
<u>Turnover rate</u>		
Increased rate 0.50	4,961,332.00	3,599,246.00
Decreased rate 0.50	5,090,554.00	3,695,356.00

The Labor Protection Act was enacted in the Government Gazette on April 5, 2019, with additional compensation rates for employers terminating employment. For employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than the final rate of 400 days. The Company therefore revised in the project for post-employment benefits plan in 2019 to comply with the revised Labor Protection Act. From the revised of such project, the Company has recognized the increase of the provisions for retirement benefits and past service costs.

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15. INCOME TAX EXPENSES

15.1 Major components of income tax expenses

For the years ended December 31, 2019 and 2018 consisted of :-

	Baht	
	2019	2018
Income tax expense shown in profit or loss :		
Current tax expense:		
Corporate income tax expense for the year	6,267,877.37	4,541,188.28
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	1,068,585.15	2,532,356.07
Total	<u>7,336,462.52</u>	<u>7,073,544.35</u>
Income tax expense shown in other comprehensive income :		
Deferred tax expense :		
Profit (loss) from actuarial estimates	-	87,206.80
Total	<u>-</u>	<u>87,206.80</u>

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

For the years ended December 31, 2019 and 2018 are summarized as follows :-

	Baht	
	2019	2018
Accounting profit for the year	88,095,476.79	68,086,795.01
The applicable tax rate (%)	20%	20%
Tax expense at the applicable tax rate	17,619,095.36	13,617,359.00
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	554,416.32	368,928.70
Tax effect of income or profit that are not required in determining taxable profit :		
- The exemption of profit of the promoted business (BOI)	(8,651,452.11)	(6,865,570.23)
- Expenses deducted as expenses added in tax	(2,185,597.05)	(47,173.12)
Total reconciliation items	<u>(10,282,632.84)</u>	<u>(6,543,814.65)</u>
Total income tax expense	<u>7,336,462.52</u>	<u>7,073,544.35</u>

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

For the years ended December 31, 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 year	88,095,476.79		68,086,795.01	
Tax expense at the applicable tax rate	17,619,095.36	20.00	13,617,359.00	20.00
Reconciliation items	(10,282,632.84)	(11.67)	(6,543,814.65)	(9.61)
Tax expense at the average effective tax rate	7,336,462.52	8.33	7,073,544.35	10.39

16. **SHARE CAPITAL**

16.1 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.

16.2 At the Extraordinary Meeting of Shareholders No. 3/2018, held on August 30, 2018, the shareholder unanimously approved as follows:

16.2.1 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.

16.2.2 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.

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As at December 31, 2018, the Company has 800,000,000 registered ordinary shares at par value of Baht 0.50 per share. Totaling the registered capital of Baht 400,000,000.00. The 600,000,000 ordinary shares at par value of Baht 0.50 per share are paid-up in full amount with the issued and paid-up capital of Baht 300,000,000.00.

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.

17. **LEGAL RESERVE**

In compliance with the Public Company Act B.E.2535 (1992), the Company sets aside a legal reserve for at least 5% of its net profits until the reserve equaled 10% of the authorized share capital. This reserve is not available for dividend distribution.

18. **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.

19. 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. 2019
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 years ended December 31, 2019 and 2018 consisted of :-

	Freight charges (Baht)					
	2019			2018		
	BOI	Non BOI	Total	BOI	Non BOI	Total
Freight charges						
- Domestic	433,058,549.37	97,401,640.64	530,460,190.01	439,270,781.11	76,543,272.77	515,814,053.88
- Export	93,022,990.46	88,602,947.34	181,625,937.80	35,289,982.86	143,573,179.38	178,863,162.24
Other income	627,732.35	358,204.28	985,936.63	1,161,422.88	5,576,999.22	6,738,422.10
Total	526,709,272.18	186,362,792.26	713,072,064.44	475,722,186.85	225,693,451.37	701,415,638.22

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20. EXPENSE BY NATURE

Significant expenses by nature are as follows :-

	Baht	
	2019	2018
Fuel oil expenses	197,082,007.48	223,439,506.88
Repair and maintenance expenses	18,071,209.71	20,434,104.97
Employee benefit expenses	140,456,851.34	131,480,140.86
Depreciation and amortization	106,288,130.70	102,302,959.37
Port due expenses	51,901,659.63	52,413,282.41
Other	64,319,540.92	59,094,595.21
	578,119,399.78	589,164,589.70

21. EARNINGS PER SHARE

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

	2019	2018
Net profit for the year (Baht)	80,759,014.27	61,013,250.66
Weighted average number of ordinary shares (Share)	729,315,068	454,794,521
Basic earnings per share (Baht per share)	0.11	0.13

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 year ended December 31, 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.

22. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E.2530.

Under the provident fund plan, employee's and Company's contributions are equivalent to certain percentages of the employee's basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act B.E. 2530.

The Company's contributions for the years ended December 31, 2019 and 2018 amounted to Baht 1,529,219.00 and Baht 1,174,137.33, respectively.

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23. FINANCIAL INSTRUMENTS

23.1 Financial risk management

The Company manages its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company does not hold or issue derivative financial instruments for speculative or trading purposes.

23.2 Credit risk

The Company is exposed to credit risk primarily relating to trade accounts receivable. The management of the Company manages this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

23.3 Interest rate risk

The Company is exposed to interest rate risk which relates primarily to its cash at banks. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation of market interest rate would not provide significant effect to their operations and cash flows; therefore, no financial derivative instrument was used to manage such risks.

As at December 2019 and 2018, the carrying amount of significant financial assets and financial liabilities classified by types of interest rates were as follows:

	Baht			Total
	2019			
	Floating interest rate	Fixed interest rate	Interest - free	
<u>Financial assets</u>				
Cash and cash equivalents	261,169,589.37	-	8,143,715.40	269,313,304.77
Trade and other receivables	-	-	71,402,691.07	71,402,691.07
<u>Financial liabilities</u>				
Trade and other payables	-	-	46,930,320.45	46,930,320.45
Purchase of fixed assets payable	-	-	82,042,653.90	82,042,653.90
Deposit received from sales of fixed assets	-	-	32,136,000.00	32,136,000.00
Liabilities under financial lease agreements	-	2,479,876.25	-	2,479,876.25
Long-term loans from financial institution	998,649,283.80	-	-	998,649,283.80

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	Baht			
	2018			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	40,999,720.46	-	7,592,914.98	48,592,635.44
Trade and other receivables	-	-	84,258,834.69	84,258,834.69
<u>Financial liabilities</u>				
Trade and other payables	-	-	60,684,964.51	60,684,964.51
Purchase of fixed assets payable	-	-	3,401,144.84	3,401,144.84
Liabilities under financial lease	-	698,096.46	-	698,096.46
Long-term loans from financial institution	849,763,400.00	-	-	849,763,400.00

23.4 Foreign currency risk

The Company's exposure to foreign currency risk relates to transactions in foreign currency, which the Company has currently not hedged by derivative financial instruments.

As at December 31, 2019, the company had foreign currency as follows:

Transaction	Currency	Foreign amount (Unit)	Fair value (Baht)
Cash and cash equivalents	USD	1,574,979.10	47,212,675.98
Trade and other receivables	USD	216,837.26	6,500,065.49
Trade and other payables	USD	1,223,123.35	37,098,921.27
	JPY	122,060.00	34,128.34

23.5 Liquidity risk

The Company manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for necessary reserve and to reduce the impact of the fluctuations in cash flow.

23.6 Fair value of financial instruments

The Company uses the market approach to measure the fair value of assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

- Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Use of inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices)
- Level 3 - Use of unobservable inputs such as estimates of future cash flows.

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24. 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 evaluates performance. 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 shown as follows:

	Baht	
	2019	2018
Domestic Freight Charges	530,460,190.01	515,814,053.88
Export Freight Charges	181,625,937.80	178,863,162.24
Total net income from freight charges	<u>712,086,127.81</u>	<u>694,677,216.12</u>

Information about major customers

As at December 31, 2019 and 2018, the Company had revenue from two major customers from transportation service revenue exceeding 10%, totaling Baht 457.36 million and Baht 435.00 million, respectively.

25. FINANCIAL INSTRUMENTS

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 December 31, 2019, the Company has outstanding forward foreign exchange buying contracts as follows:

Currency	Foreign currency (Million)	Contract amount (Million Baht)	Fair value (Million Baht)
USD	10.08	310.85	303.80

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26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

	Baht			Balance as at December 31, 2019
	Balance	Cash flows	Non-cash	
	as at December	Increase	Translation	
	31, 2018	(decrease)*	Increase	
Short-term loans from financial institutions	80,000,000.00	(80,000,000.00)	-	-
Long-term loans from financial institutions	849,763,400.00	148,885,883.80	-	998,649,283.80
Liabilities under finance lease agreement	698,096.46	(703,220.21)	2,485,000.00	2,479,876.25
Total	930,461,496.46	68,182,663.59	2,485,000.00	1,001,129,160.05

	Baht			Balance as at December 31, 2018
	Balance	Cash flows	Non-cash	
	as at December	Increase	Translation	
	31, 2017	(decrease)*	Increase	
Short-term loans from financial institutions	-	80,000,000.00	-	80,000,000.00
Long-term loans from financial institutions	769,759,500.00	80,003,900.00	-	849,763,400.00
Liabilities under finance lease agreement	284,446.87	(200,600.28)	614,249.87	698,096.46
Total	770,043,946.87	159,803,299.72	614,249.87	930,461,496.46

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

27. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2019, the Company had commitment and contingent liabilities as follows :-

- 27.1 The Company had contingent liability in respect of the letters of guarantee issued by the bank to Port Authority of Thailand in the amount of Baht 2,470,000.
- 27.2 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.
- 27.3 The Company had commitments to Shipbuilding contract from a foreign company with the contract value in the amount of USD 7.85 million.

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28. EVENTS AFTER THE REPORTING PERIOD

- 28.1 On January 6, 2020, the Company has entered into a vessel sale agreement V.L.5 with a domestic company with the contract value of Baht 10.65 million and the Company has delivered such vessel to the buyer and already receipt the remaining on January 15, 2020.
- 28.2 At the Board of Directors' Meeting No.1/2020, held on February 21, 2020, the Board approved to submit for approval at the 2020 Annual General Meeting of the Shareholders of the Company, for the appropriation of 2019 annual dividend at the rate of Baht 0.07 per share, totalling Baht 56 million, from the profit from retained earnings-unappropriated under promotional privileges by the Board of Investment (BOI) after deducting the interim dividend of Baht 0.05 per share. The balance of dividend at the rate of Baht 0.02 per share, totalling Baht 16 million is subject to the approval of the shareholders at the 2020 Annual General Meeting.

29. CAPITAL MANAGEMENT

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

According to the statements of financial position as at December 31, 2019 and 2018, the debt-to-equity ratios were 1.51:1 and 2.45:1, respectively.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's directors on February 21, 2020.

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