



V.L. ENTERPRISE PUBLIC COMPANY LIMITED

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 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, 2020, 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, 2020, 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 646.60 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 24, 2021

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

ASSETS

	Notes	Baht	
		2020	2019
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	171,972,851.20	269,313,304.77
Trade and other receivables	9	63,626,376.74	71,402,691.07
Vessel supplies and spare parts	10	16,131,383.30	20,567,843.56
Assets held for sale	12	-	149,245,767.94
Other current financial assets	11	100,058,285.72	-
Other current assets		76,591.05	137,824.90
<b>Total current assets</b>		<b>351,865,488.01</b>	<b>510,667,432.24</b>
<b>NON-CURRENT ASSETS</b>			
Vessels and equipment	12	1,389,169,721.98	1,455,008,717.14
Right-of-use assets	13	20,327,464.58	-
Intangible assets	14	2,219,777.29	1,712,603.26
Other non-current assets		87,100.00	57,100.00
<b>Total non-current assets</b>		<b>1,411,804,063.85</b>	<b>1,456,778,420.40</b>
<b>TOTAL ASSETS</b>		<b>1,763,669,551.86</b>	<b>1,967,445,852.64</b>



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, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		2020	2019
<b>CURRENT LIABILITIES</b>			
Trade and other payables		32,580,161.62	46,930,320.45
Purchase of fixed assets payable		133,927.50	82,042,653.90
Deposit received from sales of fixed assets	12	-	32,136,000.00
Current portion of lease liabilities	13	2,095,914.67	960,266.97
Current portion of long-term loans from financial institutions	17	146,023,800.00	160,625,200.00
Corporate income tax payable		3,879,311.92	2,846,142.79
Other current liabilities		665,670.72	722,242.93
<b>Total current liabilities</b>		<b>185,378,786.43</b>	<b>326,262,827.04</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities	13	17,021,196.46	1,519,609.28
Long-term loans from financial institutions	17	710,332,000.00	838,024,083.80
Deferred tax liabilities	15	11,134,195.40	11,249,508.04
Employee benefit obligations	18	3,205,026.36	5,024,115.18
<b>Total non-current liabilities</b>		<b>741,692,418.22</b>	<b>855,817,316.30</b>
<b>TOTAL LIABILITIES</b>		<b>927,071,204.65</b>	<b>1,182,080,143.34</b>



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, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Notes	Baht	
		2020	2019
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	20		
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	400,000,000.00
Share premium on ordinary shares	20	231,587,782.52	231,587,782.52
Surplus on business combination under common control		13,524,246.75	13,524,246.75
Retained earnings			
Appropriated - Legal reserve	21	21,319,000.00	17,089,000.00
Unappropriated		170,167,317.94	123,164,680.03
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>836,598,347.21</b>	<b>785,365,709.30</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,763,669,551.86</b>	<b>1,967,445,852.64</b>



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, 2020

	Notes	Baht	
		2020	2019
REVENUES	23		
Freight charges		646,596,402.27	712,086,127.81
Other income			
Gain on disposal of assets		3,741,660.29	-
Gain on exchange rate		1,112,459.40	-
Others		1,342,780.23	985,936.63
Total revenues		<u>652,793,302.19</u>	<u>713,072,064.44</u>
EXPENSES			
Cost of freight		478,459,951.69	527,330,239.81
Administrative expenses	7	27,312,821.84	39,170,174.96
Management benefit expenses	7	16,405,518.91	11,618,985.01
Total expenses		<u>522,178,292.44</u>	<u>578,119,399.78</u>
Income before finance costs and income tax expenses		130,615,009.75	134,952,664.66
Finance costs		38,001,215.10	46,857,187.87
Income before income tax expenses		92,613,794.65	88,095,476.79
Income tax expenses	19	8,212,847.94	7,336,462.52
Income for the year		<u>84,400,946.71</u>	<u>80,759,014.27</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	18	(1,168,308.80)	-
Other comprehensive income for the year		<u>(1,168,308.80)</u>	<u>-</u>
Total comprehensive income for the year		<u>83,232,637.91</u>	<u>80,759,014.27</u>
Basic earnings per share (Baht per share)	25	<u>0.11</u>	<u>0.11</u>

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



V.L. ENTERPRISE PUBLIC COMPANY LIMITED  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

	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 reserve	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
Cash received from share capital paid-up	20	100,000,000.00	231,587,782.52	-	-	-	331,587,782.52
Dividend payment	22	-	-	-	-	(40,000,000.00)	(40,000,000.00)
Total comprehensive income for the year		-	-	-	-	80,759,014.27	80,759,014.27
Legal reserve	21	-	-	-	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
Dividend payment	22	-	-	-	-	(32,000,000.00)	(32,000,000.00)
Total comprehensive income for the year		-	-	-	-	83,232,637.91	83,232,637.91
Legal reserve	21	-	-	-	4,230,000.00	(4,230,000.00)	-
Ending balance as at December 31, 2020		400,000,000.00	231,587,782.52	13,524,246.75	21,319,000.00	170,167,317.94	836,598,347.21



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, 2020

	Baht	
	2020	2019
<u>Cash flows from operating activities :</u>		
Income for the year	84,400,946.71	80,759,014.27
Adjustments to reconcile income for the year to net cash provided by (used in) operating activities		
Depreciations and amortization	107,278,390.18	106,288,130.70
Allowance for doubtful accounts	7,360.15	202,525.78
Gain from other current financial assets measured at fair value	(58,285.72)	-
(Gain) loss on disposal of fixed assets	(3,741,660.29)	1,203,930.41
Unrealized (gain) loss on exchange rates	1,515,319.81	1,547,269.24
Employee benefit expenses	233,026.40	1,270,911.21
Interest income	(233,047.39)	(185,597.80)
Interest expenses	38,001,215.10	46,857,187.87
Income tax expenses	8,212,847.94	7,336,462.52
Income from operating before changes in operating assets and liabilities	235,616,112.89	245,279,834.20
(Increased) decreased in operating assets		
Trade and other receivables	7,763,792.76	12,648,671.79
Supplies and spare parts	4,436,460.26	(1,649,296.25)
Other current assets	61,233.85	308,615.25
Other non-current assets	(30,000.00)	(20,700.00)
Increased (decreased) in operating liabilities		
Trade and other payables	(13,780,680.69)	(17,564,638.49)
Other current liabilities	(56,572.21)	28,338.05
Cash generated from operations	234,010,346.86	239,030,824.55
Payment for employee benefit obligation	(3,549,723.00)	-
Payment for income tax	(7,002,914.25)	(5,331,885.71)
Net cash provided by operating activities	223,457,709.61	233,698,938.84

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, 2020

	Baht	
	2020	2019
<u>Cash flows from investing activities :</u>		
Cash paid for invest in other current financial assets	(100,000,000.00)	-
Cash paid for purchase of the fixed assets	(133,953,000.66)	(357,186,840.92)
Cash received a deposit under vessel sale agreement	-	32,136,000.00
Cash received from sales of the fixed assets	129,273,543.40	-
Cash received from interest income	233,047.39	185,597.80
Net cash used in investing activities	(104,446,409.87)	(324,865,243.12)
<u>Cash flows from financing activities :</u>		
Cash received from share capital paid-up	-	350,000,000.00
Payments on directly attributable expenses of the initial public offering	-	(18,412,217.48)
Cash received from short-term loans from financial institution	-	20,000,000.00
Cash payment of short-term loans from financial institution	-	(100,000,000.00)
Cash received from long-term loans from financial institution	78,072,116.20	281,846,883.80
Cash payment of long-term loans from financial institution	(220,365,600.00)	(132,961,000.00)
Cash payment of lease liabilities	(2,343,143.11)	(703,220.21)
Cash paid for dividend	(32,000,000.00)	(40,000,000.00)
Cash paid for interest expenses	(38,193,464.37)	(46,527,919.47)
Net cash provided by (used in) financing activities	(214,830,091.28)	313,242,526.64
Net increased (decreased) in cash and cash equivalents	(95,818,791.54)	222,076,222.36
Cash and cash equivalents at the beginning of the year	269,313,304.77	48,592,635.44
Adjustments to gain (loss) on translation of foreign currency	(1,521,662.03)	(1,355,553.03)
Cash and cash equivalents at the end of the year	171,972,851.20	269,313,304.77
<u>Supplementary disclosure of cash flow statement data :</u>		
Non-cash items as follows :		
Interest expense recorded as cost of the assets	754,604.70	3,209,990.81
Increase (decreased) in purchase of fixed assets payable	(81,908,726.40)	82,042,653.90
Acquisition of right-of-use assets under lease contracts	18,651,874.54	2,485,000.00

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, 2020

**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. CORONAVIRUS DISEASE 2019 PANDEMIC**

The Coronavirus disease 2019 pandemic, resulting in an economic slowdown and adversely impacting most businesses and industries as a whole. The situation affects the results of operations of the Company recognition and measurement of assets and liabilities in the financial statements. Nevertheless, the management will continue to monitor the ongoing development and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities. The management has used estimated and judgment respect of various issue as the situation has evolved.

**3. SIGNIFICANT ACCOUNTING POLICIES**

3.1 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.

### 3.2 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.

### 3.3 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.

### 3.4 Trade accounts receivable and allowance for doubtful accounts

Applicable from January 1, 2020

Trade receivables are recognized initially at the amount of consideration that is unconditional. In case that they contain significant financing components, they will be recognized at its present value of the considerations.

Trade and other receivables are stated at the amount expected to be collectible. The Company apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, that requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognized in profit or loss within administrative expenses.

Applicable prior to January 1, 2020

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.



### 3.5 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.

### 3.6 Financial assets and financial liabilities

Applicable from January 1, 2020

#### Classification and measurement of financial assets

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company classifies its debt instruments in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

The equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without recycling to profit or loss.

At initial recognition, the Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: A financial asset will be measured at amortized cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in profit or loss.

1



- FVOCI: A financial assets will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and related foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized on other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/( losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Classification and measurement of financial liabilities and equity

Financial instruments issued by the Company must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Company has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Company's own equity instruments.
- Where the Company has no contractual obligation or have an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

At initial recognition, the Company measure financial liabilities at fair value. The Company reclassify all financial liabilities as subsequently measured at amortised cost, except for derivatives.

#### Recognition and derecognition

The Company shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company become party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets.

#### Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not measured at fair value through profit or loss (FVPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted by the approximate effective interest rate of the financial assets as at the acquisition date. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### 3.7 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:-

	<u>Years</u>
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.

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.

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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 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.

### 3.8 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 comprehensive 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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### 3.9 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.

### 3.10 Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument in hedge accounting, and if so, the nature of the item being hedged. The Company designate certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or unrecognized firm commitments (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

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At inception of the hedge relationship, the Company document the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. There is the document its risk management objective and strategy for undertaking its hedge transactions. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives that is not applied hedge accounting is classified as an asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains (losses).

When forward contracts are used to hedge forecast transactions, the Company generally designate only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within other comprehensive income in the costs of hedging reserve within equity. In some cases, the Company may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

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When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other gains (losses).

### 3.11 Leases

Applicable from January 1, 2020

At inception of a contract, the Company assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

Right-of-use assets-as a lessee

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right-of-use assets.

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#### Lease liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

#### Applicable prior to January 1, 2020

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease agreement that transfers the risk and reward of ownership of the assets to the Company and the Company intends to exercise the right to purchase the assets upon the due date of the lease is recorded as a lease.

As of the inception date of the lease, the cost of the assets was recorded with the obligation for future rental payments, excluding the amount of interest. Financial expenses are recorded as expenses in the current year in proportion to the balance.

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### 3.12 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.

### 3.13 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 exist or may have decreased.

### 3.14 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.

### 3.15 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.

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### 3.16 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.

#### 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 or other comprehensive income.

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.



### 3.17 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.

## 4. 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 for expected loss rates based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors.

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Vessels and equipment, right-of-use assets and depreciation and amortize of intangible assets

In determining depreciation of vessels and equipment including right-of-use assets and amortizations of intangible assets, the management is required to make estimates of the useful lives and residual values of the vessels 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 vessels and equipment, right-of-use assets and intangible assets 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.

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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Fair valuation of financial assets and derivatives

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in Note 27.7 to the financial statements.

## 5. NEW FINANCIAL REPORTING STANDARDS

### 5.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted 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 5 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

Interpretations of financial reporting standards:

TFRIC 16          Hedges of a Net Investment in a Foreign Operation

TFRIC 19          Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or 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 were cancelled.



### TFRS 16 Leases

TFRS 16 Leases 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 lessors 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.

At as January 1, 2020, the Company has adopted TFRSs related to financial instruments and TFRS 16 in its financial statements without restating the previous year's financial statements, presented for comparative purpose. The Company chooses to comply with these financial statements and the lease agreement previously classified as operating lease by recognizing liabilities of the lease liabilities as at January 1, 2020 with the present value of the payment under the lease agreement discounted with the incremental borrowing interest rate of the Company as of the initial adoption and recognize individual right-of-use assets in the amount that equals the lease liabilities adjusted by the amount payable under the lease agreement paid in advance or accrued which relates to the lease agreement that is recognized in the statement of financial position as at the financial standards adoption date. The effect of change in the accounting policy has been disclosed in Note 6 to the financial statements.

### Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On April 22, 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020.

#### 5.2 Financial reporting standards that become effective in the future

During the year, the Federation of Accounting Professions issued a notification of the Federation of Accounting Professions and published in the Government Gazette for the conceptual framework of financial reporting (new) and several revised financial reporting standards from the year 2019 by becomes effective for the accounting period beginning on or after January 1, 2021 onwards. Which such adjustments are improve/revise principles the financial reporting is as follows:



### **Adjustment is reference to the conceptual framework in the financial reporting standards**

Several financial reporting standards are reference to "IASB's Framework for the Preparation and Presentation of Financial Statements." The adjustment of reference project on the conceptual framework in the financial reporting standards has updated reference or partial reference adjustment and other to describe clearly whether each document is reference to "the conceptual framework" of which year.

### **Conceptual Framework for Financial Reporting**

The conceptual framework for financial reporting consisted of revised definitions of assets and liabilities. Criteria for recognition assets and liabilities in the financial statements. It also includes the following new principles and guidance:

1. Measurement, including factors that must be considered in selecting the valuation criteria.
2. Presentation and disclosure which includes when the income and expenses are classified into other comprehensive income.
3. Reporting entities.
4. When the assets and liabilities derecognition from the financial statements.

In addition, this Conceptual Framework for Financial Reporting clearly clarifies management's stewardship of the entity's economic resources, prudence, and measurement uncertainty of financial information.

### **Definition of Business**

Business definition revised in the financial reporting standard No. 3 "Business Combination" describes more clearly on definition of business. The objective is for the business to establish that such transaction has to be recorded as "business combination" or "purchase of assets" or not. Adjustments are as follows:

1. Describe clearly on the consideration of "business", activity group and acquired assets must include input data factor, key process that at least combined will significantly generate outputs.
2. Eliminate the assessment that the market partner can substitute input factor or missing process and generate further outputs from the standards.
3. Add practice guide and example to support understanding and help the company assess whether the key process is acquired.
4. Narrow down the definition of business and definition of outputs by placing interest in the product and service provided to the customer and eliminate the reference on ability to reduce cost from the standards.
5. Add the intention test as an alternative which allows to make assessment easily whether the activity group and acquired assets are business or not.

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### **Definition of significance**

The definition of significance resulted in revising the accounting standard No.1 “Presentation of Financial Statements” and accounting standards No.8 “Accounting Policy, Change in Accounting Estimates and Error” and the revision that has a consequence on other financial reporting standards.

The adjustment creates better understanding of the definition of significance by

1. For the definition to follow the same direction of the financial reporting standards and conceptual framework to avoid the confusion that may arise from the definition difference.
2. Include the requirements together of the accounting standard No.1 “Presentation of financial statements” in the definition for it to become clearer and describe how the materiality can be clearly applied.
3. Applying existing practice guidance of the definition of the materiality in the same place as the definition.

### **Reform of swap interest rate**

The reform of swap interest rate resulted in the adjustment of the financial reporting standards No. 9 financial instruments and financial reporting standards No.7 financial instrument disclosure. Such adjustment has changed the hedge accounting requirements, especially to reduce the impact arising from the uncertainty as a result of the swap interest rate reform such as interbank offer rates-IBORs. In addition, the adjustment requires the business to provide additional information to investors regarding the relation of hedging directly impacted from any uncertainties.

The management of the Company are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

### **5.3 Thai Financial Reporting Standard No.16 “Leases”**

The Federation of Accounting Professions has revised TFRS 16 lease agreements and published in the Government Gazette on January 27, 2021 with the following revisions.

1. The Rent Concessions related to COVID-19, which is effective from June 1, 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.



2. Added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

The management of the Company and its subsidiaries are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

#### 6. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

As described in Note 5.1 to the financial statements, during the current period, the Company has impacts from adoption of TFRSs related to financial instruments and TFRS 16. The cumulative effect of the changes in accounting policies are recognized as an adjustment to retained earnings as at January 1, 2020 and the comparative information was not restated.

The changes in accounting policies due to the adoption of above financial reporting standards, are summarized below.

	Baht			As at January 1, 2020
	As at December 31, 2019	TFRS 9	TFRS 16	
<b>Statement of financial position</b>				
<b>Non-current assets</b>				
Vessels and equipment	1,455,008,717.14	-	(4,010,777.52)	1,450,997,939.62
Right-of-use assets	-	-	22,662,652.06	22,662,652.06
<b>Current liabilities</b>				
Current portion of lease liabilities	960,266.97	-	1,382,876.14	2,343,143.11
<b>Non-current liabilities</b>				
Lease liabilities	1,519,609.28	-	17,268,998.40	18,788,607.68

Effects to unappropriated retained earnings from adoption of TFRS 9 on January 1, 2020 are immaterial. The Company's management has considered to have no impact on the adjustment to unappropriated retained earnings from adoption of TFRS 9 on January 1, 2020.

##### 6.1 Financial instruments

On January 1, 2020 (the date of initial application), the Company's management has assessed which business models applied to the financial assets and liabilities held by the Company and has classified and measured the financial assets and liabilities at the amortized cost.

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## 6.2 Leases

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The Company incremental borrowing rates applied to the lease liabilities as at January 1, 2020 was ranged between 4.57% to 5.31 % per annum.

For leases previously classified as finance leases applying TAS 17, the Company reclassified the carrying amount of the lease assets and lease liabilities immediately before adoption of TFRS 16 as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

	Baht
Operating lease commitments disclosed as at December 31, 2019	-
<u>Add: Purchase or extension options reasonably certain to be exercised</u>	<u>23,525,280.00</u>
	23,525,280.00
<u>Less: Deferred interest expenses</u>	<u>(4,873,405.46)</u>
Additional lease liabilities from TFRS 16 adoption	18,651,874.54
Finance lease liabilities as at December 31, 2019	<u>2,479,876.25</u>
Lease liabilities recognized as at January 1, 2020	<u><u>21,131,750.79</u></u>
Of which are:	
Current lease liabilities	2,343,143.11
Non-current lease liabilities	<u>18,788,607.68</u>
	<u><u>21,131,750.79</u></u>

The right-of-use assets are classified by types of assets as follows:

	Baht
As at January 1, 2020	
Building for rent	18,651,874.54
Vehicles	<u>4,010,777.52</u>
Total right-of-use assets	<u><u>22,662,652.06</u></u>

## 7. 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 parties:

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

For the years ended December 31, 2020 and 2019, the significant transactions with persons or related parties can be summarized as follows :-

	<u>Pricing policy</u>	<u>Baht</u>	
		<u>2020</u>	<u>2019</u>
<u>Related persons</u>			
Office rental expenses			
Mrs.Chutipra Klinsuwan	Agreed price	1,865,187.48	1,860,000.00
Interest expense under the lease			
Mrs.Chutipra Klinsuwan	Effective rate	805,627.31	-
Consultant fee			
Mr.Taveesilpa Chinnapatthanawong	Agreed price	-	280,000.00

The outstanding balances as at December 31, 2020 and 2019 are as follows :-

	<u>Baht</u>	
	<u>2020</u>	<u>2019</u>
<u>Lease liabilities - related person</u>		
Mrs.Chutipra Klinsuwan	17,597,501.85	-

### 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.

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For the years ended December 31, 2020 and 2019, management benefit expenses are as follows :-

	Baht	
	2020	2019
Management benefit expenses		
Short-term employee benefits	16,274,781.01	11,348,599.00
Post-employment benefits	130,737.90	270,386.01
Total	16,405,518.91	11,618,985.01

#### 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	2020	2019
Cash on hand	299,738.67	312,604.05
Cash at bank - current accounts	3,626,841.71	7,831,111.35
Cash at bank - savings accounts	168,046,270.82	261,169,589.37
Total	171,972,851.20	269,313,304.77

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

#### 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	2020	2019
<u>Trade receivables, classified by age analysis :-</u>		
<u>- Domestic</u>		
Not yet due	48,555,699.65	60,182,834.38
Overdue :		
Not over 3 months	3,563,504.14	244,986.78
Over 3 - 6 months	-	-
Over 6 - 12 months	-	-
Over 12 months	202,525.78	202,525.78
Total	52,321,729.57	60,630,346.94

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	Baht	
	2020	2019
- Foreign		
Not yet due	5,864,746.26	6,500,065.49
Overdue :		
Not over 3 months	-	-
Total	5,864,746.26	6,500,065.49
Total trade receivables	58,186,475.83	67,130,412.43
Less Allowance for doubtful accounts	(209,885.93)	(202,525.78)
Total trade receivables - net	57,976,589.90	66,927,886.65
<u>Other receivables</u>		
- Advance payable	125,785.00	230,000.00
- Prepaid expenses	5,365,474.84	4,141,445.52
- Others	158,527.00	103,358.90
Total	5,649,786.84	4,474,804.42
Total trade and other receivables - net	63,626,376.74	71,402,691.07

For the years ended December 31, 2020 and 2019, the movements of allowance for doubtful accounts were as follow :-

	Baht	
	2020	2019
Allowance for doubtful accounts		
Beginning balance	202,525.78	-
Increase (decrease) during the year	7,360.15	202,525.78
Bad debts written off during the year	-	-
Ending balance	209,885.93	202,525.78

#### 10. VESSEL SUPPLIES AND SPARE PARTS

Vessel supplies and spare parts consisted of :-

	Baht	
	2020	2019
Fuel	8,805,542.95	12,283,897.61
Supplies and spare parts	7,325,840.35	8,283,945.95
Total	16,131,383.30	20,567,843.56

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## 11. OTHER CURRENT FINANCIAL ASSETS

As at December 31, 2020 and 2019, details of other current financial assets consisted of :-

	Baht	
	2020	2019
Investment in debt securities		
KFSMART - open-end fixed income fund	100,000,000.00	-
Add Unrealized gain (loss) on changes in the fair value of financial assets	58,285.72	-
Investment in fixed income - at fair value	100,058,285.72	-

## 12. VESSELS AND EQUIPMENT

12.1 For the year 2020, vessels and equipment consisted of :-

	Baht						
	Vessels and vessels improvement	Vessels dry-docking	Leasehold improvement	Fixture and vessels and office equipment	Vehicle	Assets in progress	Total
<b>Cost</b>							
Balance 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
Adjustments of right-of-use assets due to TFRS16 adoption as at January 1, 2020	-	-	-	-	(4,369,000.00)	-	(4,369,000.00)
As at January 1, 2020	1,677,030,988.80	71,386,912.80	3,579,342.27	39,053,160.83	977,729.00	262,495,493.81	2,054,523,627.51
Acquisition of assets	-	16,863,264.25	-	2,134,601.88	-	32,040,997.61	51,038,863.74
Transfers in (out)	267,259,047.72	663,400.00	-	128,316.01	-	(268,050,763.73)	-
Disposal/write-off	(63,171,750.90)	(22,988,312.36)	-	(2,094,321.76)	-	-	(88,254,385.02)
As at December 31, 2020	1,881,118,285.62	65,925,264.69	3,579,342.27	39,221,756.96	977,729.00	26,485,727.69	2,017,308,106.23
<b>Accumulated depreciation and accumulated amortization</b>							
Balance 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
Adjustments of right-of-use assets due to TFRS16 adoption as at January 1, 2020	-	-	-	-	(358,222.48)	-	(358,222.48)
As at January 1, 2020	533,755,442.30	36,751,844.64	2,456,380.38	29,975,383.17	586,637.40	-	603,525,687.89
Additions	77,118,783.79	23,801,192.93	293,361.55	3,357,540.74	-	-	104,570,879.01
Transfers in (out)	-	-	-	-	-	-	-
Disposal/write-off	(55,231,093.40)	(22,959,533.68)	-	(1,767,555.57)	-	-	(79,958,182.65)
As at December 31, 2020	555,643,132.69	37,593,503.89	2,749,741.93	31,565,368.34	586,637.40	-	628,138,384.25
<b>Net book value</b>							
As at December 31, 2020	1,325,475,152.93	28,331,760.80	829,600.34	7,656,388.62	391,091.60	26,485,727.69	1,389,169,721.98

1

12.2 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	
<b>Cost</b>							
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	<u>1,677,030,988.80</u>	<u>71,386,912.80</u>	<u>3,579,342.27</u>	<u>39,053,160.83</u>	<u>5,346,729.00</u>	<u>262,495,493.81</u>	<u>2,058,892,627.51</u>
<b>Accumulated depreciation and accumulated amortization</b>							
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	<u>533,755,442.30</u>	<u>36,751,844.64</u>	<u>2,456,380.38</u>	<u>29,975,383.17</u>	<u>944,859.88</u>	<u>-</u>	<u>603,883,910.37</u>
<b>Net book value</b>							
As at December 31, 2019	<u>1,143,275,546.50</u>	<u>34,635,068.16</u>	<u>1,122,961.89</u>	<u>9,077,777.66</u>	<u>4,401,869.12</u>	<u>262,495,493.81</u>	<u>1,455,008,717.14</u>

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

	Baht	
	2020	2019
Depreciation and amortization	104,570,879.01	105,712,378.16
Gain (loss) on disposal of fixed assets	3,741,660.29	(1,203,930.41)

On February 5, 2020, the Company delivered the vessel V.L.16 classified as assets held for sale under "current assets" in the statement of financial position and had a deposit received in the amount of Baht 32.14 million and it was paid the remaining payment in the full amount.

Some vessels with net book value as at December 31, 2020 and 2019 of Baht 1,339.10 million and Baht 1,300.16 million, respectively, were pledged to guarantee against loan from financial institution (see Note 16 and 17).

For the years ended December 31, 2020 and 2019, the Company recorded interest as part of the cost vessels of Baht 0.75 million and Baht 3.21 million. Borrowing costs are the actual amount of the loan for specific purposes for the each vessel by interest at the rate of 4.00% per annum and 4.00% - 4.25% per annum, respectively.

6



As at December 31, 2020 and 2019, the Company has fully depreciated assets which are still in use as follows :-

	Baht	
	2020	2019
<u>At cost</u>		
Vessels and vessels improvement	410,411,373.50	409,917,049.69
Leasehold improvement	2,112,530.21	2,112,530.21
Fixture and vessels and office equipment	23,323,068.71	21,864,188.13
Vehicle	977,729.00	977,729.00
Total	<u>436,824,701.42</u>	<u>434,871,497.03</u>

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### 13.1 Right-of-use assets

The carrying amounts of right-of-use assets building and equipment and the movement for the year ended December 31, 2020 are presented below.

	Baht
<u>At cost</u>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	23,020,874.54
As at January 1, 2020	23,020,874.54
Increase during the year	-
As at December 31, 2020	<u>23,020,874.54</u>
<u>Accumulated depreciation</u>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	358,222.48
As at January 1, 2020	358,222.48
Depreciation for the year	2,335,187.48
As at December 31, 2020	<u>2,693,409.96</u>
<u>Net book value</u>	
As at December 31, 2019	-
As at January 1, 2020	<u>22,662,652.06</u>
As at December 31, 2020	<u>20,327,464.58</u>

6

13.2 Lease liabilities

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2020 are presented below:

	Baht
As at December 31, 2019	2,479,876.25
Effects of the adoption of TFRS16 as at January 1, 2020	18,651,874.54
As at January 1, 2020	21,131,750.79
Increase during the year	-
Increase of interest	913,132.34
Payments during the year	(2,927,772.00)
As at December 31, 2020	19,117,111.13
Less: current portion	(2,095,914.67)
Lease liabilities - net of current portion	17,021,196.46

The following are the amounts recognized in profit or loss for the year ended December 31, 2020 are presented below:

	Baht
Depreciation of right-of-use assets	2,335,187.48
Interest expense on lease liabilities	913,132.34
Total	3,248,319.82

14. INTANGIBLE ASSETS

Intangible assets consisted of :-

	Baht			
	Book value as at Jan 1, 2020	Additions	Deductions	Book value as at Dec 31, 2020
<u>Cost</u>				
Computer program	3,295,384.66	-	(251,558.00)	3,043,826.66
Assets in progress	-	1,005,410.52	-	1,005,410.52
Total	3,295,384.66	1,005,410.52	(251,558.00)	4,049,237.18
<u>Less</u> Accumulated amortizations				
Computer program	(1,582,781.40)	(372,323.69)	125,645.20	(1,829,459.89)
Intangible assets-net	1,712,603.26			2,219,777.29

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	Baht			
	Book value as at Jan 1, 2019	Additions	Deductions	Book value as at Dec 31, 2019
<u>Cost</u>				
Computer program	3,187,154.66	108,230.00	-	3,295,384.66
Total	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	2,180,125.80			1,712,603.26

	Baht	
	2020	2019
Amortization is included in the statement of comprehensive income	372,323.69	575,752.54

#### 15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2020 and 2019 are summarized as follows :-

	Baht			Balance per book as at December 31, 2020
	Balance per book as at December 31, 2019	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Account receivables	40,505.16	1,472.03	-	41,977.19
Employee benefit obligations	302,388.89	(330,009.23)	292,077.20	264,456.86
Leases	-	63,657.36	-	63,657.36
Total	342,894.05	(264,879.84)	292,077.20	370,091.41
Deferred tax liability:				
Depreciation of fixed assets	(11,592,402.09)	88,115.28	-	(11,504,286.81)
Total	(11,592,402.09)	88,115.28	-	(11,504,286.81)
Deferred tax assets (liabilities) - net	(11,249,508.04)	(176,764.56)	292,077.20	(11,134,195.40)

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	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)

#### 16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

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

	Baht	
	2020	2019
Short-term loans at the beginning of the period	-	80,000,000.00
Received loans during the period	-	20,000,000.00
Repayment of loans during the period	-	(100,000,000.00)
Short-term loans - net	-	-

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, 2020 and 2019, the Company has bank overdrafts and short-term loans from financial institution totaling credit lines of Baht 30 million, were guaranteed by some vessels.

#### 17. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long-term loans from financial institution consisted of :-

	Baht	
	2020	2019
Long-term loans at the beginning of the year	998,649,283.80	849,763,400.00
Received loans during the year	78,072,116.20	281,846,883.80
Repayment of loans during the year	(220,365,600.00)	(132,961,000.00)
Long-term loans at the end of the year	856,355,800.00	998,649,283.80
Less Current portion of long-term loans	(146,023,800.00)	(160,625,200.00)
Long-term loans - net	710,332,000.00	838,024,083.80

6

Vessels	Loan (Million Baht)	Interest rate (%)	Payment condition	Balance as at December 31, 2020
1.) 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
2.) V.L.16 For Vessel purchase	141.82	Prime rate - 0.75% per annum	Repayable 108 monthly as follows : The 1 <sup>st</sup> - 107 <sup>th</sup> Baht 1,313,200 108 <sup>th</sup> Baht 1,307,600 (Requiring payment of the first installment in August 2016)	Already paid in February 2020
3.) V.L.17 For Vessel purchase	166.00	Prime rate - 0.75% per annum	Repayable 108 monthly as follows : The 1 <sup>st</sup> - 107 <sup>th</sup> Baht 1,550,000 108 <sup>th</sup> Baht 150,000 (Requiring payment of the first installment in June 2017)	Baht 99,350,000.00
4.) C.T.P.5 For Vessel purchase	133.66	Prime rate - 0.75% per annum	Repayable 120 monthly as follows : The 1 <sup>st</sup> - 119 <sup>th</sup> Baht 1,113,900 120 <sup>th</sup> Baht 1,105,900 (Requiring payment of the first installment in January 2017)	Baht 80,192,800.00
5.) V.L.18 For Vessel purchase	166.00	Prime rate - 0.75% per annum	Repayable 108 monthly as follows : The 1 <sup>st</sup> - 107 <sup>th</sup> Baht 1,550,000 108 <sup>th</sup> Baht remaining payment (Requiring payment of the first installment in May 2018)	Baht 116,400,000.00
6.) V.L.19 For Vessel purchase	225.00	Prime rate - 1.25 per annum	Repayable 93 monthly as follows : The 1 <sup>st</sup> - 92 <sup>th</sup> Baht 2,420,000 93 <sup>th</sup> Baht remaining payment (Requiring payment of the first installment in September 2017)	Baht 128,200,000.00
Vessel improvement	9.00	Prime rate - 1.25 per annum	Repayable 33 monthly as follows : The 1 <sup>st</sup> - 32 <sup>th</sup> Baht 273,000 33 <sup>th</sup> Baht remaining payment (Requiring payment of the first installment in January 2018)	Already paid in September 2020

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Vessels	Loan (Million Baht)	Interest rate (%)	Payment condition	Balance as at December 31, 2020
7.) V.L.20				
For Vessel purchase	148.50	Prime rate - 2.00 per annum	Repayable 93 monthly as follows : The 1 <sup>st</sup> - 92 <sup>th</sup> Baht 1,597,000 93 <sup>th</sup> Baht remaining payment (Requiring payment of the first installment in November 2018)	Baht 106,978,000.00
Maintenance and Vessel improvement	9.00	Prime rate - 2.00 per annum	Repayable 33 monthly as follows : The 1 <sup>st</sup> - 32 <sup>th</sup> Baht 273,000 33 <sup>th</sup> Baht remaining payment (Requiring payment of the first installment in February 2019)	Baht 2,721,000.00
8.) V.L.21				
For Vessel purchase	126.28	Prime rate - 2.10 per annum	Repayable 93 monthly as follows : The 1 <sup>st</sup> - 92 <sup>th</sup> Baht 1,358,000 93 <sup>th</sup> Baht remaining payment (Requiring payment of the first installment in July 2019)	Baht 101,835,000.00
Maintenance and Vessel improvement	9.00	Prime rate - 2.10 per annum	Repayable 33 monthly as follows : The 1 <sup>st</sup> - 32 <sup>th</sup> Baht 273,000 33 <sup>th</sup> Baht remaining payment (Requiring payment of the first installment in August 2019)	Baht 4,359,000.00
9.) 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 216,320,000.00
				<u>Baht 856,355,800.00</u>

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

In March 2020, the Company had approved from financial institution for principal debt suspension of a long-term loan for 6 months. The Company must comply with conditions in the former agreement when the principal suspension is due.

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.

*[Handwritten signature]*



**18. EMPLOYEE BENEFIT OBLIGATION**

Employee benefit obligations are as follows :-

**The statements of financial position**

	Baht	
	2020	2019
Defined benefit obligations as at January 1	5,024,115.18	3,646,015.00
Past service costs	-	898,095.03
Current service cost and interest	270,248.18	480,005.15
Less Employee benefit paid by project	(3,549,723.00)	-
Actuarial (gain) loss from defined benefit plans	1,460,386.00	-
Defined benefit obligations as at December 31	<u>3,205,026.36</u>	<u>5,024,115.18</u>

**Expenses recognized in the statements of comprehensive income**

For the years ended December 31, 2020 and 2019

	Baht	
	2020	2019
Current service costs		
Cost of freight	18,116.84	117,094.33
Administrative expenses	84,171.66	883,430.87
Management benefit expenses	130,737.90	270,386.01
	<u>233,026.40</u>	<u>1,270,911.21</u>
Interest on obligation	37,221.78	107,188.97
Total	<u>270,248.18</u>	<u>1,378,100.18</u>

**Principal actuarial assumptions at the reporting date**

	%	
	2020	2019
Discount rate	1.09	2.18
Salary increase rate	4.88	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

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**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, 2020 and 2019 are summarized below:

	Baht	
	2020	2019
<u>Present value of employee benefit obligations</u>		
<u>Discount rate</u>		
Increased rate 0.50	3,123,731.00	4,984,453.00
Decreased rate 0.50	3,291,006.00	5,065,795.00
<u>Salary increase rate</u>		
Increased rate 0.50	3,287,024.00	5,071,443.00
Decreased rate 0.50	3,126,583.00	4,978,680.00
<u>Turnover rate</u>		
Increased rate 0.50	3,101,782.00	4,961,332.00
Decreased rate 0.50	3,314,591.00	5,090,554.00

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.

**19. INCOME TAX EXPENSES (REVENUES)**

19.1 Major components of income tax expenses (revenues)

For the years ended December 31, 2020 and 2019 consisted of :-

	Baht	
	2020	2019
Income tax expense (revenues) shown in profit or loss :		
Current tax expense:		
Corporate income tax expense for the year	8,036,083.38	6,267,877.37
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	176,764.56	1,068,585.15
Total	8,212,847.94	7,336,462.52

1

	Baht	
	2020	2019
Income tax expense (revenue) shown in other comprehensive income :		
Deferred tax expense :		
Profit (loss) from actuarial estimates	(292,072.20)	-
Total	(292,072.20)	-

19.2 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, 2020 and 2019 are summarized as follows :-

	Baht	
	2020	2019
Accounting profit for the year	92,613,794.65	88,095,476.79
The applicable tax rate (%)	20%	20%
Tax expense at the applicable tax rate	18,522,758.93	17,619,095.36
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	361,616.14	554,416.32
Tax effect of income or profit that are not required in determining taxable profit :		
- The exemption of profit of the promoted business (BOI)	(10,657,206.92)	(8,651,452.11)
- Expenses deducted as expenses added in tax	(14,320.21)	(2,185,597.05)
Total reconciliation items	(10,309,910.99)	(10,282,632.84)
Total income tax expense	8,212,847.94	7,336,462.52

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

For the years ended December 31, 2020 and 2019 are summarized as follows :-

	2020		2019	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	92,613,794.65		88,095,476.79	
Tax expense at the applicable tax rate	18,522,758.93	20.00	17,619,095.36	20.00
Reconciliation items	(10,309,910.99)	(11.13)	(10,282,632.84)	(11.67)
Tax expense at the average effective tax rate	8,212,847.94	8.87	7,336,462.52	8.33

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## 20. SHARE CAPITAL

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.

## 21. 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.

## 22. DIVIDEND

### For the year 2020

At the Board of Directors' Meeting No.3/2020, held on March 30, 2020, the board approved to pay the interim dividend from the net profit 2019 instead of the annual dividend payment and proposed to the Annual General Shareholders' Meeting 2020 which was paid from the retained earnings-unappropriated under promotional privileges by the Board of Investment (BOI) in the amount of Baht 16 million at the rate of 0.02 per share.

At the Board of Directors' Meeting No.5/2020, held on August 13, 2020, the board approved to pay the interim dividend from the operating results for the six-month period ended June 30, 2020 which was paid from the retained earnings-unappropriated under promotional privileges by the Board of Investment (BOI) in the amount of Baht 16 million at the rate of 0.02 per share.

Totaling pay dividends in the year 2020 amounting to Baht 32.00 million.

### 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.

6

### 23. 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.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	Vessel V.L.22
Promotion certificate number	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	62-0576-1-00-1-0
Dated	Oct 19, 2011	Nov 25, 2013	Jun 8, 2015	Feb 26, 2016	Feb 26, 2016	Jul 4, 2017	Jul 3, 2017	Aug 14, 2018	Mar 5, 2019	Apr 23, 2019
Key privileges and benefits under the promotion certificate										
1. Exemption of import duty on machinery (vessel) subject to import within date	Apr 19, 2014	May 25, 2016	Dec 8, 2017	Aug 26, 2018	Aug 26, 2018	Feb 24, 2016	Jan 3, 2020	Feb 14, 2021	Sep 5, 2021	Dec 7, 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	Nov 21, 2012	Dec 1, 2014	Sep 9, 2015	Aug 17, 2016	Dec 1, 2016	May 29, 2017*	Aug 10, 2017	Sep 30, 2018	Apr 4, 2019	Apr 25, 2020
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, 2020 and 2019 consisted of :-

	Freight charges (Baht)					
	2020			2019		
	BOI	Non BOI	Total	BOI	Non BOI	Total
Freight charges						
- Domestic	325,893,518.55	83,081,305.37	408,974,823.92	433,058,549.37	97,401,640.64	530,460,190.01
- Export	165,387,237.96	72,234,340.39	237,621,578.35	93,022,990.46	88,602,947.34	181,625,937.80
Other income	6,462,002.68	(265,102.76)	6,196,899.92	627,732.35	358,204.28	985,936.63
Total	497,742,759.19	155,050,543.00	652,793,302.19	526,709,272.18	186,362,792.26	713,072,064.44

### 24. EXPENSE BY NATURE

Significant expenses by nature are as follows :-

	Baht	
	2020	2019
Fuel oil expenses	148,719,996.86	197,082,007.48
Repair and maintenance expenses	16,049,989.17	18,071,209.71
Employee benefit expenses	133,992,442.60	140,456,851.34
Depreciation and amortization	107,278,390.18	106,288,130.70
Port due expenses	58,866,665.37	51,901,659.63
Other	57,270,808.26	64,319,540.92
	522,178,292.44	578,119,399.78



**25. EARNINGS PER SHARE**

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

	2020	2019
Net profit for the year (Baht)	84,400,946.71	80,759,014.27
Weighted average number of ordinary shares (Share)	800,000,000	729,315,068
Basic earnings per share (Baht per share)	0.11	0.11

**26. 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, 2020 and 2019 amounted to Baht 1,623,990.00 and Baht 1,529,219.00, respectively.

**27. FINANCIAL INSTRUMENTS**

**27.1 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.

**27.2 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.

**27.3 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.

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As at December 2020 and 2019, the carrying amount of significant financial assets and financial liabilities classified by types of interest rates were as follows:

	Baht			Total
	2020			
	Floating interest rate	Fixed interest rate	Interest - free	
<b>Financial assets</b>				
Cash and cash equivalents	168,046,270.82	-	3,926,580.38	171,972,851.20
Trade and other receivables	-	-	63,626,376.74	63,626,376.74
other current financial assets	100,058,285.72	-	-	100,058,285.72
<b>Financial liabilities</b>				
Trade and other payables	-	-	32,580,161.62	32,580,161.62
Purchase of fixed assets payable	-	-	133,927.50	133,927.50
Lease liabilities	-	19,117,111.13	-	19,117,111.13
Long-term loans from financial institution	856,355,800.00	-	-	856,355,800.00
<b>Baht</b>				
2019				
	Floating interest rate	Fixed interest rate	Interest - free	Total
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
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
Lease liabilities	-	2,479,876.25	-	2,479,876.25
Long-term loans from financial institution	998,649,283.80	-	-	998,649,283.80

#### 27.4 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, 2020, the company had foreign currency as follows:

Transaction	Currency	Foreign amount (Unit)	Fair value (Baht)
Cash and cash equivalents	USD	1,531,124.64	45,730,712.07
Trade and other receivables	USD	62,486.85	5,864,746.24
	MYR	2,340.30	17,638.37
Trade and other payables	USD	194,454.87	5,873,859.37

### 27.5 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.

### 27.6 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 December 31, 2020, 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	6.28	193.72	193.65

### 27.7 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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As at December 31, 2020, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Baht			Total
	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>				
<b>Other current financial assets</b>				
- Unit trusts	-	100,058,28.72	-	100,058,28.72
<b>Financial liabilities measured at fair value</b>				
<b>Forward foreign exchange contracts</b>				
	-	76,448.25	-	76,448.25

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

Valuation techniques and inputs of fair value to level 2

The fair value of investments in unit trusts that not listed on the Stock Exchange of Thailand has been determined by using the net assets value per unit as announced by fund manager.

The fair value of forward foreign exchange contracts is determined by the market rate of each contract, which is calculated by financial institutions dealing with the Company at the date of the statement of financial position.

The fair values of derivative financial instruments, which are cross currency swap contracts, are the market prices adjusted by credit risk of the Company which is calculated by the financial institution of the Company as at the statement of financial position date. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates.

**28. 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 chief executive officer 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:

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	Baht	
	2020	2019
Domestic Freight Charges	408,974,823.92	530,460,190.01
Export Freight Charges	237,621,578.35	181,625,937.80
Total net income from freight charges	646,596,402.27	712,086,127.81

Information about major customers

As at December 31, 2020 and 2019, the Company had revenue from three and two major customers, respectively, from transportation service revenue exceeding 10%, totaling Baht 461.98 million and Baht 457.36 million, respectively.

**29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Changes in the liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows :-

	Baht			
	Balance as at December 31, 2019	Cash flows Increase (decrease)*	Non-cash Translation Increase	Balance as at December 31, 2020
Long-term loans from financial institutions	998,649,283.80	(142,293,483.80)	-	856,355,800.00
Lease liabilities	2,479,876.25	(2,014,639.66)	18,651,874.54	19,117,111.13
Total	1,001,129,160.05	(144,308,123.46)	18,651,874.54	875,472,911.13

	Baht			
	Balance as at December 31, 2018	Cash flows Increase (decrease)*	Non-cash Translation Increase	Balance as at December 31, 2019
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
Lease liabilities	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

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

6

### **30. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2020, the Company had commitment and contingent liabilities as follows :-

- 30.1 The Company had contingent liability in respect of the letters of guarantee issued by the bank to Port Authority of Thailand and guarantee for normal course of business operations in the amount of Baht 17.42 million and shipbuilding of USD 7.07 million.
- 30.2 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 - 5 years at the specified rates in the contracts.
- 30.3 The Company had commitments to Shipbuilding contract from a foreign company with the contract value in the amount of USD 7.85 million. The amount was paid under the agreement during the period for USD 0.78 million (Baht 24.25 million), which was presented under "vessel and equipment" in the statement of financial position. As at December 31, 2020, the Company still had unsettled commitment under the agreement in the amount of USD 7.07 million.

### **31. 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, 2020 and 2019, the debt-to-equity ratios were 1.11:1 and 1.51:1, respectively.

### **32. EVENTS AFTER THE REPORTING PERIOD**

At the Board of Directors' Meeting No.1/2021, held on February 24, 2021, the Board approved to submit for approval at the 2021 Annual General Meeting of the Shareholders of the Company as follows :-

- 32.1 To consider and approve the appropriation of 2020 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 0.02 per share. The balance of dividend is at the rate of Baht 0.05 per share, totalling Baht 40 million.
- 32.2 To consider and approve the issuance of warrants to purchase the ordinary shares of the Company No.1 and to offer not more than of 400 million warrants with registered holders to the existing shareholders free of charge, at the ratio of 1 warrant for every 2 existing shares. These warrants can be exercised for a period of 2 years from the issue date with an exercise ratio of 1 warrant per 1 ordinary share and an exercise price of Baht 0.50 per share.
- 32.3 To consider and approve the share capital increase of the Company's registered share capital of Baht 200 million from the registered capital of Baht 400 million to Baht 600 million. It had resulted in an increase in the number of shares 400 million at the par value of Baht 0.50 Baht per share to be reserved for the exercise of warrants.

### **33. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Company's directors on February 24, 2021.

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