



V.L. ENTERPRISE PUBLIC COMPANY LIMITED

**REVIEWED REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020**

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

I have reviewed the accompanying statement of financial position of V.L. Enterprise Public Company Limited as at March 31, 2020 and the related statement of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended the condensed notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting standards No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

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

CONCLUSION

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

OTHER MATTER

Due to the impact of COVID-19 outbreak situation, the Company has postponed the annual general meeting of the Company's shareholders which results in no resolution for the appointment of the auditor of the Company for the year ended 2020. However, the Board of Director of the Company has a resolution to propose to the annual general meeting of the Company's shareholders to appoint me as the auditor of the Company for the year ended 2020. I therefore have conducted my review on the interim financial information for first quarter of 2020 which is in compliance with the notification of the Capital Market Supervisory Board (CMSB) No. TorChor. 28/2563 dated March 27, 2020.



(Ms. Thanyaphorn Tangthanopajai)

Certified Public Accountant

Registration No. 9169

Dharmniti Auditing Company Limited

Bangkok, Thailand

May 13, 2020

V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

		Baht	
		As at March	As at December
	Notes	31, 2020	31, 2019
CURRENT ASSETS			
Cash and cash equivalents	8	294,562,189.40	269,313,304.77
Trade and other receivables	9	64,070,381.20	71,402,691.07
Vessel supplies and spare parts	10	16,822,741.86	20,567,843.56
Assets held for sale	11	-	149,245,767.94
Other current assets		304,114.92	137,824.90
Total current assets		375,759,427.38	510,667,432.24
NON-CURRENT ASSETS			
Vessels and equipment	11	1,449,747,578.12	1,455,008,717.14
Right-of-use assets	12	22,079,497.25	-
Intangible assets	13	1,464,577.59	1,712,603.26
Other non-current assets		67,800.00	57,100.00
Total non-current assets		1,473,359,452.96	1,456,778,420.40
TOTAL ASSETS		1,849,118,880.34	1,967,445,852.64

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

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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT MARCH 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		As at March 31, 2020	As at December 31, 2019
CURRENT LIABILITIES			
Trade and other payables		37,455,553.68	46,930,320.45
Purchase of fixed assets payable		179,107.30	82,042,653.90
Deposit received from sales of fixed assets	11	-	32,136,000.00
Current portion of lease liabilities	12	2,032,602.81	960,266.97
Current portion of long-term loans from financial institutions	16	135,727,800.00	160,625,200.00
Corporate income tax payable		4,892,089.19	2,846,142.79
Other current liabilities		621,475.70	722,242.93
Total current liabilities		180,908,628.68	326,262,827.04
NON-CURRENT LIABILITIES			
Lease Liabilities	12	18,140,141.51	1,519,609.28
Long-term loans from financial institution	16	819,711,100.00	838,024,083.80
Deferred tax liabilities	14	10,410,343.17	11,249,508.04
Employee benefit obligations	17	5,116,171.28	5,024,115.18
Total non-current liabilities		853,377,755.96	855,817,316.30
TOTAL LIABILITIES		1,034,286,384.64	1,182,080,143.34

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

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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT MARCH 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Notes	Baht	
		As at March 31, 2020	As at December 31, 2019
SHAREHOLDERS' EQUITY			
Share capital			
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	19	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		17,089,000.00	17,089,000.00
Unappropriated		152,631,466.43	123,164,680.03
TOTAL SHAREHOLDERS' EQUITY		814,832,495.70	785,365,709.30
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,849,118,880.34	1,967,445,852.64

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

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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

	Notes	Baht	
		2020	2019
REVENUES	20		
Freight charges		173,834,258.71	185,731,550.18
Other income			
Gain on disposal of assets		3,887,256.90	-
Others		4,513,815.60	577,874.08
Total revenues		182,235,331.21	186,309,424.26
EXPENSES			
Cost of freight		128,647,895.53	135,284,242.77
Administrative expenses	7	9,123,479.65	9,562,458.86
Management benefit expenses	7	2,733,178.53	3,043,017.67
Finance costs		10,823,737.08	12,189,375.53
Total expenses		151,328,290.79	160,079,094.83
Income before income tax expenses		30,907,040.42	26,230,329.43
Income tax expenses	18	1,440,254.02	2,806,119.73
Income for the period		29,466,786.40	23,424,209.70
Other comprehensive income for the period		-	-
Total comprehensive income for the period		29,466,786.40	23,424,209.70
Basic earnings per share (Baht per share)	21	0.04	0.04

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

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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Notes	Baht					Total
	Share capital issued and paid-up	Surplus on on ordinary shares	Surplus on business combination under common control	Retained earnings		
				Appropriated - Legal reserves	Unappropriated	
Beginning balance as at January 1, 2020	400,000,000.00	231,587,782.52	13,524,246.75	17,089,000.00	123,164,680.03	785,365,709.30
Total comprehensive income for the period	-	-	-	-	29,466,786.40	29,466,786.40
Ending balance as at March 31, 2020	400,000,000.00	231,587,782.52	13,524,246.75	17,089,000.00	152,631,466.43	814,832,495.70
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
Total comprehensive income for the period	-	-	-	-	23,424,209.70	23,424,209.70
Ending balance as at March 31, 2019	300,000,000.00	-	13,524,246.75	13,051,000.00	109,867,875.46	436,443,122.21

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

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V.L. ENTERPRISE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

	Notes	Baht	
		2020	2019
<u>Cash flows from operating activities :</u>			
Income for the period		29,466,786.40	23,424,209.70
Adjustments to reconcile income for the period to net cash provided by (used in) operating activities :			
Depreciation and amortization		26,575,547.22	24,493,774.50
(Gain) loss on disposal of fixed assets		(3,887,256.90)	33,969.37
Unrealized (gain) loss on exchange rates		(2,244,770.07)	(167,861.67)
Employee benefit expenses		79,377.07	81,759.21
Interest income		(1,479.80)	(1,468.15)
Interest expenses		10,823,737.08	12,189,375.53
Income tax expenses		1,440,254.02	2,806,119.73
Income from operating before changes in operating assets and liabilities		62,252,195.02	62,859,878.22
(Increase) decrease in operating assets			
Trade and other receivables		7,342,120.87	(2,686,085.83)
Supplies and spare parts		3,745,101.70	(1,789,870.41)
Other current assets		(17,919.40)	313,737.25
Other non-current assets		(10,700.00)	(20,700.00)
Increase (decrease) in operating liabilities			
Trade and other payables		(9,319,821.45)	(15,430,618.58)
Other current liabilities		(249,137.85)	(36,100.81)
Cash generated from operations		63,741,838.89	43,210,239.84
Payment for income tax		(233,472.49)	(272,926.50)
Net cash provided by operating activities		63,508,366.40	42,937,313.34

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

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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONT.)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

	Notes	Baht	
		2020	2019
<u>Cash flows from investing activities :</u>			
Cash paid for purchase of the fixed assets		(114,630,219.40)	(220,198,697.97)
Cash received a deposit under vessel sale agreement		-	8,314,410.00
Cash received from sales of fixed assets		129,269,692.40	-
Cash received from interest income		1,479.80	1,468.15
Net cash provided by (used in) investing activities		14,640,952.80	(211,882,819.82)
<u>Cash flows from financing activities :</u>			
Cash received from short-term loans			
from financial institution		-	20,000,000.00
Cash received from long-term loans from financial institution		78,072,116.20	174,933,300.00
Cash payment of long-term loans from financial institution		(121,282,500.00)	(32,637,100.00)
Cash payment of lease liabilities		(959,006.47)	(80,745.85)
Cash paid for interest expenses		(11,112,695.16)	(11,705,354.64)
Net cash provided by (used in) financing activities		(55,282,085.43)	150,510,099.51
Net increase (decrease) in cash and cash equivalents		22,867,233.77	(18,435,406.97)
Cash and cash equivalents at the beginning of period		269,313,304.77	48,592,635.44
Adjustments to gain (loss) on translation of foreign currency		2,381,650.86	191,322.34
Cash and cash equivalents at the end of period		294,562,189.40	30,348,550.81
<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	192,617.71
Increase (Decrease) in purchase of fixed assets payable		(81,863,546.60)	8,234,737.03
Acquisition of right-of-use assets under lease contracts		18,651,874.54	-

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

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V.L. ENTERPRISE PUBLIC COMPANY LIMITED
NOTES TO INTERIM THE FINANCIAL STATEMENTS
MARCH 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. PANDEMIC OF CORONAVIRUS DISEASE 2019 SITUATION (COVID-19)

Since the pandemic of coronavirus disease 2019 (COVID-19) has spread rapidly throughout the world and also outbreak to Thailand. It has resulted in an economic slowdown and overall industries. Such situation affects the operating results of the Company. However, the Company's management is monitoring the situation and assessing the financial impact in respect of the recognition and valuation of assets, and contingent liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting” and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasize on the information previously reported. The interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended December 31, 2019.

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

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

3.2 Financial reporting standards that became effective in the current period

During the period, the Company have 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 will be cancelled.

IFRS 16 Leases

IFRS 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 IFRS 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 and its subsidiaries have adopted IFRSs related to financial instruments and IFRS 16 in its financial statements without restating the previous year's financial statements, presented for comparative purpose. The Company and its subsidiary choose 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 and its subsidiary 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 interim 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.

The Company chose to use the temporary relief measure as an accounting alternative by not including information from the COVID - 19 situation which is uncertain to the cash flow receipt resulting in changes in the loan agreement.

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4. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2019.

4.1 Financial assets and financial liabilities

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification and measurement of financial assets

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortized cost. Classification is driven by the Company and its subsidiaries' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss or through other comprehensive income.

Financial liabilities are classified and measured at amortized cost.

Derivatives are classified and measured at fair value through profit or loss.

(2) Impairment of financial assets

the Company recognised an allowance for expected credit losses on its financial assets measured at amortized cost, without requiring a credit-impaired event to have occurred prior to the recognition. The company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses. The recognition of credit loss above has no effect on retained earnings as at January 1, 2020.

4.2 Leases

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.

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.

Lease liabilities

At the commencement date of the lease, lease liabilities are measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and leases of low-value assets

Leased 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.

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5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Determining the lease term of contracts with renewal and termination options

The Company determine 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 reassess 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.

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

As described in Note 3.2 to the interim financial statements, during the current period, the Company have 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 December 31, 2019	TFRS 9	TFRS 16	As at January 1, 2020
Statement of financial position				
Non-current assets				
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
Current liabilities				
Current portion of lease liabilities	960,266.97	-	1,382,876.14	2,343,143.11
Non-current liabilities				
Lease liabilities	1,519,609.28	-	17,268,998.40	18,788,607.68

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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 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 and its subsidiaries 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 recognised 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	18,788,607.68
	<u><u>21,131,750.79</u></u>

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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	4,010,777.52
Total right-of-use assets	<u>22,662,652.06</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 companies:

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

For the three-month periods ended March 31, 2020 and 2019, the significant transactions with persons or related parties can be summarized as follows :-

	Pricing policy	Baht	
		2020	2019
<u>Related persons</u>			
Office rental			
Mrs.Chutipa Klinsuwan	Agreed price	-	465,000.00
Interest expense under the lease			
Mrs.Chutipa Klinsuwan	Effective rate	206,349.22	-
Consultant fee			
Mr.Taveesilpa Chinnapatthanawong	Agreed price	-	210,000.00

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

	Baht	
	As at March 31, 2020	As at December 31, 2019
<u>Lease liabilities - related person</u>		
Mrs.Chutipa Klinsuwan	17,928,223.76	-

Management benefit expenses

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

For the three-month periods ended March 31, 2020 and 2019, management benefit expenses are as follows:-

	Baht	
	2020	2019
Management benefit expenses		
Short-term employee benefits	2,689,195.00	2,985,081.00
Post-employment benefits	43,983.53	57,936.67
Total	2,733,178.53	3,043,017.67

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	As at March 31, 2020	As at December 31, 2019
Cash on hand	243,207.49	312,604.05
Cash at bank - current accounts	13,512,247.74	7,831,111.35
Cash at bank - savings accounts	280,806,734.17	261,169,589.37
Total	294,562,189.40	269,313,304.77

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

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9. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	As at March 31, 2020	As at December 31, 2019
<u>Trade receivables, classified by age analysis :-</u>		
<u>- Domestic</u>		
Not yet due	55,939,207.17	60,182,834.38
Overdue :		
Not over 3 months	-	244,986.78
Over 3 - 6 months	-	-
Over 6 - 12 months	-	-
Over 12 months	202,525.78	202,525.78
Total	56,141,732.95	60,630,346.94
<u>- Foreign</u>		
Not yet due	2,238,456.69	6,500,065.49
Overdue :		
Not over 3 months	-	-
Total	2,238,456.69	6,500,065.49
Total trade receivables	58,380,189.64	67,130,412.43
<u>Less</u> Allowance for doubtful accounts	(202,525.78)	(202,525.78)
Total trade receivables - net	58,177,663.86	66,927,886.65
<u>Other receivables</u>		
- Advance payable	47,550.00	230,000.00
- Prepaid expenses	5,740,837.94	4,141,445.52
- Others	104,329.40	103,358.90
Total	5,892,717.34	4,474,804.42
Total trade and other receivables - net	64,070,381.20	71,402,691.07

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For the three-month period ended March 31, 2020 and for the year ended December 31, 2019 the movements of allowance for doubtful accounts were as follow

	Baht	
	As at March 31, 2020 (For the three-month)	As at December 31, 2019 (For the year)
Allowance for doubtful accounts		
Beginning balance	202,525.78	-
Increase (decrease) during the period	-	202,525.78
Bad debts written off during the period	-	-
Ending balance	202,525.78	202,525.78

10. VESSEL SUPPLIES AND SPARE PARTS

Vessel supplies and spare parts consisted of :-

	Baht	
	As at March 31, 2020	As at December 31, 2019
Fuel	8,723,486.75	12,283,897.61
Supplies and spare parts	8,099,255.11	8,283,945.95
Total	16,822,741.86	20,567,843.56

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11. VESSELS AND EQUIPMENT

Movements of the vessels and equipment account for the three-month period ended March 31, 2020 are summarized as follows :-

	Baht
At cost	
Balance as at December 31, 2019	2,058,892,627.51
Adjustments of right-of-use assets due to TFRS16 adoption as at January 1, 2020	(4,369,000.00)
As at January 1, 2020	2,054,523,627.51
Acquisitions during the period	32,766,672.80
Disposals and write - off during the period	(73,177,753.56)
Balance as at March 31, 2020	2,014,112,546.75
Accumulated depreciation	
Balance as at December 31, 2019	603,883,910.37
Adjustments of right-of-use assets due to TFRS16 adoption as at January 1, 2020	(358,222.48)
As at January 1, 2020	603,525,687.89
Depreciation for the period	25,870,279.54
Accumulated depreciation on disposals and write-off	(65,030,998.80)
Balance as at March 31, 2020	564,364,968.63
Net book value	
Balance as at March 31, 2020	1,449,747,578.12
Balance as at December 31, 2019	1,455,008,717.14

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 March 31, 2020 and December 31, 2019 of Baht 1,396.21 million and Baht 1,300.16 million, respectively, were pledged to guarantee against loan from financial institution (see Note 15 and 16).

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For the three-month period ended March 31, 2020 and 2019, the Company recorded interest as part of the cost vessels of Baht 0.79 million and Baht 0.19 million. Borrowing costs are the actual amount of the loan specifically for the vessel by calculating from the capitalization rate which is the weighted average of the loans that were borrowed for specific purposes at the rate of 4.00% per annum and 4.25% per annum, respectively.

As at March 31, 2020 and December 31, 2019, the Company had the fixed assets that have been fully depreciated but they are still in use, at cost of assets of Baht 482.76 million and Baht 434.87 million, respectively.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

12.1 Right-of-use assets

The carrying amounts of right-of-use assets building and equipment and the movement for the three-month period ended March 31, 2020 are presented below.

	<u>Baht</u>
At cost	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	<u>23,020,874.54</u>
As at January 1, 2020	23,020,874.54
Increase during the period	-
As at March 31, 2020	<u>23,020,874.54</u>
Accumulated depreciation	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	<u>358,222.48</u>
As at January 1, 2020	358,222.48
Depreciation for the period	<u>583,154.81</u>
As at March 31, 2020	<u>941,377.29</u>
Net book value	
As at December 31, 2019	-
As at January 1, 2020	<u>22,662,652.06</u>
As at March 31, 2020	<u>22,079,497.25</u>

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12.2 Lease liabilities

The carrying amounts of lease liabilities and the movement for the three-month period ended March 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 period	-
Increase of interest	237,936.53
Payments during the period	(1,196,943.00)
As at March 31, 2020	20,172,744.32
Less: current portion	(2,032,602.81)
Lease liabilities - net of current portion	18,140,141.51

The following are the amounts recognized in profit or loss for the three-month period ended March 31, 2020 are presented below:

	Baht
Depreciation of right-of-use assets	583,154.81
Interest expense on lease liabilities	237,936.53
Total	821,091.34

13. INTANGIBLE ASSETS

Intangible assets consisted of :-

	Baht			
	Book value as at Jan 1, 2020	Additions	Deductions	Book value as at Mar 31, 2020
<u>Cost</u>				
Computer program	3,295,384.66	-	(251,558.00)	3,043,826.66
<u>Less Accumulated amortizations</u>				
Computer program	(1,582,781.40)	(122,112.87)	125,645.20	(1,579,249.07)
Intangible assets-net	1,712,603.26			1,464,577.59

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14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the three-month period ended March 31, 2020 are summarized as follows :-

	Baht			Balance per book as at March 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	-	-	40,505.16
Employee benefit obligations	302,388.89	(13,663.97)	-	288,724.92
Leases	-	16,902.82	-	16,902.82
Total	342,894.05	3,238.85	-	346,132.90
Deferred tax liability:				
Depreciation of fixed assets	(11,592,402.09)	835,926.02	-	(10,756,476.07)
Total	(11,592,402.09)	835,926.02	-	(10,756,476.07)
Deferred tax assets (liabilities) - net	(11,249,508.04)	839,164.87	-	(10,410,343.17)

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

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

	Baht	
	As at March	As at December
	31, 2020	31, 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 March 31, 2020 and December 31, 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.

16. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long-term loans from financial institution consisted of :-

	Baht	
	As at March 31, 2020	As at December 31, 2019
Long-term loans at the beginning of the period	998,649,283.80	849,763,400.00
Received loans during the period	78,072,116.20	281,846,883.80
Repayment of loans during the period	(121,282,500.00)	(132,961,000.00)
Long-term loans at the end of the period	955,438,900.00	998,649,283.80
<u>Less</u> Current portion of long-term loans	(135,727,800.00)	(160,625,200.00)
Long-term loans - net	<u>819,711,100.00</u>	<u>838,024,083.80</u>

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

Other important conditions under the agreement

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

17. EMPLOYEE BENEFIT OBLIGATION

Employee benefit obligations are as follows :-

The statements of financial position

	Baht	
	As at March 31, 2020 (For the three-month)	As at December 31, 2019 (For the year)
Defined benefit obligations at the beginning of the period	5,024,115.03	3,646,015.00
Past service costs	-	898,095.03
Current service cost and interest	92,056.25	480,005.00
Defined benefit obligations at the end of the period	<u>5,116,171.28</u>	<u>5,024,115.03</u>

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18. INCOME TAX EXPENSES

18.1 Major components of income tax expenses

For the three-month periods ended March 31, 2020 and 2019 consisted of :-

	Baht	
	2020	2019
Income tax expense shown in profit or loss :		
Current tax expense:		
Corporate income tax expense for the period	2,279,418.89	2,553,141.39
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	(839,164.87)	252,978.34
Total	<u>1,440,254.02</u>	<u>2,806,119.73</u>

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

For the three-month periods ended March 31, 2020 and 2019 consisted of :-

	Baht	
	2020	2019
Accounting profit for the period	30,907,040.42	26,230,329.43
The applicable tax rate (%)	20%	20%
Tax expense at the applicable tax rate	<u>6,181,408.08</u>	<u>5,246,065.89</u>
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	93,713.29	61,964.19
Tax effect of income or profit that are not required in determining taxable profit :		
- The exemption of profit of the promoted business (BOI)	(4,831,708.10)	(2,501,846.15)
- Expenses deducted as expenses added in tax	(3,159.25)	(64.20)
Total reconciliation items	<u>(4,741,154.06)</u>	<u>(2,439,946.16)</u>
Total income tax expense	<u>1,440,254.02</u>	<u>2,806,119.73</u>

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

For the three-month periods ended March 31, 2020 and 2019 consisted of :-

	2020		2019	
	Tax amount	Tax rate	Tax amount	Tax rate
	(Baht)	(%)	(Baht)	(%)
Accounting profit before tax expense for the period	30,907,040.42		26,230,329.43	
Tax expense at the applicable tax rate	6,181,408.08	20.00	5,246,065.89	20.00
Reconciliation items	(4,741,154.06)	(15.34)	(2,439,946.16)	(9.30)
Tax expense at the average effective tax rate	1,440,254.02	4.66	2,806,119.73	10.70

19. 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.

20. 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	19 Oct. 2011	25 Nov. 2013	8 Jun. 2015	26 Feb. 2016	26 Feb. 2016	4 Jul. 2017	3 Jul. 2017	14 Aug. 2018	5 Mar. 2019	23 Apr. 2019
Key privileges and benefits under the promotion certificate										
1. Exemption of import duty on machinery (vessel) subject to import within date	19 Apr. 2014	25 May. 2016	8 Dec. 2017	26 Aug. 2018	26 Aug. 2018	24 Feb. 2016	3 Jan. 2020	14 Feb. 2021	5 Sep. 2021	7 Dec. 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	21 Nov. 2012	1 Dec. 2014	9 Sep. 2015	17 Aug. 2016	1 Dec. 2016	29 May 2017*	10 Aug. 2017	30 Sep. 2018	4 Apr. 2019	25 Apr. 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 three-month periods ended March 31, 2020 and 2019 consisted of :-

	Freight charges (Baht)					
	2020			2019		
	BOI	Non BOI	Total	BOI	Non BOI	Total
Freight charges						
- Domestic	96,771,267.93	22,060,330.53	118,831,598.46	114,256,653.61	28,031,868.25	142,288,521.86
- Export	35,463,880.11	19,538,780.14	55,002,660.25	11,105,795.00	32,337,233.32	43,443,028.32
Other income	8,038,864.67	362,207.83	8,401,072.50	270,593.82	307,280.26	577,874.08
Total	140,274,012.71	41,961,318.50	182,235,331.21	125,633,042.43	60,676,381.83	186,309,424.26

21. EARNINGS PER SHARE

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

	For the three-month periods ended	
	March 31	
	2020	2019
Income for the periods (Baht)	29,466,786.40	23,424,209.70
Weighted average number of ordinary shares (Share)	800,000,000	600,000,000
Basic earnings per share (Baht per share)	0.04	0.04

22. SEGMENT INFORMATION

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

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Geographic Information

The Company's freight services provide both domestic and international shipping services in Southeast Asia shown as follows:

Freight charges for the three-month periods ended March 31, 2020 and 2019, shown as follows:

	Baht	
	2020	2019
Domestic Freight Charges	118,831,598.46	142,288,521.86
Export Freight Charges	55,002,660.25	43,443,028.32
Total net income from freight charges	<u>173,834,258.71</u>	<u>185,731,550.18</u>

Information about major customers

For the three-month periods ended March 31, 2020 and 2019, the Company had revenue from three major customers from transportation service revenue exceeding 10%, totaling Baht 134.50 million for the three-month period ended March 31, 2020 and Baht 120.24 million for the three-month period ended March 31, 2019.

23. FINANCIAL INSTRUMENTS

23.1 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 March 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	193.64	193.79

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23.2 Fair value estimation

Analyses of financial instruments are measured at fair value by the valuation method. The different of fair value hierarchy have been defined as follows:

- 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.

Net fair values

As at March 31, 2020, the fair values of forward foreign exchange contracts were stated as net assets of Baht 0.15 million (December 31, 2019 : net assets of Baht 0.67 million).

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 maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates which fair value hierarchy in level 2.

24. COMMITMENTS AND CONTINGENT LIABILITIES

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

- 24.1 The Company had contingent liability in respect of the letters of guarantee issued by the bank to Port Authority of Thailand in the amount of Baht 2,470,000.
- 24.2 The Company had commitments and obligations to the contract of hiring 5 oil tankers with both local and foreign companies for the period of 1 - 3 years at the specified rates in the contracts.
- 24.3 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 0.785 million (Baht 24.25 million) which was presented under “vessel and equipment” in the statement of financial position. As at March 31, 2020, the Company still had unsettled commitment under the agreement in the amount of USD 7.065 million.

25. EVENTS AFTER THE REPORTING PERIOD

On March 30, 2020, at the Board of Directors' Meeting No.3/2020, it had the resolution to approve paying the interim dividends from the net profits 2019 instead of the annual dividend payment will be proposed to the Annual General Shareholders' Meeting 2020 at Baht 0.02 per share, which was the former rate, totaling Baht 16 million in total. This was paid from the retained earnings-unappropriated under promotional privileges by the Board of Investment (BOI) and the scheduled will be paid in April 2020.

26. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company's directors on May 13, 2020.

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